

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

AUDIT REPORT

**FOR THE FISCAL YEAR
ENDED JUNE 30, 2016**

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, 2015 through June 30, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

February 24, 2017

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**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

To the Members of 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, (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 27, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Kenston Local School District'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Kenston Local School District'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 Kenston Local School District'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'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 are 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'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 Kenston Local School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

December 27, 2016

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

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT
ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON
THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

To the Members of 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 (the District) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Kenston Local School District's major federal program for the year ended June 30, 2016. The Kenston Local School District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Kenston Local School District'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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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'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's compliance.

Opinion on Each Major Federal Program

In our opinion, the Kenston Local School District, Geauga County, 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, 2016.

Report on Internal Control over Compliance

Management of the Kenston Local School District, 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's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, 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's internal control over compliance.

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenston Local School District, Geauga County, Ohio, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Kenston Local School District's basic financial statements. We issued our report thereon dated December 27, 2016, 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 the purpose of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates to 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.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



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

December 27, 2016

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Grantor Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>U.S. Department of Agriculture</u>						
<i>Passed Through the Ohio Department of Education</i>						
<i>Child Nutrition Cluster</i>						
Supplemental Nutrition Assistance Program	10.551	044594-05PU-11	\$ 0	\$ 22,257	\$ 0	\$ 22,257
National School Lunch Program	10.555	044594-LLP4-11	84,419	0	84,419	0
<i>Total Child Nutrition Cluster</i>			<u>84,419</u>	<u>22,257</u>	<u>84,419</u>	<u>22,257</u>
Total U.S. Department of Agriculture			<u>84,419</u>	<u>22,257</u>	<u>84,419</u>	<u>22,257</u>
<u>U.S. Department of Education</u>						
<i>Passed through Ohio Department of Education</i>						
Title I - Grants to Local Educational Agencies	84.010	N/A	112,873	0	123,861	0
<i>Special Education Cluster (IDEA):</i>						
Special Education Grants to States	84.027	044594-6BSF-11	193,760	0	502,269	0
<i>Total Special Education Cluster</i>			<u>193,760</u>	<u>0</u>	<u>502,269</u>	<u>0</u>
Improving Teacher Quality State Grants	84.367	044594-TRS1-11	54,919	0	57,439	0
Total U.S. Department of Education			<u>361,552</u>	<u>0</u>	<u>683,569</u>	<u>0</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 445,971</u>	<u>\$ 22,257</u>	<u>\$ 767,988</u>	<u>\$ 22,257</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, 2016

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.

The School District did not use the de minimus rate of 10 percent for indirect costs charged to the federal grants.

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, 2016, 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
 JUNE 30, 2016**

1. SUMMARY OF AUDITOR'S RESULTS

2016(i)	Type of Financial Statement Opinion	Unmodified
2016(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2016(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2016(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2016(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2016(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2016(v)	Type of Major Program's Compliance Opinion	Unmodified
2016(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2016(vii)	Major Programs (list): Special Education Cluster (IDEA): Special Education Grants to States - CFDA #84.027	
2016(viii)	Dollar Threshold: Type A\B Program	Type A: \$750,000 or more Type B: All others less than \$750,000
2016(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, 2016**

The prior audit report, as of June 30, 2015, included no citations or instances of noncompliance. Management letter recommendations were corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

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Kenston Local School District

Comprehensive Annual
Financial Report



For the fiscal year
ended June 30, 2016



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

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Introductory Section



Kenston Local School District

“Bomber Blue”

Kenston Local School District

Chagrin Falls, Ohio

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

Issued By:

Treasurer's Office – Phillip D. Butto IV, 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

S C H O O L S

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*Assistant Superintendent
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Strategic Initiatives*

Phillip D. Butto IV, CPA
Treasurer

December 27, 2016

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

We are pleased to submit to you the seventeenth 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, 2016.

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, 2016, 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. On April 28, 2014 the Board unanimously approved a three-year contract to hire Nancy Santilli as Superintendent commencing August 1, 2014. 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 June 27, 2016, the Board approved a three-year contract commencing August 1, 2016 to hire Phillip Butto as Treasurer. *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 residential suburban 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 2016, the School District operated 4 instructional facilities staffed by 200 non-certificated full and part-time employees and 226 certificated full and part-time teaching personnel that provided services to 2,942 students. With the passage of the May 2015 operating levy and bond issue, an extensive capital improvement project was planned. Bids were awarded and construction was started on Gardiner Center. Upon completion in the fall of 2016 Gardner Center will house the Transportation Department and Kenston Community Education.

KENSTON LOCAL SCHOOL DISTRICT

Employee Relations

Effective March 1, 2016, the School District entered into a contract with the Kenston Education Association (KEA) for a three year period ending February 28, 2019. 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 \$39,607 for the 2016-17 school year, a base salary of \$40,399 for the 2017-18 school year, and a base salary of \$41,207 for the 2018-19 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 October 2016, 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, 2019. 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, the Bomber Elite, 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, Kenston Community Education/Auburn-Bainbridge Recreation Board, and the Ohio Schools' Council Association. These organizations are presented in Notes 18 and 19 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 85% 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 39.10 mills for residential property, and 48.69 mills for commercial property in 2016.

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 passed a combined 4 mill operating levy and \$10 million bond issue levy in May 2015. This was the first new operating levy on the ballot since 2005. It is expected to collect an additional \$3 million in operating revenue each year beginning in 2016.

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 years 2014 and 2015 than it received in fiscal year 2013. While both the Governor and the Legislature want a funding formula that moves districts on to the funding formula and away from "guaranteed" or "capped" amounts, the 2016 and 2017 Biennial Budget continues to guarantee the Kenston School District an amount of state aid at the fiscal year 2013, (now fiscal year 2015) level.

KENSTON LOCAL SCHOOL DISTRICT

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.

In 2005 when the state eliminated the tangible personal property tax, Kenston began to receive the tangible personal property tax loss reimbursement from the state. The state began a six-year phase out of the loss reimbursement payments in fiscal year 2012, but “froze” the phase out in fiscal year 2013. The Governor’s Biennium Budget proposal for 2016-2017 included a continuation of the phase out of the tangible personal property tax loss payments beginning in fiscal year 2016, but an amended version of the budget included “hold harmless” payments for school districts in fiscal years 2016 and 2017. The “hold harmless” supplement would continue to provide state funding to districts at the 2015 level. The Governor’s line item veto of several provisions of the Biennial Budget bill at the time of approval included a veto of the hold harmless supplement payment in fiscal year 2017. The continued efforts of several educational organizations along with impact testimony from school districts across the state, successfully encouraged the State Legislature in Fall of 2015 to introduce another bill that would provide supplemental tangible personal property tax loss replacement funding at a level of 96% of the 2015 state aid for districts in fiscal year 2017. Kenston Local Schools continues to plan for the anticipated decrease in state aid in the fiscal 2017 budget and for the uncertainty in state aid beyond that.

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 state funding deductions for students educated outside the district. These include community/charter school students, stem school students, and students educated using Autism and Jon Peterson Scholarship Vouchers. 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 \$27,000. 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. There is a funding gap between the amount funded for these students and the Kenston cost to educate the student attending the private institution.

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

While the School District is primarily residential in nature, there are areas of commercial and industrial development. The commercial development exists primarily to serve the residents of the area. Industrial development is limited to light manufacturing. The district does contain some commercial development which mostly includes retail shopping areas such as the Marketplace at Four Corners.

KENSTON LOCAL SCHOOL DISTRICT

The School District is actively involved with individuals, organizations, and businesses in planning for student success. The School District maintains regular dialogue with many community organizations, including Kenston Inc. (Innovate, Nurture, Connect), The Kenston Foundation, Kenston Alumni Association, and the Kenston Citizens Advisory Committee. This combination connects Kenston students with community partners providing exceptional learning experiences that encourage career development with a strong focus on community business partnerships.

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. KCAC is comprised of 11 members serving three year terms.

Major Initiatives

Energy conservation measures continued to be a priority for the Kenston School District throughout the 2015-16 school year. Initiatives include HVAC retrofitting, rewiring district infrastructure, and LED lighting.

Kenston continued to accept students through an open enrollment policy for the 2015-16 school year and generated state revenue of \$141,616.48.

The Kenston Schools Technology Plan 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. Bond Issue funds were used to upgrade the district technology infrastructure. Through a Google initiative, over 120,000 documents were created in Google Apps for Education for grades K 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 continued to engage students and the community through a number of events during the 2015-16 school year, including the first annual Fine Arts Showcase featuring the artwork and musical talents of students in all grades. a Science Technology Engineering and Math (STEM) night that is 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 the Invention Convention, a problem-based learning experience over a seven week period. The Timmons Elementary School again coordinated the “One School, One Book” program with a selection of *The Enormous Egg*, by Oliver Butterworth. This program provided a shared reading experience for families and the entire school, with activities planned that promoted and enriched the shared reading experience.

Through the Geauga County Straight A grant, the district was able to make over the high school Auburn-Bainbridge room adding \$100,000 of video conferencing equipment. High school classes utilize the enhanced technology in conjunction with on-line classes, distance learning, and College Credit Plus opportunities.

KENSTON LOCAL SCHOOL DISTRICT

As part of the College Ready Ohio initiative, Kenston High School is partnering with The Ohio State University and nine other districts across the state to build the academic foundation for student success by providing digital learning tools and resources. A 1:1 IPAD pilot project was implemented in three High School classrooms.

The School District provided ongoing professional development for teachers through attendance at workshops, weekly designated collaboration time for teachers, and professional development days. 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 asked voters to support a funding issue in May 2015. The ballot issue combined a levy for a \$10 million bond issue and a 4.0 mill operating levy. Funds generated by the bond issue are being 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 begin collection in 2016 and will be used to pay for the daily district operation.

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 creates a satellite high school through video conferencing with the Innovation Academy teachers, and provides seventh and eighth grade students with career exploration curriculum through collaboration among teachers, industry partners, and the Auburn Career Center. It also provides 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.

KENSTON LOCAL SCHOOL DISTRICT

Currently, Kenston has an agreement with the Educational Service Center of Cuyahoga County for primary and special education services. The School District believes this relationship will provide greater opportunities for professional development, innovations, and collaborations with neighboring school districts. The School District is also a part of the Geauga County Educational Service Center cooperative agreement for special education services.

Through a grant awarded by the Ohio Environmental Education fund, the School District will 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. 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.

Technology enhancements and related technology integration in curriculum development has been a focus area for the School District. The new phone system, expansion of the existing network, additional purchases of chrome-books, iPads, and charging carts have increased the capacity for technology integration.

There is always an emphasis on student safety; with faculty reviews of A.L.I.C.E. training, development of the Emergency Plan, the addition of classroom trauma medical supplies, and parent education on internet safety as well as training on texting and driving. A review of the D.A.R.E. curriculum and collaborative efforts with the local police department identify the best methods to educate students on safe lifestyle choices.

The School District's health and wellness is under the direction of the District Wellness Committee. Through the district's Play Blue program, building level committees created with a broad range of teacher representation promote age appropriate education and activities that support health, good nutrition, and physical activity. The district currently partners with Sodexo Services to offer programs such as Future Chef District-wide competitions, a new high school lunch program, healthier snack options, improved parent communications, and menu development.

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 Kenston, INC, Kenston Citizens Advisory Committee, PTO Council, students, parents and faculty have all contributed to the School District's strategic thinking.

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.

KENSTON LOCAL SCHOOL DISTRICT

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.

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.)

KENSTON LOCAL SCHOOL DISTRICT

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, 2015. 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.

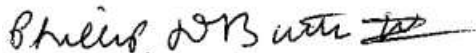
Special appreciation is expressed to James G. Zupka, CPA, Inc., for assistance in planning, designing, and compiling this financial report.

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



Phillip D. Butto IV, 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, 2015

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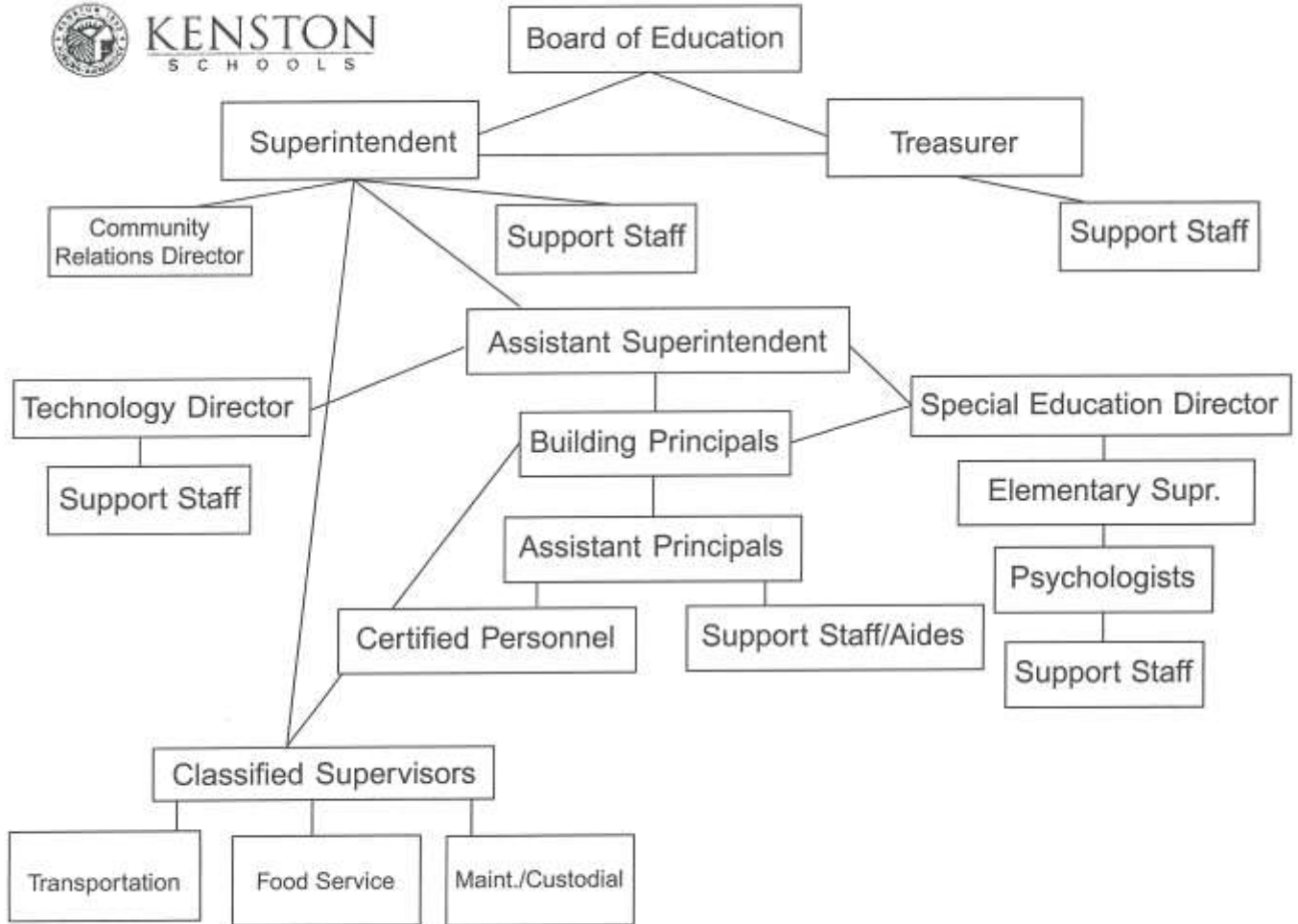
TREASURER

Mr. Phillip D. Butto

ADMINISTRATION

Mrs. Nancy R. Santilli
Ms. Kathleen M. Poe
Mrs. Rita Pressman

Superintendent
Assistant Superintendent
Director, Special Education



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Financial Section



Kenston Local School District

“Teach Blue”

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

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenston Local School District, Geauga County, Ohio, (the District) as of and for the year ended June 30, 2016, 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, Geauga County, Ohio, as of June 30, 2016, 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 and Schedules of Net Pension Liabilities and Pension Contributions, 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'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 27, 2016, on our consideration of the Kenston Local School District'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's internal control over financial reporting and compliance.



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

December 27, 2016

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KENSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) For the Fiscal Year Ended June 30, 2016

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, 2016. 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 2016 are as follows:

- In total, net position decreased \$445,817. Net position of governmental activities decreased \$379,442, which represents a 2.02 percent decrease from 2015. The decrease in net position of governmental activities is due to increases in long-term liabilities. Net position of business-type activities decreased \$66,375 or 6.85 percent from 2015. The decrease in net position is related to a decrease in operating grants and contributions for 2016 compared to 2015.
- Total general revenues accounted for \$36,951,921 or 91.45 percent of all revenues. Total program specific revenues in the form of charges for services, operating and capital grants and contributions accounted for \$3,455,081 or 8.55 percent of total revenues of \$40,407,002.
- The School District had \$39,269,242 in expenses related to governmental activities; only \$2,111,909 of these expenses were offset by program specific charges for services, operating and capital grants and contributions. General revenues (primarily taxes) of \$36,777,891 provided for these programs.
- Among major funds, the general fund had \$33,763,069 in revenues (not including other financing sources) and \$35,632,252 in expenditures (not including other financing uses). The general fund's fund balance decreased to \$11,143,687 from \$13,126,800. The bond retirement fund experienced a decrease in its fund balance to \$4,008,827 from \$4,770,521. Building fund's fund balance decreased to (\$2,174,901) from \$182,678 in 2015.

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 2016?” 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 11. 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 2016 compared to 2015:

Table 1 - Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
ASSETS						
Current and other assets	\$ 64,646,549	\$ 49,865,778	\$ 139,521	\$ 148,640	\$ 64,786,070	\$ 50,014,418
Capital assets, net	52,747,707	49,618,495	274,244	282,553	53,021,951	49,901,048
Total Assets	<u>117,394,256</u>	<u>99,484,273</u>	<u>413,765</u>	<u>431,193</u>	<u>117,808,021</u>	<u>99,915,466</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charges on refunding	1,727,769	1,900,115	-	-	1,727,769	1,900,115
Pensions	4,977,112	3,329,071	80,278	80,278	5,057,390	3,409,349
Deferred Outflows of Resources	<u>6,704,881</u>	<u>5,229,186</u>	<u>80,278</u>	<u>80,278</u>	<u>6,785,159</u>	<u>5,309,464</u>
LIABILITIES						
Current and other liabilities	20,623,803	5,049,394	266,636	220,042	20,890,439	5,269,436
Long-term liabilities:						
Due within one year	4,383,419	4,252,089	12,168	11,416	4,395,587	4,263,505
Due in more than one year:						
Net pension liability	51,263,724	46,113,269	1,031,553	1,031,553	52,295,277	47,144,822
Other amounts	35,891,539	39,292,077	39,845	38,244	35,931,384	39,330,321
Total Liabilities	<u>112,162,485</u>	<u>94,706,829</u>	<u>1,350,202</u>	<u>1,301,255</u>	<u>113,512,687</u>	<u>96,008,084</u>
DEFERRED INFLOWS OF RESOURCES						
Property taxes	26,952,562	20,460,781	-	-	26,952,562	20,460,781
Pensions	4,141,204	8,323,521	179,258	179,258	4,320,462	8,502,779
Deferred Inflows of Resources	<u>31,093,766</u>	<u>28,784,302</u>	<u>179,258</u>	<u>179,258</u>	<u>31,273,024</u>	<u>28,963,560</u>
NET POSITION						
Net investment in						
Capital assets	16,134,986	14,505,172	274,244	282,553	16,409,230	14,787,725
Restricted	3,904,567	4,972,481	-	-	3,904,567	4,972,481
Unrestricted	(39,196,667)	(38,255,325)	(1,309,661)	(1,251,595)	(40,506,328)	(39,506,920)
Total Net Position	<u>\$ (19,157,114)</u>	<u>\$ (18,777,672)</u>	<u>\$ (1,035,417)</u>	<u>\$ (969,042)</u>	<u>\$ (20,192,531)</u>	<u>\$ (19,746,714)</u>

In 2015, the District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions— an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

KENSTON LOCAL SCHOOL DISTRICT

Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Total assets increased by \$17,892,555. Cash, cash equivalents, and investments increased by \$14,771,652 and all capital assets experienced an increase of \$3,120,903. The increase in depreciable capital assets can be attributed to the purchase of buses in 2016.

Total liabilities increased by \$17,504,603. The main reason for the increase in liabilities is related to the increases in the School District's debt obligations and the increase in net pension liability.

The net position of the School District's business-type activities decreased by \$66,375 or 6.85 percent. Food service fund out of the four business-type activities experienced decreases in net position, net position of the other three business-type funds increased.

KENSTON LOCAL SCHOOL DISTRICT

Table 2 shows the changes in net position for fiscal year 2016 and 2015.

Table 2 - Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
REVENUES						
Program Revenues:						
Charges for services	\$ 948,806	\$ 892,837	\$ 1,233,098	\$ 1,178,558	\$ 2,181,904	\$ 2,071,395
Operating grants and contributions	1,163,103	1,010,603	110,074	168,196	1,273,177	1,178,799
Total Program Revenues	2,111,909	1,903,440	1,343,172	1,346,754	3,455,081	3,250,194
General Revenues:						
Property taxes	26,920,057	31,079,846	-	-	26,920,057	31,079,846
Grants and entitlements	9,493,456	10,199,220	-	-	9,493,456	10,199,220
Investment income	101,034	45,506	-	-	101,034	45,506
All other revenues	263,344	72,929	174,030	161,067	437,374	233,996
Total General Revenues	36,777,891	41,397,501	174,030	161,067	36,951,921	41,558,568
Total Revenues	38,889,800	43,300,941	1,517,202	1,507,821	40,407,002	44,808,762
EXPENSES						
Program Expenses:						
Instruction:						
Regular	15,341,661	15,512,319	-	-	15,341,661	15,512,319
Special	4,661,158	4,608,502	-	-	4,661,158	4,608,502
Vocational	193,915	268,312	-	-	193,915	268,312
Other	658,436	603,260	-	-	658,436	603,260
Supporting Services:						
Pupils	2,494,672	2,232,423	-	-	2,494,672	2,232,423
Instructional Staff	2,281,487	1,952,922	-	-	2,281,487	1,952,922
Board of Education	141,100	57,682	-	-	141,100	57,682
Administration	2,936,438	2,819,604	-	-	2,936,438	2,819,604
Fiscal Services	1,095,551	1,085,992	-	-	1,095,551	1,085,992
Business	42,944	45,081	-	-	42,944	45,081
Operation and Maintenance of Plant	3,752,274	3,656,927	-	-	3,752,274	3,656,927
Pupil Transportation	2,625,309	2,602,077	-	-	2,625,309	2,602,077
Central	36,683	39,064	-	-	36,683	39,064
Operation of Non-Instructional Services	220,175	218,255	-	-	220,175	218,255
Extracurricular Activities	1,615,127	1,706,149	-	-	1,615,127	1,706,149
Interest and Fiscal Charges	1,172,312	1,187,671	-	-	1,172,312	1,187,671
Food Services	-	-	956,171	962,766	956,171	962,766
Uniform School Supplies	-	-	138,940	147,308	138,940	147,308
Kindergarten Fees	-	-	319,246	311,506	319,246	311,506
Adult Education	-	-	169,220	155,516	169,220	155,516
Total Expenses	39,269,242	38,596,240	1,583,577	1,577,096	40,852,819	40,173,336
Change in Net Position	(379,442)	4,704,701	(66,375)	(69,275)	(445,817)	4,635,426
Net Position - Beginning of Year, as Restated	(18,777,672)	(23,482,373)	(969,042)	(899,767)	(19,746,714)	(24,382,140)
Net Position - End of Year	\$ (19,157,114)	\$ (18,777,672)	\$ (1,035,417)	\$ (969,042)	\$ (20,192,531)	\$ (19,746,714)

Total revenues decreased by \$4,401,760 or 9.82 percent. The School District's property taxes along with grants and entitlements reflected a combined decrease of \$4,865,553 or 11.79 percent. Property tax revenue decreased due to the amount available for advance was significantly lower than from the past year. Grants and entitlements decreased as a result of receiving state aid in the form of state foundation which decreased from fiscal year 2015.

Total expenses increased by \$679,483 or 1.7 percent over fiscal year 2015. Pupils and Instructional Staff experienced the largest increases for combined total change of \$590,814.

KENSTON LOCAL SCHOOL DISTRICT

Governmental Activities

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by the levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and its value was increased to \$200,000 (and this inflationary increase in value is comparable to other property owners), the effective tax rate would become 0.5 mills and the owner would still pay \$35.00.

Thus, school districts dependent upon property taxes that 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 69.2 percent of revenues for governmental activities for the District in fiscal year 2016.

Instruction comprises 53.1 percent of governmental program expenses. Interest and fiscal charges were 3.0 percent. Interest and fiscal charges were attributable to the outstanding bonds and other borrowings for capital projects. The decrease in net position of \$379,442 is mainly due to a decrease in property taxes revenue collected in 2016.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services for 2016 and 2015. 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 2016	Total Cost of Services 2015	Net Cost of Services 2016	Net Cost of Services 2015
Instruction	\$ 20,855,170	\$ 20,992,393	\$ 20,326,659	\$ 20,323,666
Supporting Services:				
Pupils and Instructional Staff	4,776,159	4,185,345	4,193,133	3,848,183
Board of Education, Administration, Fiscal Services, and Business	4,216,033	4,008,359	4,013,549	3,881,353
Operation and Maintenance of Plant	3,752,274	3,656,927	3,752,274	3,713,440
Pupil Transportation	2,625,309	2,602,077	2,625,309	2,557,405
Central	36,683	39,064	36,683	30,087
Operation of Non-Instructional Services	220,175	218,255	218,804	112,184
Extracurricular Activities	1,615,127	1,706,149	818,610	638,887
Interest and fiscal charges	1,172,312	1,187,671	1,172,312	1,289,316
Total cost of service	<u>\$ 39,269,242</u>	<u>\$ 38,596,240</u>	<u>\$ 37,157,333</u>	<u>\$ 36,394,521</u>

The dependence upon tax revenues for governmental activities is apparent as 94.6 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.

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 \$1,517,202 and expenses of \$1,583,577 for fiscal year 2016. The decrease in operations is \$66,375 less than in prior year which is due to decrease in one out of the four business-type activities' program expenses. The School District is continually taking steps to reduce expenses. Business-type activities receive no support from tax revenues.

KENSTON LOCAL SCHOOL DISTRICT

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 \$38,573,877 (not including other financing sources) and expenditures of \$46,394,775 (not including other financing uses). The fund balance in the general fund experienced a decrease of \$1,983,113 due to decreased property taxes revenues. The decrease in the fund balance for the bond retirement fund, in the amount of \$761,694, is due to notes payable issued in 2016. The decrease in the fund balance for the building fund, in the amount of \$2,357,579, is due to notes payable issued in 2016.

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 2016, 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 \$36,259,329 (including other financing sources), which was higher than the original budget estimate of \$33,566,197. Of this \$2,693,132 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 \$38,404,469 (including other financing uses) remained the same throughout fiscal year 2016. Final appropriations exceeded the actual expenditures by \$1,213,301.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2016, the School District had \$53,021,951 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles, of which \$52,747,707 is from governmental activities. Table 4 shows fiscal 2016 balances compared to 2015:

Table 4 - Capital Assets at June 30, 2016 (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 1,207,191	\$ 1,207,191	\$ -	\$ -	\$ 1,207,191	\$ 1,207,191
Construction in progress	2,210,658	-	-	-	2,210,658	-
Land Improvements	926,788	1,020,959	-	-	926,788	1,020,959
Buildings and Improvements	45,232,314	46,564,347	-	-	45,232,314	46,564,347
Furniture and Equipment	643,444	704,923	274,244	282,553	917,688	987,476
Vehicles	2,527,312	121,075	-	-	2,527,312	121,075
Total Capital Assets	\$ 52,747,707	\$ 49,618,495	\$ 274,244	\$ 282,553	\$ 53,021,951	\$ 49,901,048

The increase in capital assets can mainly be attributed to current year purchase of school buses.

In fiscal year 2003, a change in Ohio law allows school districts to take the student population times the prior year's base cost per pupil times 3 percent to determine the amount to set aside for capital improvements. For fiscal year 2016, this amounted to \$494,797. For fiscal year 2016, 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, 2016, the District had \$49,067,207 in debt outstanding, with \$17,605,000 due within one year. Table 5 summarizes bonds and notes outstanding.

Table 5 - Outstanding Debt at June 30, 2016

	Governmental Activities	
	2016	2015
Short-Term Notes	\$ 14,700,000	\$ -
General Obligation Bonds	32,280,000	34,995,000
Capital Lease	2,087,207	2,660,907
Total Outstanding Debt	\$ 49,067,207	\$ 37,655,907

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.

In fiscal year 2015, the School District entered into a capital lease for the purchase of school buses. The school buses have been purchased as of June 30, 2016

During fiscal year 2016, the School District issued \$14,700,000 of notes, in anticipation of issuance of bonds, for the purpose of constructing, renovating, remodeling, and otherwise improving buildings and facilities.

At June 30, 2016, the School District's overall voted legal debt margin was \$26,299,727 with an unvoted debt margin of \$769,677.

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

Current Issues

Kenston Local School District is a high performing district that serves the communities of Bainbridge and Auburn Townships. 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. The district has a responsibility to be accountable for the resources afforded to it from local, state, and federal sources. And it has a responsibility to ensure that those resources are efficiently deployed to maximize the value each student receives in the classroom.

First and foremost, the district relies on the prudent financial management to maintain a strong financial position in a climate of uncertainty in state funding. Cost containment measures are employed on a daily basis to conserve funding for where it is needed most. A central tool for strong financial management is the districts Five Year Forecast. The most recent financial forecast projected positive year end cash balances through fiscal year 2020.

KENSTON LOCAL SCHOOL DISTRICT

Central to the districts bottom line are its local property tax values. The School District depends on its local property taxpayers for more than 66% of its revenues. In May 2015 the School District passed its

first operating levy since 2005, and began the collection of the additional 4.0 mills in January 2016. While property values declined during the recession, values are showing very good signs of recovery and growth in residential property values is projected at 2% or greater over the next two years.

Kenston Local School District showed expenditures exceeding receipts in each year. This is primarily a result of the anticipated phase out of state Tangible Personal Property Tax replacement payments and stagnant local revenues, but increases in employee benefit costs and other expenditures.

Kenston Local School Districts is funded from state foundation aid on a “Guarantee” basis. Districts that are relatively higher in property wealth receive a guaranteed minimum funding providing stability in state funding. As can be seen in the district receives about \$4 million in state foundation funding and we do not expect that to change despite declines in enrollment - A trend that is occurring across the state of Ohio.

In summary, the district is seeing mild to moderate revenue growth over the next few years. Expenditures are outpacing revenues in the short term. However, we are employing strategies now to avoid cash shortfalls down the road. These include the mitigation of expenditure growth and overall cost reduction factors in the districts operating budget. These strategies will extend the life of the districts operating budget and preserve its commitment to providing an excellent education to every student.

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 Phillip D. Butto, Treasurer at Kenston Local School District, 17419 Snyder Road, Chagrin Falls, Ohio 44023 or e-mail at Phil.Butto@KenstonApps.org.

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BASIC FINANCIAL STATEMENTS

KENSTON LOCAL SCHOOL DISTRICT

Statement of Net Position June 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 32,043,471	\$ 344,419	\$ 32,387,890
Cash and Cash Equivalents:			
With Escrow Agents	3,591	-	3,591
Property Taxes Receivable	31,735,986	-	31,735,986
Accounts Receivable	18,832	2,039	20,871
Accrued Interest Receivable	7,900	-	7,900
Intergovernmental Receivable	510,657	-	510,657
Internal Balances	225,645	(225,645)	-
Inventory Held for Resale	-	14,564	14,564
Materials and Supplies Inventory	34,613	4,144	38,757
Prepaid Items	65,854	-	65,854
Nondepreciable Capital Assets	3,417,849	-	3,417,849
Depreciable Capital Assets, Net	49,329,858	274,244	49,604,102
Total Assets	<u>117,394,256</u>	<u>413,765</u>	<u>117,808,021</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	1,727,769	-	1,727,769
Pension	4,977,112	80,278	5,057,390
Total Deferred Outflows of Resources	<u>6,704,881</u>	<u>80,278</u>	<u>6,785,159</u>
LIABILITIES			
Accounts Payable	1,496,950	190,158	1,687,108
Accrued Wages and Benefits	2,883,818	61,159	2,944,977
Intergovernmental Payable	552,620	15,319	567,939
Accrued Interest Payable	122,181	-	122,181
Matured Compensated Absences Payable	170,386	-	170,386
Retainage Payable	60,027	-	60,027
Claims Payable	546,809	-	546,809
Notes Payable	14,791,012	-	14,791,012
Long-term Liabilities:			
Due within one year	4,383,419	12,168	4,395,587
Due in more than one year:			
Net Pension Liability (See Note 12)	51,263,724	1,031,553	52,295,277
Other Amounts due in more than one year	35,891,539	39,845	35,931,384
Total Liabilities	<u>112,162,485</u>	<u>1,350,202</u>	<u>113,512,687</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	26,952,562	-	26,952,562
Pension	4,141,204	179,258	4,320,462
Total Deferred Inflows of Resources	<u>31,093,766</u>	<u>179,258</u>	<u>31,273,024</u>
NET POSITION			
Net Investment in Capital Assets	16,134,986	274,244	16,409,230
Restricted:			
Capital Projects	201,741	-	201,741
Debt Service	3,330,058	-	3,330,058
State Funded Programs	3,876	-	3,876
Student Activities	290,192	-	290,192
Other Purposes	78,700	-	78,700
Unrestricted	(39,196,667)	(1,309,661)	(40,506,328)
Total Net Position	<u>\$ (19,157,114)</u>	<u>\$ (1,035,417)</u>	<u>\$ (20,192,531)</u>

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2016

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 15,341,661	\$ 235,773	\$ 49,462	\$ (15,056,426)	\$ -	\$ (15,056,426)
Special	4,661,158	-	243,276	(4,417,882)	-	(4,417,882)
Vocational	193,915	-	-	(193,915)	-	(193,915)
Other	658,436	-	-	(658,436)	-	(658,436)
Supporting Services:						
Pupils	2,494,672	-	172,323	(2,322,349)	-	(2,322,349)
Instructional Staff	2,281,487	-	410,703	(1,870,784)	-	(1,870,784)
Board of Education	141,100	-	-	(141,100)	-	(141,100)
Administration	2,936,438	-	202,484	(2,733,954)	-	(2,733,954)
Fiscal Services	1,095,551	-	-	(1,095,551)	-	(1,095,551)
Business	42,944	-	-	(42,944)	-	(42,944)
Operation and Maintenance of Plant	3,752,274	-	-	(3,752,274)	-	(3,752,274)
Pupil Transportation	2,625,309	-	-	(2,625,309)	-	(2,625,309)
Central	36,683	-	-	(36,683)	-	(36,683)
Operation of Non-Instructional Services	220,175	-	1,371	(218,804)	-	(218,804)
Extracurricular Activities	1,615,127	713,033	83,484	(818,610)	-	(818,610)
Interest and Fiscal Charges	1,172,312	-	-	(1,172,312)	-	(1,172,312)
Total Governmental Activities	<u>39,269,242</u>	<u>948,806</u>	<u>1,163,103</u>	<u>(37,157,333)</u>	<u>-</u>	<u>(37,157,333)</u>
Business-type Activities:						
Food Services	956,171	752,908	110,074	-	(93,189)	(93,189)
Uniform School Supplies	138,940	152,559	-	-	13,619	13,619
Kindergarten Fees	319,246	327,331	-	-	8,085	8,085
Adult Education	169,220	300	-	-	(168,920)	(168,920)
Total Business-type Activities	<u>1,583,577</u>	<u>1,233,098</u>	<u>110,074</u>	<u>-</u>	<u>(240,405)</u>	<u>(240,405)</u>
Totals	<u>\$ 40,852,819</u>	<u>\$ 2,181,904</u>	<u>\$ 1,273,177</u>	<u>(37,157,333)</u>	<u>(240,405)</u>	<u>(37,397,738)</u>
General Revenues:						
Property Taxes levied for:						
General Purposes				24,227,596	-	24,227,596
Debt Service				2,692,461	-	2,692,461
Grants & Entitlements not restricted to specific programs				9,493,456	-	9,493,456
Investment Income				101,034	-	101,034
All Other Revenues				263,344	174,030	437,374
Total General Revenues				<u>36,777,891</u>	<u>174,030</u>	<u>36,951,921</u>
Change in Net Position				(379,442)	(66,375)	(445,817)
Net Position - Beginning of Year				(18,777,672)	(969,042)	(19,746,714)
Net Position - End of Year				<u>\$ (19,157,114)</u>	<u>\$ (1,035,417)</u>	<u>\$ (20,192,531)</u>

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

Balance Sheet Governmental Funds

June 30, 2016

	General	Bond Retirement	Building	Other Governmental Funds	Total Governmental Funds
ASSETS					
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 10,987,861	\$ 8,770,422	\$ 8,840,223	\$ 491,354	\$ 29,089,860
Cash and Cash Equivalents:					
With Escrow Agents	-	-	-	3,591	3,591
Materials and Supplies Inventory	34,613	-	-	-	34,613
Accrued Interest Receivable	7,900	-	-	-	7,900
Accounts Receivable	8,000	-	-	10,832	18,832
Interfund Receivable	518,445	-	-	-	518,445
Intergovernmental Receivable	199,177	-	-	311,480	510,657
Property Taxes Receivable	28,552,402	3,183,584	-	-	31,735,986
Total Assets	\$ 40,308,398	\$ 11,954,006	\$ 8,840,223	\$ 817,257	\$ 61,919,884
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 233,886	\$ -	\$ 1,255,097	\$ 7,967	\$ 1,496,950
Accrued Wages and Benefits	2,867,426	-	-	16,549	2,883,975
Intergovernmental Payable	544,934	-	-	7,529	552,463
Matured Compensated Absences Payable	170,386	-	-	-	170,386
Accrued Interest Payable	-	39,583	-	-	39,583
Retainage Payable	-	-	60,027	-	60,027
Interfund Payable	-	-	-	292,800	292,800
Notes Payable	-	5,091,012	9,700,000	-	14,791,012
Total Liabilities	3,816,632	5,130,595	11,015,124	324,845	20,287,196
Deferred Inflows of Resources:					
Property Taxes	24,229,239	2,723,323	-	-	26,952,562
Unavailable Revenue - Delinquent Property Taxes	911,663	91,261	-	-	1,002,924
Unavailable Revenue - Other	207,177	-	-	-	207,177
Total Deferred Inflows of Resources	25,348,079	2,814,584	-	-	28,162,663
Fund Balances:					
Nonspendable	34,613	-	-	-	34,613
Restricted	-	4,008,827	-	495,005	4,503,832
Assigned	2,539,314	-	-	-	2,539,314
Unassigned (Deficit)	8,569,760	-	(2,174,901)	(2,593)	6,392,266
Total Fund Balances	11,143,687	4,008,827	(2,174,901)	492,412	13,470,025
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 40,308,398	\$ 11,954,006	\$ 8,840,223	\$ 817,257	\$ 61,919,884

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, 2016

Total Governmental Fund Balances \$ 13,470,025

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

Capital Assets used in Governmental Activities are not financial resources
and, therefore, are not reported in the funds 52,747,707

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

Delinquent property taxes	\$ 1,002,924	
Other revenues	<u>207,177</u>	
Total		1,210,101

Internal Service funds are used by management to charge the costs
of certain activities, such as insurance to individual funds. The assets
and liabilities of the District Internal Service funds are included in
Governmental Activities in the Statement of Net Position. 2,472,656

The net pension liability is not due and payable in the current period; therefore,
the liability and related deferred inflows/outflows are not reported in the
governmental funds:

Deferred Outflows - Pensions	4,977,112	
Deferred Inflows - Pensions	(4,141,204)	
Net Pension Liability	<u>(51,263,724)</u>	
Total		(50,427,816)

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. (1,791,277)

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. 73,314

Loss on early retirement of the bonds in governmental activities is deferred
and to be amortized over the remaining life of the refunded bonds. 1,727,769

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	(32,280,000)	
Bond accretion	(687,432)	
Accrued interest payable	(82,598)	
Capital leases	(2,087,207)	
Compensated absences	<u>(3,502,356)</u>	
Total		<u>(38,639,593)</u>

Net Position of Governmental Activities \$ (19,157,114)

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, 2016

	General	Bond Retirement	Building	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 23,934,263	\$ 2,677,254	\$ -	\$ -	\$ 26,611,517
Intergovernmental	9,078,578	414,878	-	1,089,280	10,582,736
Interest	99,507	-	1,527	-	101,034
Tuition	235,773	-	-	-	235,773
Extracurricular Activities	149,934	-	-	563,099	713,033
Miscellaneous	265,014	-	-	64,770	329,784
Total Revenues	<u>33,763,069</u>	<u>3,092,132</u>	<u>1,527</u>	<u>1,717,149</u>	<u>38,573,877</u>
EXPENDITURES					
Current:					
Instruction:					
Regular	14,485,322	-	-	60,332	14,545,654
Special	4,562,864	-	-	236,116	4,798,980
Vocational	196,846	-	-	-	196,846
Other	667,886	-	-	-	667,886
Supporting Services:					
Pupils	2,282,391	-	-	180,664	2,463,055
Instructional Staff	1,711,513	-	-	481,922	2,193,435
Board of Education	141,015	-	-	-	141,015
Administration	2,744,690	-	-	214,583	2,959,273
Fiscal Services	1,052,645	57,330	-	-	1,109,975
Business	42,936	-	-	-	42,936
Operation and Maintenance of Plant Services	3,472,536	-	-	-	3,472,536
Pupil Transportation	2,365,540	-	-	-	2,365,540
Central	8,270	-	-	-	8,270
Operation of Non-Instructional Services:					
Food Service Operations	-	-	-	558	558
Community Services	204,168	-	-	-	204,168
Other Operations	21,095	-	-	-	21,095
Extracurricular Activities	802,097	-	-	718,100	1,520,197
Capital Outlay	248,380	-	2,359,106	2,657,316	5,264,802
Debt Service:					
Principal Retirement	573,700	2,715,000	-	-	3,288,700
Interest and Fiscal Charges	48,358	1,081,496	-	-	1,129,854
Total Expenditures	<u>35,632,252</u>	<u>3,853,826</u>	<u>2,359,106</u>	<u>4,549,591</u>	<u>46,394,775</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,869,183)</u>	<u>(761,694)</u>	<u>(2,357,579)</u>	<u>(2,832,442)</u>	<u>(7,820,898)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	113,930	113,930
Transfer Out	(113,930)	-	-	-	(113,930)
Total Other Financing Sources (Uses)	<u>(113,930)</u>	<u>-</u>	<u>-</u>	<u>113,930</u>	<u>-</u>
Net Change in Fund Balances	<u>(1,983,113)</u>	<u>(761,694)</u>	<u>(2,357,579)</u>	<u>(2,718,512)</u>	<u>(7,820,898)</u>
Fund Balances - Beginning of Year	13,126,800	4,770,521	182,678	3,210,924	21,290,923
Fund Balances - End of Year	<u>\$ 11,143,687</u>	<u>\$ 4,008,827</u>	<u>\$ (2,174,901)</u>	<u>\$ 492,412</u>	<u>\$ 13,470,025</u>

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2016

Net Change in Fund Balances-Total Governmental Funds \$ (7,820,898)

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	\$ 4,972,805	
Depreciation	(1,838,996)	
Total		3,133,809

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. (4,597)

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

Delinquent property taxes	308,540	
Intergovernmental grants	(13,131)	
Miscellaneous revenues	20,514	
Total		315,923

Repayments of debt principal are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Position. 3,288,700

Contractually required contributions are reported as expenditures in the governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows. 2,991,825

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the Statement of Activities. (2,311,922)

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	(143,589)	
Bond accretion	(176,378)	
Accrued interest	5,791	
Amortization of bond premiums	306,772	
Amortization of bond discounts	(6,297)	
Amortization of losses on refunding	(172,346)	
Total		(186,047)

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. 213,765

Change in Net Position of Governmental Activities \$ (379,442)

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, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Taxes	\$ 24,407,892	\$ 26,642,973	\$ 26,644,563	\$ 1,590
Intergovernmental	8,641,861	9,082,706	9,087,824	5,118
Interest	61,484	64,621	64,657	36
Tuition	224,203	235,640	235,773	133
Miscellaneous	51,594	54,226	54,257	31
Total Revenues	33,387,034	36,080,166	36,087,074	6,908
Expenditures				
Current:				
Instruction				
Regular	15,560,038	15,560,038	14,976,670	583,368
Special	4,296,043	4,296,043	4,651,145	(355,102)
Vocational	212,718	212,718	201,543	11,175
Other	589,206	589,206	676,065	(86,859)
Total Instruction	20,658,005	20,658,005	20,505,423	152,582
Supporting Services				
Pupils	2,389,642	2,389,642	2,238,013	151,629
Instructional Staff	2,080,275	2,080,275	1,763,286	316,989
Board of Education	157,248	157,248	145,206	12,042
Administration	2,784,413	2,784,413	2,826,364	(41,951)
Fiscal Services	1,153,311	1,153,311	1,096,703	56,608
Business	57,816	57,816	45,154	12,662
Operation and Maintenance of Plant Services	3,678,845	3,678,845	3,554,341	124,504
Pupil Transportation	3,367,116	3,367,116	3,255,722	111,394
Central	19,500	19,500	8,570	10,930
Total Supporting Services	15,688,166	15,688,166	14,933,359	754,807
Operation of Non-Instructional Services				
Community Services	247,126	247,126	243,808	3,318
Other	24,076	24,076	21,468	2,608
Total Operation of Non-Instructional Services	271,202	271,202	265,276	5,926
Extracurricular Activities	829,110	829,110	807,569	21,541
Capital Outlay	832,986	832,986	339,966	493,020
Total Expenditures	38,279,469	38,279,469	36,851,593	1,427,876

(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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess of Revenues (Under) Expenditures	(4,892,435)	(2,199,303)	(764,519)	1,434,784
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	179,163	179,163	179,163	-
Advances Out	-	-	(225,645)	(225,645)
Transfers Out	(125,000)	(125,000)	(113,930)	11,070
Total Other Financing Sources (Uses)	<u>54,163</u>	<u>54,163</u>	<u>(160,412)</u>	<u>(214,575)</u>
Net Change in Fund Balance	(4,838,272)	(2,145,140)	(924,931)	1,220,209
Fund Balance - Beginning of Year	9,002,103	9,002,103	9,002,103	-
Prior Year Encumbrances Appropriated	2,120,164	2,120,164	2,120,164	-
Fund Balance - End of Year	<u>\$ 6,283,995</u>	<u>\$ 8,977,127</u>	<u>\$ 10,197,336</u>	<u>\$ 1,220,209</u>

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

Statement of Fund Net Position Proprietary Funds

June 30, 2016

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
ASSETS		
Current Assets:		
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 344,419	\$ 2,953,611
Inventory Held for Resale	14,564	-
Materials and Supplies Inventory	4,144	-
Accounts Receivable	2,039	-
Prepaid Items	-	65,854
Total Current Assets	365,166	3,019,465
Noncurrent Assets:		
Capital Assets:		
Depreciable Capital Assets, Net of Depreciation	274,244	-
Total Noncurrent Assets	274,244	-
Total Assets	639,410	3,019,465
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	80,278	-
Total Deferred Outflows of Resources	80,278	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	190,158	-
Accrued Wages and Benefits	61,159	-
Compensated Absences Payable	12,168	-
Intergovernmental Payable	15,319	-
Interfund Payable	225,645	-
Claims Payable	-	546,809
Total Current Liabilities	504,449	546,809
Noncurrent Liabilities:		
Compensated Absences Payable	39,845	-
Net Pension Liability	1,031,553	-
Total Noncurrent Liabilities	1,071,398	-
Total Liabilities	1,575,847	546,809
DEFERRED INFLOWS OF RESOURCES		
Pensions	179,258	-
Total Deferred Inflows of Resources	179,258	-
NET POSITION		
Investment In Capital Assets	274,244	-
Unrestricted	(1,309,661)	2,472,656
Total Net Position	\$ (1,035,417)	\$ 2,472,656

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, 2016

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
OPERATING REVENUES		
Food Services	\$ 752,908	\$ -
Charges for Services	-	5,193,735
Miscellaneous	174,030	-
Classroom Materials and Fees	152,859	-
Tuition	327,331	-
Total Operating Revenues	<u>1,407,128</u>	<u>5,193,735</u>
OPERATING EXPENSES		
Salaries	682,827	-
Fringe Benefits	166,251	-
Purchased Services	544,172	-
Materials and Supplies	166,270	-
Depreciation	21,644	-
Claims	-	4,979,970
Other	2,413	-
Total Operating Expenses	<u>1,583,577</u>	<u>4,979,970</u>
Operating Income (Loss)	<u>(176,449)</u>	<u>213,765</u>
NONOPERATING REVENUES		
Intergovernmental	87,007	-
Donated Commodities	23,067	-
Total Nonoperating Revenues	<u>110,074</u>	<u>-</u>
Change in Net Position	(66,375)	213,765
Net Position - Beginning of Year	(969,042)	2,258,891
Net Position - End of Year	<u>\$ (1,035,417)</u>	<u>\$ 2,472,656</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, 2016

	Business-Type Activities Enterprise Funds	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 1,409,983	\$ 5,193,735
Cash Payments to Employees for Services	(681,736)	-
Cash Payments for Employee Benefits	(172,873)	-
Cash Payments for Goods and Services	(655,467)	-
Cash Payments for Claims	-	(5,020,209)
Cash Payments for Other Expenses	10,922	-
Net Cash Provided by (Used in) Operating Activities	(89,171)	173,526
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating Grants Received	87,007	-
Advances In	225,645	-
Net Cash Provided by Noncapital Financing Activities	312,652	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for Capital Acquisitions	(13,335)	-
Net Cash Used in Capital and Related Financing Activities	(13,335)	-
Net Increase in Cash and Cash Equivalents	210,146	173,526
Cash and Cash Equivalents - Beginning of Year	134,273	2,780,085
Cash and Cash Equivalents - End of Year	\$ 344,419	\$ 2,953,611
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (176,449)	\$ 213,765
Adjustments:		
Depreciation	21,644	-
Federal Donated Commodities	23,067	-
(Increase) Decrease in Assets:		
Accounts Receivable	2,855	-
Inventory Held for Resale	(8,144)	-
Materials and Supplies Inventory	(1,091)	-
Prepaid Items	-	(9,793)
Increase (Decrease) in Liabilities:		
Accounts Payable	54,478	-
Accrued Wages and Benefits	(1,262)	-
Compensated Absences Payable	2,353	-
Intergovernmental Payable	(6,622)	-
Claims Payable	-	(30,446)
Net Cash Provided by (Used in) Operating Activities	\$ (89,171)	\$ 173,526

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 \$23,067.

See accompanying notes to the basic financial statements.

KENSTON LOCAL SCHOOL DISTRICT

**Statement of Assets and Liabilities
Fiduciary Funds**

June 30, 2016

	<u>Agency Funds</u>
Assets	
Equity in Pooled Cash, Cash Equivalents, and Investments	<u>\$ 87,106</u>
Liabilities	
Deposits Held and Due to Others	\$ 34,538
Due to Students	<u>52,568</u>
Total Liabilities	<u>\$ 87,106</u>

See accompanying notes to the basic financial statements

KENSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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 176 non-certificated full and part-time employees and 222 certificated full and part-time teaching personnel that provide services to 2,809 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 19 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 20 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.

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.

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 deferred charges on refunding and pension 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. The deferred outflows of resources related to pensions are explained in Note 12.

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, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2016, but which were levied to finance fiscal year 2017 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, and other revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pensions are reported on the government-wide Statement of Net Position which is further explained in Note 12.

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 2016, investments were limited to a money market mutual fund, certificate of deposit account registry services (CDARS), STAR Ohio, and U.S. Governmental Agency notes. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates or repurchase agreements with a maturity of one year or less are reported at amortized cost.

During fiscal year 2016, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79 “Certain External Investment Pools and Pool Participants.” The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For the fiscal year 2016, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

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 2016 amounted to \$99,507, which includes \$65,230 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.

KENSTON LOCAL SCHOOL DISTRICT

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

G. **Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2016 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

H. **Inventory**

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

I. **Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net 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:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
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.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Compensated Absences

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

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

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. These amounts are assigned by the School District’s Board of Education. In the General Fund, assigned amounts represent intended uses established by the School District’s Board of Education, delegated that authority by State statute. State statute authorized the Treasurer to assign fund balance purchases on order provided such amounts have been lawfully appropriated.

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)

U. Budgetary Data (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 2016.

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)

U. **Budgetary Data** (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.

V. **Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. The pension systems report investments at fair value.

NOTE 3: **ACCOUNTABILITY**

Accountability

Fund balances at June 30, 2016, included the following individual fund deficit:

	<u>Deficit</u>
<u>Major Capital Project Fund</u>	
Building	\$ 2,174,901
<u>Nonmajor Special Revenue Funds</u>	
Management Information Systems	5
Title I, Disadvantaged Children/Targeted Assistance	2,030
Miscellaneous Federal Grants	558
<u>Nonmajor Enterprise Funds</u>	
Food Services	405,173
Adult Education	133,789
Kindergarten Fees	580,568
Total	<u>\$ 3,297,024</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 transfers when cash is required, not when accruals occur.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 4: CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2016, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application, GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments and GASB Statement No. 79, Certain External Investment Pools and Pool Participants.

GASB Statement No. 72, Fair Value Measurement of Application. The objective of this Statement is to address accounting and financial reporting issues related to fair value measurement. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The School District implemented these changes in the fiscal year 2016 financial statements; however, there was no effect on the beginning net position/fund balance.

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also clarifies the application of certain provisions of GASB Statements 67 and 68. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the School District.

GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the School District.

GASB Statement No. 79, Certain External Investment Pools and Pool Participants. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The School District implemented these changes in the fiscal year 2016 financial statements; however, there was no effect on the beginning net position/fund balance.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 5: FUND BALANCES

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

Fund Balances	General	Bond Retirement	Building	Other Governmental Funds	Total
<i>Nonspendable</i>					
Materials and Supplies Inventories	\$ 34,613	\$ -	\$ -	\$ -	\$ 34,613
<i>Total Nonspendable</i>	<u>34,613</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,613</u>
<i>Restricted for</i>					
Athletics	-	-	-	290,192	290,192
College Readiness	-	-	-	3,876	3,876
Special Education	-	-	-	915	915
Debt Service	-	4,008,827	-	-	4,008,827
Capital Improvements	-	-	-	121,322	121,322
Other Purposes	-	-	-	78,700	78,700
<i>Total Restricted</i>	<u>-</u>	<u>4,008,827</u>	<u>-</u>	<u>495,005</u>	<u>4,503,832</u>
<i>Assigned to</i>					
Fiscal Year 2016 Appropriations	1,569,979	-	-	-	1,569,979
Public School Support	102,385	-	-	-	102,385
Instructional Activities	281,641	-	-	-	281,641
Supporting Services	445,847	-	-	-	445,847
Services	38,555	-	-	-	38,555
Extracurricular Activities	860	-	-	-	860
Capital Outlays	100,047	-	-	-	100,047
<i>Total Assigned</i>	<u>2,539,314</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,539,314</u>
<i>Unassigned (Deficit)</i>	8,569,760	-	(2,174,901)	(2,593)	6,392,266
Total Fund Balances	<u>\$ 11,143,687</u>	<u>\$ 4,008,827</u>	<u>\$ (2,174,901)</u>	<u>\$ 492,412</u>	<u>\$ 13,470,025</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 budgetary basis and GAAP basis are that:

- A. Revenues are recorded when received in cash (Budgetary basis) as opposed to when susceptible to accrual (GAAP basis);
- B. Expenditures are recorded when paid in cash (Budgetary basis) as opposed to when the liability is incurred (GAAP basis);
- C. Encumbrances are treated as expenditures (budgetary 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 (Budgetary basis).

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

<u>Net Change in Fund Balance</u>	
GAAP Basis	\$ (1,983,113)
Net Adjustment for Revenue Accruals	2,690,286
Net Adjustments for Expenditure Accruals	(690,521)
Fund with Separate Legally Adopted Budget	(1,142)
Adjustment for Encumbrances	<u>(940,441)</u>
Budget Basis	<u><u>\$ (924,931)</u></u>

NOTE 7: DEPOSITS AND INVESTMENTS

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

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

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

KENSTON LOCAL SCHOOL DISTRICT

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

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

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

1. United States Treasury notes, bills, bonds, or any other obligations or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds or other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or division (2) of this section and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAR Ohio);
8. Bankers' acceptances and commercial paper, if trading 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, 2016, the School District had \$736 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, 2016, the carrying amount of the School District's deposits was \$6,854,749, (including \$1,041,658 in CDARs) and the bank balance was \$6,396,923. \$1,541,658 of the School District's bank balance was covered by Federal Depository Insurance and \$4,855,265 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the School District's name.

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposit may not be returned. The School District's policy is to place deposits with major local banks approved by the School District's Board of Education.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 7: DEPOSITS AND INVESTMENTS (continued)

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. Star Ohio is measured at net asset value per share while all other investments are measured at fair value. At June 30, 2016, fair value was \$37,000 higher than the School District's net cost for investments.

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 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, STAR Ohio, and U.S. Government Agency notes represents 56 percent, 32 percent, and 12 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, 2016, 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/NAV	Credit Rating (*)	Investment Maturities in Years	
			<1	1-4
STAR Ohio	\$ 8,235,996	AAAm	\$ 8,235,996	\$ -
U.S. Agency Notes	3,075,092	AA+	-	3,075,092
Money Market	14,308,423	N/A	14,308,423	-
Money Market Mutual Funds				
Total Investments	25,619,511		<u>\$ 22,544,419</u>	<u>\$ 3,075,092</u>
Carrying Amount of Deposit	6,854,749			
Deposits with Escrow Account	3,591			
Petty Cash	736			
Total Cash and Investments	<u>\$ 32,478,587</u>			

The School District has categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2016. All of the School District's investments measured at fair value are valued using quoted market prices (Level 1 inputs).

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 2016 represents collections of calendar year 2015 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2015, on the assessed value listed as of January 1, 2015, 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 2016 represents collections of calendar year 2015 taxes. Public utility real and tangible personal property taxes received in calendar year 2015 became a lien December 31, 2014, were levied after April 1, 2015 and are collected in 2015 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, 2016, are available to finance fiscal year 2016 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, 2016, 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, 2016, was \$3,411,500 in the general fund and \$369,000 in the bond retirement debt service fund. The amount available as an advance at June 30, 2015, was \$6,121,800 in the general fund and \$752,000 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 2016 taxes were collected are:

	2015		2016	
	Second Half Collections		First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 749,098,830	98.23%	\$ 755,514,310	98.16%
Public Utility	13,504,910	1.77%	14,162,360	1.84%
Total Assessed Value	<u>\$ 762,603,740</u>	<u>100.00%</u>	<u>\$ 769,676,670</u>	<u>100.00%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$ 86.43		\$ 90.64	

NOTE 9: RECEIVABLES

Receivables at June 30, 2016, 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	\$ 286,642
Title I - Disadvantaged	22,318
Title II-A - Improving Teacher Quality	2,520
SERS FY 2016 Refund	199,177
Total Governmental Activities	<u>\$ 510,657</u>

KENSTON LOCAL SCHOOL DISTRICT

NOTE 10: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Balance 6/30/2015	Additions	Deletions	Balance 6/30/2016
<u>Governmental Activities</u>				
Capital Assets, not being depreciated:				
Land	\$ 1,207,191	\$ -	\$ -	\$ 1,207,191
Construction in Progress	-	2,210,658	-	2,210,658
Total Capital Assets, not being depreciated	1,207,191	2,210,658	-	3,417,849
Capital Assets, being depreciated:				
Land Improvements	2,369,138	-	-	2,369,138
Building and Improvements	61,433,865	7,055	-	61,440,920
Furniture and Equipment	2,179,593	34,168	(132,760)	2,081,001
Vehicles	3,433,916	2,720,924	(794,438)	5,360,402
Total Capital Assets, being depreciated	69,416,512	2,762,147	(927,198)	71,251,461
Less Accumulated Depreciation:				
Land Improvements	(1,348,179)	(94,171)	-	(1,442,350)
Building and Improvements	(14,869,518)	(1,339,088)	-	(16,208,606)
Furniture and Equipment	(1,474,670)	(91,050)	128,163	(1,437,557)
Vehicles	(3,312,841)	(314,687)	794,438	(2,833,090)
Total Accumulated Depreciation	(21,005,208)	(1,838,996)	922,601	(21,921,603)
Total Capital Assets being depreciated, Net	48,411,304	923,151	(4,597)	49,329,858
Governmental Activities Capital Assets, Net	\$ 49,618,495	\$ 3,133,809	\$ (4,597)	\$ 52,747,707
<u>Business-Type Activities</u>				
Furniture and Equipment	\$ 656,641	\$ 13,335	\$ -	\$ 669,976
Less Accumulated Depreciation	(374,088)	(21,644)	-	(395,732)
Business-Type Activities Capital Assets, Net	\$ 282,553	\$ (8,309)	\$ -	\$ 274,244

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 1,154,759
Support Services:	
Pupil	1,233
Instructional Staff	5,899
Board of Education	440
Administration	4,186
Business	845
Operation and Maintenance of Plant	256,046
Pupil Transportation	307,658
Central	28,413
Operation of Non-Instructional Services:	
Extracurricular Activities	79,517
Total Depreciation Expense	\$ 1,838,996

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 2016, the School District contracted with Liberty Mutual, Cincinnati Insurance, Inland Marine 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	\$ 14,799,085
	Crime	350,000
	General Liability	1,000,000
	Each occurrence	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
	Sexual Misconduct & Molestation	
	Limit	1,000,000
	In aggregate:	1,000,000
	Violent Event Response:	
	Each Person - Death Benefit	15,000
	Each Person Limit - Loss	25,000
	Each Violent Event Limit	1,000,000
	Each Violent Event Aggregate Limit	1,000,000
	Law Enforcement	
	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	
Inland Marine - Wind Turbine	2,141,500	

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 2016, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its 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>
2015	713,751	4,955,258	(5,091,754)	577,255
2016	577,255	4,989,763	(5,020,209)	546,809

NOTE 12: **DEFINED BENEFIT PENSION PLAN**

A. Net Pension Liability

The net pension liability reported on the Statement of Net Position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 12: **DEFINED BENEFIT PENSION PLAN (Continued)**

A. **Net Pension Liability (Continued)**

Ohio Revised Code limits the School District’s obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

B. **Plan Description - School Employees Retirement System (SERS)**

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. 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 Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 12: **DEFINED BENEFIT PENSION PLAN (Continued)**

B. Plan Description - School Employees Retirement System (SERS) (Continued)

Funding Policy – 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 requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension, death benefits, and Medicare B was 14.00 percent. No allocation was made to the Health Care Fund.

The School District's contractually required contribution to SERS was \$797,626 for fiscal year 2016. Of this amount \$75,268 is reported as an intergovernmental payable.

C. Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. 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.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 11.0 of the 12.0 percent member rates goes to the DC Plan and 1.0 percent goes to the DB plan. Member contributions to the DC plan are allocated among investment choices by the member, and contributions to the DB plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 12: **DEFINED BENEFIT PENSION PLAN (Continued)**

C. **Plan Description - State Teachers Retirement System (STRS) (Continued)**

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member’s defined contribution account or the defined contribution portion of a member’s Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options in the GASB 68 schedules of employer allocation and pension amounts by employer.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. Effective July 1, 2016, the statutory maximum employee contribution rate was increased one percent to 14 percent. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The School District’s contractually required contribution to STRS was \$2,194,199 for fiscal year 2016. Of this amount \$388,735 is reported as an intergovernmental payable.

D. **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Prior Measurement Date	0.1907860%	0.15412794%	
Proportion of the Net Pension Liability			
Current Measurement Date	<u>0.1892690%</u>	<u>0.15014397%</u>	
Change in Proportionate Share	<u>-0.0015170%</u>	<u>-0.0039840%</u>	
Proportionate share of the Net Pension			
Liability	\$10,799,873	\$41,495,404	\$ 52,295,277
Pension Expense	\$672,344	\$1,639,578	\$2,311,922

KENSTON LOCAL SCHOOL DISTRICT

NOTE 12: **DEFINED BENEFIT PENSION PLAN** (Continued)

D. **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$173,899	\$1,891,666	\$2,065,565
School District contributions subsequent to the measurement date	797,626	2,194,199	2,991,825
Total Deferred Outflows of Resources	<u>\$971,525</u>	<u>\$4,085,865</u>	<u>\$5,057,390</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$ 357,835	\$ 2,984,304	\$ 3,342,139
Changes in proportion and differences between School District contributions and proportionate share of contributions	67,134	911,189	978,323
Total Deferred Inflows of Resources	<u>\$424,969</u>	<u>\$3,895,493</u>	<u>\$4,320,462</u>

\$2,991,825 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2017	(\$147,665)	(\$901,255)	(\$1,048,920)
2018	(147,665)	(901,255)	(1,048,920)
2019	(162,475)	(1,129,057)	(1,291,532)
2020	206,735	927,740	1,134,475
Total	<u>(\$251,070)</u>	<u>(\$2,003,827)</u>	<u>(\$2,254,897)</u>

E. **Actuarial Assumptions – SERS**

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 12: **DEFINED BENEFIT PENSION PLAN (Continued)**

F. **Actuarial Assumptions – SERS (Continued)**

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	<u>100.00 %</u>	

KENSTON LOCAL SCHOOL DISTRICT

NOTE 12: **DEFINED BENEFIT PENSION PLAN** (Continued)

E. **Actuarial Assumptions – SERS** (Continued)

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$14,975,542	\$10,799,873	\$7,283,615

F. **Actuarial Assumptions – STRS**

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses, including inflation
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males’ ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 12: **DEFINED BENEFIT PENSION PLAN (Continued)**

F. Actuarial Assumptions – STRS (Continued)

The 10 year expected real rate of return on pension plan investments was determined by STRS’ investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS’ fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$57,640,243	\$41,495,404	\$27,842,530

KENSTON LOCAL SCHOOL DISTRICT

NOTE 12: **DEFINED BENEFIT PENSION PLAN** (Continued)

G. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2016, none of School District's employees had elected Social Security.

NOTE 13: **POST-EMPLOYMENT BENEFITS**

A. School Employees Retirement System

Plan Description – In addition to a cost-sharing multiple-employer defined benefit pension plan described in Note 13, the School Employees Retirement System (SERS) administers two postemployment benefit plans.

Health Care Plan - Sections 3309.375 and 3309.69 of the Ohio Revised Code 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 HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The Ohio Revised Code provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plan.

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 pensions and benefits, the Retirement Board may allocate the remainder of the employer 14% contribution to the Health Care Fund in accordance with the funding policy. For the year ended June 30, 2016, the health care allocation is 0.00%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. By statute no employer shall pay a health care surcharge greater than 2.0% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2016, the minimum compensation level was established at \$23,000. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$94,690, \$47,403, and \$6,974, respectively. For fiscal year 2016, the full amount is being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2015 and 2014.

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

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 13: **POST-EMPLOYMENT BENEFITS** (Continued)

B. State Teachers Retirement System

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

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

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

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

Funding Policy - Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14.00 percent employer contribution rate, 0.00 percent of covered payroll was allocated to post-employment health care for the year ended June 30, 2015 (latest information available). For the years ended June 30, 2014, and 2013, 1.00 percent of covered payroll was allocated to post-employment health care. The 14.00 percent employer contribution rate is the maximum rate established under Ohio law. The School District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$0, and \$161,878 respectively. The full amount has been contributed for fiscal year and 2014.

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.

KENSTON LOCAL SCHOOL DISTRICT

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

A. **Compensated Absences** (Continued)

Sick Leave

Each professional staff member is entitled to fifteen (15) days sick leave with pay for each year under contract. The sick leave accrues at the rate of one and one fourth (1-1/4) days for each calendar month under contract. Sick leave is cumulative to 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.

NOTE 15: **INTERFUND TRANSACTIONS**

A. **Interfund Transfers**

As of June 30, 2016, interfund transfers were as follows:

	<u>Transfers In</u> Nonmajor Governmental Funds
<u>Transfers Out</u>	
General Fund	\$ <u>113,930</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 \$113,930 were eliminated since they were within the governmental activities.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 15: **INTERFUND TRANSACTIONS (Continued)**

B. Interfund Balances

As of June 30, 2016, interfund balances were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Governmental Funds:		
General Fund	\$ 518,445	\$ -
Other Governmental Funds	-	292,800
Total Governmental Funds	<u>518,445</u>	<u>292,800</u>
Enterprise Fund:		
Food Service	-	225,645
Total All Funds	<u>\$ 518,445</u>	<u>\$ 518,445</u>

Interfund payables in the special revenue funds are due to the timing of the receipt of grant monies received by the various funds. Interfund payables exist in the enterprise fund due to the timing of the receipt of various revenue sources.

NOTE 16: **SHORT-TERM OBLIGATIONS**

The original issue date, interest rate, original issuance amount and maturity date for the School District's short-term obligations follows:

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
Notes Payable				
<i>Governmental Activities</i>				
2016 School Improvement Notes - 2%	\$ -	\$ 9,700,000	\$ -	\$ 9,700,000
2015 School Improvement Notes - 1%	-	5,000,000	-	5,000,000
Unamortized Premium	-	104,720	(13,708)	91,012
Total Notes Payable	<u>\$0</u>	<u>\$ 14,804,720</u>	<u>\$ (13,708)</u>	<u>\$14,791,012</u>

On September 15, 2015, the School District issued 5,000,000 in School Improvement Notes at an interest rate of 1% per year with the maturity date of September 15, 2016, for the purpose of constructing, renovating, remodeling, and otherwise improving buildings and facilities. As of June 30, 2016 the School District had unspent proceeds of \$3,993,505.

On June 28, 2016, the School District issued \$9,700,000 in School Improvement Notes at an interest rate of 2% per year with maturity date of June 29, 2017, for the purpose of constructing, renovating, remodeling, and otherwise improving buildings and facilities. Note Proceeds of \$5,000,000 will be used to retire the 2015 School Improvement Notes mentioned above that will mature on September 15, 2016. As of June 30, 2016 the full amount of the note proceeds were unspent.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 17: LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2016 were as follows:

	Principal Outstanding June 30, 2015	Additions	Deductions	Principal Outstanding June 30, 2016	Due in One Year
Governmental Activities					
<u>General Long-Term Bonds</u>					
\$27,210,000 School Improvement Refunding Bonds 2011 - 2.0 - 5.0%	\$ 23,645,000	\$ -	\$ 1,915,000	\$ 21,730,000	\$ 2,075,000
\$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%	7,430,000	-	145,000	7,285,000	150,000
\$725,000 Capital Appreciation Bonds - 8.458%, due 2027	725,000	-	-	725,000	-
\$2,680,000 School Improvement Refunding Bonds 2013 - 2.3%	2,045,000	-	655,000	1,390,000	680,000
Total General Long-Term Bonds	<u>34,995,000</u>	<u>-</u>	<u>2,715,000</u>	<u>32,280,000</u>	<u>2,905,000</u>
<u>Net Pension Liability</u>					
STRS	36,967,954	4,006,153	-	40,974,107	-
SERS	9,145,315	1,144,302	-	10,289,617	-
Total Net Pension Liability	<u>46,113,269</u>	<u>5,150,455</u>	<u>-</u>	<u>51,263,724</u>	<u>-</u>
<u>Other Governmental Long-Term Obligations</u>					
Accretion on Capital Appreciation Bonds	511,054	176,378	-	687,432	-
Capital Lease	2,660,907	-	573,700	2,087,207	499,050
Unamortized Bond Premium	2,098,049	-	306,772	1,791,277	-
Unamortized Bond Discount	(79,611)	-	(6,297)	(73,314)	-
Compensated Absences	3,358,767	963,389	819,800	3,502,356	979,369
Total Governmental Long-Term Liabilities	<u>\$ 89,657,435</u>	<u>\$ 6,290,222</u>	<u>\$ 4,408,975</u>	<u>\$ 91,538,682</u>	<u>\$ 4,383,419</u>
Business-Type Activities					
Compensated Absences	\$ 49,660	\$ 11,416	\$ 9,063	\$ 52,013	\$ 12,168
<u>Net Pension Liability</u>					
STRS	521,297	-	-	521,297	-
SERS	510,256	-	-	510,256	-
Total Net Pension Liability	<u>1,031,553</u>	<u>-</u>	<u>-</u>	<u>1,031,553</u>	<u>-</u>
Total Business-Type Activities	<u>\$ 1,081,213</u>	<u>\$ 11,416</u>	<u>\$ 9,063</u>	<u>\$ 1,083,566</u>	<u>\$ 12,168</u>

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 \$372,985 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, 2016.

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.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 17: LONG-TERM OBLIGATIONS (continued)

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 \$314,447 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, 2016.

The net proceeds from 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.

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

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

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.

See further information on net pension liability and capital lease at Notes 12 and 18, respectively.

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

The School District's voted legal debt margin was \$31,430,322 with an unvoted debt margin of \$769,677 at June 30, 2016.

Principal and interest requirements to retire general obligation debt at June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total
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	2,115,000	720,269	2,835,269
2021	2,215,000	616,819	2,831,819
2022-2026	11,045,000	3,226,959	14,271,959
2027-2030	8,825,000	2,508,831	11,333,831
Total	<u>\$ 32,280,000</u>	<u>\$ 9,646,150</u>	<u>\$ 41,926,150</u>

KENSTON LOCAL SCHOOL DISTRICT

NOTE 18: CAPITAL LEASE

On June 22, 2015 the School District entered into a capital lease obligation for the purchase of school buses. The lease meets the criteria for a capital lease as defined by the Statement of Financial Accounting Standards No. 13, *Accounting for Leases* and has been recorded on the government-wide statements.

A capital lease consisting of bus purchases was capitalized in the amount of \$2,660,907 upon the purchase of the buses. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements under governmental activities.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016, are as follows:

Fiscal Year Ended <u>June 30, 2016</u>	<u>Governmental Activities</u>
2017	540,275
2018	810,123
2019	820,116
Total minimum lease payments	2,170,514
Less: Amount representing imputed interest costs	83,307
Present value of minimum lease payments	<u>\$ 2,087,207</u>

NOTE 19: 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 20: JOINTLY GOVERNED ORGANIZATIONS

Auburn Career Center

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 20: JOINTLY GOVERNED ORGANIZATIONS (continued)

Lake Geauga Computer Association

The Lake Geauga Computer Association (the LGCA) is a jointly governed organization that was formed for the purpose of providing computer services for accounting, grading, scheduling, EMIS, and other applications to its eighteen member school districts. Each of the districts supports LGCA based upon a per pupil charge. The School District contributed \$93,525 to LGCA during fiscal year 2016. The Executive Committee (Governing Board) consists of the superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. LGCA's continued existence is not dependent on the School District's continued participation. LGCA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden on the School District. Financial information can be obtained from 8221 Auburn Road, Concord Twp., Ohio 44077.

Auburn-Bainbridge Recreation Board

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

Ohio Schools' Council Association

The Ohio Schools' Council Association (Council) is a jointly governed organization among 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 2016, the School District paid \$193,981 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.

KENSTON LOCAL SCHOOL DISTRICT

NOTE 21: **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.

C. **State Foundation Funding**

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the total impact of enrollment adjustments to the June 30, 2016 Foundation funding for the School District; therefore, the financial statement impact is not determinable at this time.

NOTE 22: **SET-ASIDE REQUIREMENTS**

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

	Capital Improvements Reserve
Set-Aside Reserve Balance as of June 30, 2015	\$ -
Current Year Set-Aside Requirements	494,797
Qualifying Disbursements	(1,283,125)
Total	<u>\$ (788,328)</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$ -</u>
Set-Aside Reserve Balance as of June 30, 2016	<u>\$ -</u>

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

KENSTON LOCAL SCHOOL DISTRICT

NOTE 23: **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, 2016, the School District's commitments for encumbrances in the governmental funds were as follows:

	Encumbrances <u>Outstanding</u>
General	\$ 866,949
Building	3,527,119
Nonmajor Governmental	<u>86,219</u>
Total	<u><u>\$ 4,480,287</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

KENSTON LOCAL SCHOOL DISTRICT

**Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Three Fiscal Years (1)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.1892690%	0.1907860%	0.1907860%
School District's Proportionate Share of the Net Pension Liability	\$ 10,799,873	\$ 9,655,571	\$11,345,431
School District's Covered-Employee Payroll	5,780,873	5,510,195	5,066,561
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	186.82%	175.23%	223.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.16%	71.70%	65.52%

(1) Information prior to 2013 is not available.

Amounts presented as of the School District's measurement date which is the prior fiscal year end.

KENSTON LOCAL SCHOOL DISTRICT

Required Supplementary Information Schedule of the School District's Proportionate Share of the Net Pension Liability State Teachers Retirement System of Ohio Last Three Fiscal Years (1)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.15014397%	0.15412794%	0.15412794%
School District's Proportionate Share of the Net Pension Liability	\$ 41,495,402	\$ 37,489,251	\$ 44,656,948
School District's Covered-Employee Payroll	15,745,257	15,871,677	16,139,446
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	263.54%	236.20%	276.69%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available.

Amounts presented as of the School District's measurement date which is the prior fiscal year end.

KENSTON LOCAL SCHOOL DISTRICT

Required Supplementary Information Schedule of the School District's Contributions School Employees Retirement System of Ohio Last Ten Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Contractually Required Contribution	\$ 797,626	\$ 761,919	\$ 763,713	\$ 701,212	\$ 696,461	\$ 661,812	\$ 694,352	\$ 491,328	\$ 479,797	\$ 512,656
Contributions in Relation to the Contractually Required Contribution	<u>(797,626)</u>	<u>(761,919)</u>	<u>(763,713)</u>	<u>(701,212)</u>	<u>(696,461)</u>	<u>(661,812)</u>	<u>(694,352)</u>	<u>(491,328)</u>	<u>(479,797)</u>	<u>(512,656)</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
School District Covered-Employee Payroll	\$ 6,051,791	\$ 5,780,873	\$ 5,510,195	\$ 5,066,561	\$ 5,178,149	\$ 5,265,012	\$ 5,128,154	\$ 4,993,171	\$ 4,885,916	\$ 4,800,150
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.18%	13.86%	13.84%	13.45%	12.57%	13.54%	9.84%	9.82%	10.68%

KENSTON LOCAL SCHOOL DISTRICT

**Required Supplementary Information
 Schedule of the School District's Contributions
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Contractually Required Contribution	\$ 2,194,199	\$ 2,204,336	\$ 2,063,318	\$ 2,098,128	\$ 2,082,814	\$ 2,155,466	\$ 2,097,364	\$ 2,062,651	\$ 2,063,165	\$ 1,996,250	\$ 1,931,421
Contributions in Relation to the Contractually Required Contribution	<u>(2,194,199)</u>	<u>(2,204,336)</u>	<u>(2,063,318)</u>	<u>(2,098,128)</u>	<u>(2,082,814)</u>	<u>(2,155,466)</u>	<u>(2,097,364)</u>	<u>(2,062,651)</u>	<u>(2,063,165)</u>	<u>(1,996,250)</u>	<u>(1,931,421)</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
School District Covered-Employee Payroll	\$ 15,672,850	\$ 15,745,257	\$ 15,871,677	\$ 16,139,446	\$ 16,021,646	\$ 16,580,508	\$ 16,133,569	\$ 15,866,546	\$ 15,870,500	\$ 15,355,769	\$ 14,857,085
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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, 2016

General Fund

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Total Revenues and Other Sources	\$ 33,566,197	\$ 36,259,329	\$ 36,266,237	\$ 6,908
Total Expenditures and Other Uses	38,404,469	38,404,469	37,191,168	1,213,301
Net Change in Fund Balance	(4,838,272)	(2,145,140)	(924,931)	1,220,209
Fund Balance - Beginning of Year	9,002,103	9,002,103	9,002,103	-
Prior Year Encumbrances Appropriated	2,120,164	2,120,164	2,120,164	-
Fund Balance - End of Year	\$ 6,283,995	\$ 8,977,127	\$ 10,197,336	\$ 1,220,209

Bond Retirement Fund

	Budgeted	Actual	Variance with Final Budget Positive (Negative)
	Amounts Final		
Total Revenues and Other Sources	\$ 8,579,852	\$ 8,579,852	\$ -
Total Expenditures and Other Uses	3,827,951	3,827,951	-
Net Change in Fund Balance	4,751,901	4,751,901	-
Fund Balance - Beginning of Year	4,018,520	4,018,520	-
Fund Balance - End of Year	\$ 8,770,421	\$ 8,770,421	\$ -

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, 2016

Building Fund

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Total Revenues and Other Sources	\$ 9,701,883	\$ 9,701,527	\$ (356)
Total Expenditures and Other Uses	9,371,061	5,884,625	3,486,436
Net Change in Fund Balance	330,822	3,816,902	3,486,080
Fund Balance - Beginning of Year	134,691	134,691	-
Prior Year Encumbrances Appropriated	47,987	47,987	-
Fund Balance - End of Year	<u>\$ 513,500</u>	<u>\$ 3,999,580</u>	<u>\$ 3,486,080</u>

KENSTON LOCAL SCHOOL DISTRICT

Nonmajor Special Revenue Funds

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

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

Public School Support - This fund is used for the general support of the school 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.

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.

College Ready Ohio - This fund accounts for grant monies received through the Straight A Program. These grant monies are used for projects that will provide for advancement in student achievement, achieve spending reductions in five-year forecast or allow a greater share of resources to be utilized in the classroom.

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.

Miscellaneous Federal Grants - This fund is used to account for various monies received through state agencies from federal government or directly from the federal government which are not classified elsewhere. A separate special cost center must be used for each grant.

KENSTON LOCAL SCHOOL DISTRICT

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 fund:

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

KENSTON LOCAL SCHOOL DISTRICT**Combining Balance Sheet
Nonmajor Governmental Funds****June 30, 2016**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS			
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 373,623	\$ 117,731	\$ 491,354
Cash and Cash Equivalents:			
With Escrow Agents	-	3,591	3,591
Accounts Receivable	10,832	-	10,832
Intergovernmental Receivable	311,480	-	311,480
Total Assets	\$ 695,935	\$ 121,322	\$ 817,257
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 7,967	\$ -	\$ 7,967
Accrued Wages and Benefits	16,549	-	16,549
Intergovernmental Payable	7,529	-	7,529
Interfund Payable	292,800	-	292,800
Total Liabilities	324,845	-	324,845
Fund Balances:			
Restricted	373,683	121,322	495,005
Unassigned (Deficit)	(2,593)	-	(2,593)
Total Fund Balances	371,090	121,322	492,412
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 695,935	\$ 121,322	\$ 817,257

KENSTON LOCAL SCHOOL DISTRICT**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds****For the Fiscal Year Ended June 30, 2016**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 1,089,280	\$ -	\$ 1,089,280
Extracurricular Activities	563,099	-	563,099
Miscellaneous	49,770	15,000	64,770
Total Revenues	<u>1,702,149</u>	<u>15,000</u>	<u>1,717,149</u>
EXPENDITURES			
Current:			
Instruction:			
Regular	60,332	-	60,332
Special	236,116	-	236,116
Supporting Services:			
Pupils	180,664	-	180,664
Instructional Staff	481,922	-	481,922
Administration	214,583	-	214,583
Operation of Non-Instructional Services:			
Food Service Operations	558	-	558
Extracurricular Activities	718,100	-	718,100
Capital Outlay	-	2,657,316	2,657,316
Total Expenditures	<u>1,892,275</u>	<u>2,657,316</u>	<u>4,549,591</u>
Excess of Revenues Over (Under) Expenditures	<u>(190,126)</u>	<u>(2,642,316)</u>	<u>(2,832,442)</u>
OTHER FINANCING SOURCES			
Transfers In	93,930	20,000	113,930
Total Other Financing Sources	<u>93,930</u>	<u>20,000</u>	<u>113,930</u>
Net Change in Fund Balances	(96,196)	(2,622,316)	(2,718,512)
Fund Balances - Beginning of Year	467,286	2,743,638	3,210,924
Fund Balances - End of Year	<u>\$ 371,090</u>	<u>\$ 121,322</u>	<u>\$ 492,412</u>

KENSTON LOCAL SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Special Revenue Funds**

June 30, 2016

	Private Purpose Trust Scholar- ship	District Managed Student Activity	Management Information Systems	Data Communication
ASSETS				
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 79,230	\$ 294,377	\$ 16	\$ -
Accounts Receivable	-	3,832	-	-
Intergovernmental Receivable	-	-	-	-
Total Assets	<u>79,230</u>	<u>298,209</u>	<u>16</u>	<u>-</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ -	\$ 7,860	\$ -	\$ -
Accrued Wages and Benefits	-	157	-	-
Intergovernmental Payable	530	-	21	-
Interfund Payable	-	-	-	-
Total Liabilities	<u>530</u>	<u>8,017</u>	<u>21</u>	<u>-</u>
Fund Balances:				
Restricted	78,700	290,192	-	-
Unassigned (Deficit)	-	-	(5)	-
Total Fund Balances	<u>78,700</u>	<u>290,192</u>	<u>(5)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 79,230</u>	<u>\$ 298,209</u>	<u>\$ 16</u>	<u>\$ -</u>

KENSTON LOCAL SCHOOL DISTRICT

<u>College Ready Ohio</u>	<u>IDEA, Education of Handicapped Children</u>	<u>Title I, Disadvantaged Children/ Targeted Assistance</u>	<u>Improving Teacher Quality</u>	<u>Misc. Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 373,623
7,000	-	-	-	-	10,832
-	286,642	22,318	2,520	-	311,480
<u>7,000</u>	<u>286,642</u>	<u>22,318</u>	<u>2,520</u>	<u>-</u>	<u>695,935</u>
\$ -	\$ -	\$ -	\$ -	\$ 107	\$ 7,967
-	2,243	14,149	-	-	16,549
-	5,025	1,953	-	-	7,529
3,124	278,459	8,246	2,520	451	292,800
<u>3,124</u>	<u>285,727</u>	<u>24,348</u>	<u>2,520</u>	<u>558</u>	<u>324,845</u>
3,876	915	-	-	-	373,683
-	-	(2,030)	-	(558)	(2,593)
<u>3,876</u>	<u>915</u>	<u>(2,030)</u>	<u>-</u>	<u>(558)</u>	<u>371,090</u>
\$ 7,000	\$ 286,642	\$ 22,318	\$ 2,520	\$ -	\$ 695,935

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, 2016**

	<u>Private Purpose Trust Scholarship</u>	<u>District Managed Student Activity</u>
REVENUES		
Intergovernmental	\$ -	\$ -
Extracurricular Activities	-	563,099
Miscellaneous	3,470	46,300
Total Revenues	<u>3,470</u>	<u>609,399</u>
EXPENDITURES		
Current:		
Instruction:		
Regular	4,306	-
Special	-	-
Supporting Services:		
Pupils	-	1,534
Instructional Staff	3,470	-
Administration	-	-
Operation of Non-Instructional Services:		
Extracurricular Activities	-	718,100
Total Expenditures	<u>7,776</u>	<u>719,634</u>
Excess of Revenues Over (Under) Expenditures	<u>(4,306)</u>	<u>(110,235)</u>
OTHER FINANCING SOURCES		
Transfers In	-	93,930
Total Other Financing Sources	<u>-</u>	<u>93,930</u>
Net Change in Fund Balances	(4,306)	(16,305)
Fund Balances (Deficit) - Beginning of Year	83,006	306,497
Fund Balances (Deficit) - End of Year	<u>\$ 78,700</u>	<u>\$ 290,192</u>

KENSTON LOCAL SCHOOL DISTRICT

<u>Management Information Systems</u>	<u>Data Communication</u>	<u>College Ready Ohio</u>
\$ -	\$ 7,200	\$ 406,558
-	-	-
-	-	-
-	7,200	406,558
-	12,686	6,852
-	-	-
-	-	-
-	-	457,707
3,079	-	-
-	-	-
3,079	12,686	464,559
(3,079)	(5,486)	(58,001)
-	-	-
-	-	-
(3,079)	(5,486)	(58,001)
3,074	5,486	61,877
\$ (5)	\$ -	\$ 3,876

(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, 2016

	IDEA, Education of Handicapped Children	Title III - Limited English Proficiency	Title I, Disadvantaged Children/ Targeted Assistance
REVENUES			
Intergovernmental	\$ 480,402	\$ 2,490	\$ 135,191
Extracurricular Activities	-	-	-
Miscellaneous	-	-	-
Total Revenues	<u>480,402</u>	<u>2,490</u>	<u>135,191</u>
EXPENDITURES			
Current:			
Instruction:			
Regular	-	-	-
Special	109,935	2,490	123,691
Supporting Services:			
Pupils	179,130	-	-
Instructional Staff	-	-	-
Administration	211,504	-	-
Operation of Non-Instructional Services:			
Food Service Operations	-	-	-
Extracurricular Activities	-	-	-
Total Expenditures	<u>500,569</u>	<u>2,490</u>	<u>123,691</u>
Excess of Revenues Over (Under) Expenditures	<u>(20,167)</u>	<u>-</u>	<u>11,500</u>
OTHER FINANCING SOURCES			
Transfers In	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(20,167)	-	11,500
Fund Balances (Deficit) - Beginning of Year	21,082	-	(13,530)
Fund Balances (Deficit) - End of Year	<u>\$ 915</u>	<u>\$ -</u>	<u>\$ (2,030)</u>

KENSTON LOCAL SCHOOL DISTRICT

Improving Teacher Quality	Misc. Federal Grants	Total Nonmajor Special Revenue Funds
\$ 57,439	\$ -	\$ 1,089,280
-	-	563,099
-	-	49,770
<u>57,439</u>	<u>-</u>	<u>1,702,149</u>
36,488	-	60,332
-	-	236,116
-	-	180,664
20,745	-	481,922
-	-	214,583
-	558	558
-	-	718,100
<u>57,233</u>	<u>558</u>	<u>1,892,275</u>
<u>206</u>	<u>(558)</u>	<u>(190,126)</u>
-	-	93,930
-	-	93,930
<u>206</u>	<u>(558)</u>	<u>(96,196)</u>
(206)	-	467,286
<u>\$ -</u>	<u>\$ (558)</u>	<u>\$ 371,090</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, 2016

Private Purpose Trust Scholarship Fund

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Sources	\$ 3,470	\$ 3,470	\$ -
Total Expenditures and Other Uses	<u>91,885</u>	<u>15,655</u>	<u>76,230</u>
Net Change in Fund Balance	(88,415)	(12,185)	76,230
Fund Balance - Beginning of Year	83,415	83,415	-
Prior Year Encumbrances Appropriated	5,000	5,000	-
Fund Balance - End of Year	<u><u>\$ -</u></u>	<u><u>\$ 76,230</u></u>	<u><u>\$ 76,230</u></u>

Public School Support Fund

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Sources	\$ 186,065	\$ 187,118	\$ 1,053
Total Expenditures and Other Uses	<u>274,868</u>	<u>210,256</u>	<u>64,612</u>
Net Change in Fund Balance	(88,803)	(23,138)	65,665
Fund Balance - Beginning of Year	108,172	108,172	-
Prior Year Encumbrances Appropriated	9,821	9,821	-
Fund Balance - End of Year	<u><u>\$ 29,190</u></u>	<u><u>\$ 94,855</u></u>	<u><u>\$ 65,665</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, 2016

District Managed Student Activity Fund

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Sources	\$ 699,318	\$ 605,567	\$ (93,751)
Total Expenditures and Other Uses	<u>977,250</u>	<u>800,759</u>	<u>176,491</u>
Net Change in Fund Balance	(277,932)	(195,192)	82,740
Fund Balance - Beginning of Year	235,597	235,597	-
Prior Year Encumbrances Appropriated	74,679	74,679	-
Fund Balance - End of Year	<u>\$ 32,344</u>	<u>\$ 115,084</u>	<u>\$ 82,740</u>

Management Information System 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>4,650</u>	<u>4,635</u>	<u>15</u>
Net Change in Fund Balance	(4,650)	(4,635)	15
Fund Balance - Beginning of Year	4,651	4,651	-
Fund Balance - End of Year	<u>\$ 1</u>	<u>\$ 16</u>	<u>\$ 15</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, 2016

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>12,686</u>	<u>12,686</u>	<u>-</u>
Net Change in Fund Balance	(5,486)	(5,486)	-
Fund Balance - Beginning of Year	5,486	5,486	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

College Ready Ohio Fund

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Sources	406,558	399,558	(7,000)
Total Expenditures and Other Uses	<u>505,196</u>	<u>501,320</u>	<u>3,876</u>
Net Change in Fund Balance	(98,638)	(101,762)	(3,124)
Fund Balance - Beginning of Year	-	-	-
Prior Year Encumbrances Appropriated	98,638	98,638	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ (3,124)</u>	<u>\$ (3,124)</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, 2016

IDEA – Education of Handicapped Children Fund

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Total Revenues and Other Sources	\$ 480,402	\$ 193,760	\$ (286,642)
Total Expenditures and Other Uses	508,533	502,269	6,264
Net Change in Fund Balance	(28,131)	(308,509)	(280,378)
Fund Balance - Beginning of Year	30,050	30,050	-
Fund Balance - End of Year	<u>\$ 1,919</u>	<u>\$ (278,459)</u>	<u>\$ (280,378)</u>

Title III – Limited English Proficiency Fund

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Total Revenues and Other Sources	\$ 2,490	\$ 2,490	\$ -
Total Expenditures and Other Uses	2,490	2,490	-
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KENSTON LOCAL SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2016

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	\$ 124,032	\$ 112,873	\$ (11,159)
Total Expenditures and Other Uses	<u>126,773</u>	<u>123,861</u>	<u>2,912</u>
Net Change in Fund Balance	(2,741)	(10,988)	(8,247)
Fund Balance - Beginning of Year	2,741	2,741	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ (8,247)</u>	<u>\$ (8,247)</u>

Improving Teacher Quality Fund

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Sources	\$ 57,439	\$ 54,919	\$ (2,520)
Total Expenditures and Other Uses	<u>57,439</u>	<u>57,439</u>	<u>-</u>
Net Change in Fund Balance	-	(2,520)	(2,520)
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ (2,520)</u>	<u>\$ (2,520)</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, 2016

Miscellaneous Federal Grants Fund

	<u>Budgeted Amounts</u> Final	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Sources	\$ 559	\$ -	\$ (559)
Total Expenditures and Other Uses	<u>559</u>	<u>558</u>	<u>1</u>
Net Change in Fund Balance	-	(558)	(558)
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u><u>\$ -</u></u>	<u><u>\$ (558)</u></u>	<u><u>\$ (558)</u></u>

Permanent Improvement Fund

	<u>Budgeted Amounts</u> Final	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Sources	\$ 35,000	\$ 35,000	\$ -
Total Expenditures and Other Uses	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	35,000	35,000	-
Fund Balance - Beginning of Year	82,731	82,731	-
Fund Balance - End of Year	<u><u>\$ 117,731</u></u>	<u><u>\$ 117,731</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, 2016

	<u>Food Services</u>	<u>Uniform School Supplies</u>	<u>Adult Education</u>	<u>Kinder - garten Fees</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS					
Current Assets:					
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 208,990	\$ 69,549	\$ 32,096	\$ 33,784	\$ 344,419
Inventory Held for Resale	-	14,564	-	-	14,564
Materials and Supplies Inventory	4,144	-	-	-	4,144
Accounts Receivable	-	-	2,039	-	2,039
Total Current Assets	<u>213,134</u>	<u>84,113</u>	<u>34,135</u>	<u>33,784</u>	<u>365,166</u>
Noncurrent Assets:					
Capital Assets:					
Depreciable Capital Assets, Net of Depreciation	274,244	-	-	-	274,244
Total Noncurrent Assets	<u>274,244</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>274,244</u>
Total Assets	<u>487,378</u>	<u>84,113</u>	<u>34,135</u>	<u>33,784</u>	<u>639,410</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pensions	28,956	-	12,783	38,539	80,278
Total Deferred Outflows of Resources	<u>28,956</u>	<u>-</u>	<u>12,783</u>	<u>38,539</u>	<u>80,278</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	190,158	-	-	-	190,158
Accrued Wages and Benefits	55,833	-	5,326	-	61,159
Compensated Absences Payable	12,168	-	-	-	12,168
Intergovernmental Payable	12,879	-	2,440	-	15,319
Interfund Payable	225,645	-	-	-	225,645
Total Current Liabilities	<u>496,683</u>	<u>-</u>	<u>7,766</u>	<u>-</u>	<u>504,449</u>
Noncurrent Liabilities:					
Compensated Absences Payable	39,845	-	-	-	39,845
Net Pension Liability	331,221	-	148,579	551,753	1,031,553
Total Noncurrent Liabilities	<u>371,066</u>	<u>-</u>	<u>148,579</u>	<u>551,753</u>	<u>1,071,398</u>
Total Liabilities	<u>867,749</u>	<u>-</u>	<u>156,345</u>	<u>551,753</u>	<u>1,575,847</u>
DEFERRED INFLOWS OF RESOURCES					
Pensions	53,758	-	24,362	101,138	179,258
Total Deferred Inflows of Resources	<u>53,758</u>	<u>-</u>	<u>24,362</u>	<u>101,138</u>	<u>179,258</u>
NET POSITION					
Investment in Capital Assets	274,244	-	-	-	274,244
Unrestricted (Deficit)	(679,417)	84,113	(133,789)	(580,568)	(1,309,661)
Total Net Position	<u>\$ (405,173)</u>	<u>\$ 84,113</u>	<u>\$ (133,789)</u>	<u>\$ (580,568)</u>	<u>\$ (1,035,417)</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, 2016

	Food Services	Uniform School Supplies	Adult Education	Kinder - garten Fees	Total Nonmajor Enterprise Funds
OPERATING REVENUES					
Food Services	\$ 752,908	\$ -	\$ -	\$ -	\$ 752,908
Miscellaneous	-	-	174,030	-	174,030
Classroom Materials and Fees	-	152,559	300	-	152,859
Tuition	-	-	-	327,331	327,331
Total Operating Revenues	<u>752,908</u>	<u>152,559</u>	<u>174,330</u>	<u>327,331</u>	<u>1,407,128</u>
OPERATING EXPENSES					
Salaries	280,578	-	132,637	269,612	682,827
Fringe Benefits	85,567	-	36,283	44,401	166,251
Purchased Services	543,872	-	300	-	544,172
Materials and Supplies	23,302	138,940	-	4,028	166,270
Depreciation	21,644	-	-	-	21,644
Other	1,208	-	-	1,205	2,413
Total Operating Expenses	<u>956,171</u>	<u>138,940</u>	<u>169,220</u>	<u>319,246</u>	<u>1,583,577</u>
Operating Income (Loss)	<u>(203,263)</u>	<u>13,619</u>	<u>5,110</u>	<u>8,085</u>	<u>(176,449)</u>
NONOPERATING REVENUES					
Intergovernmental	87,007	-	-	-	87,007
Donated Commodities	23,067	-	-	-	23,067
Total Nonoperating Revenues	<u>110,074</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,074</u>
Change in Net Position	(93,189)	13,619	5,110	8,085	(66,375)
Net Position - Beginning of Year	(311,984)	70,494	(138,899)	(588,653)	(969,042)
Net Position - End of Year	<u>\$ (405,173)</u>	<u>\$ 84,113</u>	<u>\$ (133,789)</u>	<u>\$ (580,568)</u>	<u>\$ (1,035,417)</u>

KENSTON LOCAL SCHOOL DISTRICT

Combining Statement of Cash Flows Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2016

	Food Services	Uniform School Supplies	Adult Education	Kinder - garten Fees	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 752,908	\$ 152,559	\$ 177,185	\$ 327,331	\$ 1,409,983
Cash Payments to Employees for Services	(277,263)	-	(134,861)	(269,612)	(681,736)
Cash Payments for Employee Benefits	(89,563)	-	(38,608)	(44,702)	(172,873)
Cash Payments for Goods and Services	(504,055)	(147,084)	(300)	(4,028)	(655,467)
Cash Payments for Other Expenses	12,127	-	-	(1,205)	10,922
Net Cash Provided by (Used in) Operating Activities	<u>(105,846)</u>	<u>5,475</u>	<u>3,416</u>	<u>7,784</u>	<u>(89,171)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating Grants Received	87,007	-	-	-	87,007
Advances In	225,645	-	-	-	225,645
Net Cash Provided by Noncapital Financing Activities	<u>312,652</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>312,652</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Payments for Capital Acquisitions	(13,335)	-	-	-	(13,335)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(13,335)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,335)</u>
Net Increase in Cash and Cash Equivalents	193,471	5,475	3,416	7,784	210,146
Cash and Cash Equivalents - Beginning of Year	15,519	64,074	28,680	26,000	134,273
Cash and Cash Equivalents - End of Year	<u>\$ 208,990</u>	<u>\$ 69,549</u>	<u>\$ 32,096</u>	<u>\$ 33,784</u>	<u>\$ 344,419</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (203,263)	\$ 13,619	\$ 5,110	\$ 8,085	\$ (176,449)
Adjustments:					
Depreciation	21,644	-	-	-	21,644
Federal Donated Commodities	23,067	-	-	-	23,067
(Increase) Decrease in Assets:					
Accounts Receivable	-	-	2,855	-	2,855
Inventory Held for Resale	-	(8,144)	-	-	(8,144)
Materials and Supplies Inventory	(1,091)	-	-	-	(1,091)
Increase (Decrease) in Liabilities:					
Accounts Payable	54,478	-	-	-	54,478
Accrued Wages and Benefits	962	-	(2,224)	-	(1,262)
Compensated Absences Payable	2,353	-	-	-	2,353
Intergovernmental Payable	(3,996)	-	(2,325)	(301)	(6,622)
Net Cash Provided by (Used in) Operating Activities	<u>\$ (105,846)</u>	<u>\$ 5,475</u>	<u>\$ 3,416</u>	<u>\$ 7,784</u>	<u>\$ (89,171)</u>

Schedule of Noncash Non-Capital and Capital Financing Activities

During the year, the Food Services fund received donated commodities of \$23,067.

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, 2016

Food Services Fund

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Total Revenues and Other Sources	\$ 1,062,354	\$ 1,065,560	\$ 3,206
Total Expenses and Other Uses	<u>1,077,872</u>	<u>1,055,697</u>	<u>22,175</u>
Net Change in Fund Equity	(15,518)	9,863	25,381
Fund Equity - Beginning of Year	4,114	4,114	-
Prior Year Encumbrances Appropriated	11,405	11,405	-
Fund Equity - End of Year	<u>\$ 1</u>	<u>\$ 25,382</u>	<u>\$ 25,381</u>

Uniform School Supplies Fund

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Total Revenues and Other Sources	\$ 152,181	\$ 152,559	\$ 378
Total Expenses and Other Uses	<u>172,174</u>	<u>151,396</u>	<u>20,778</u>
Net Change in Fund Equity	(19,993)	1,163	21,156
Fund Equity - Beginning of Year	61,975	61,975	-
Prior Year Encumbrances Appropriated	2,099	2,099	-
Fund Equity - End of Year	<u>\$ 44,081</u>	<u>\$ 65,237</u>	<u>\$ 21,156</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, 2016

Adult Education Fund

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Total Revenues and Other Sources	\$ 177,185	\$ 177,185	\$ -
Total Expenses and Other Uses	195,362	173,768	21,594
Net Change in Fund Equity	(18,177)	3,417	21,594
Fund Equity - Beginning of Year	28,680	28,680	-
Fund Equity - End of Year	<u>\$ 10,503</u>	<u>\$ 32,097</u>	<u>\$ 21,594</u>

Kindergarten Fees Fund

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Total Revenues and Other Sources	\$ 326,658	\$ 327,331	\$ 673
Total Expenses and Other Uses	319,523	319,547	(24)
Net Change in Fund Equity	7,135	7,784	649
Fund Equity - Beginning of Year	26,000	26,000	-
Fund Equity - End of Year	<u>\$ 33,135</u>	<u>\$ 33,784</u>	<u>\$ 649</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, 2016

Employee Benefits Self-Insurance Fund

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Total Revenues and Other Sources	\$ 5,193,735	\$ 5,193,735	\$ -
Total Expenses and Other Uses	<u>5,500,400</u>	<u>5,027,524</u>	<u>472,876</u>
Net Change in Fund Equity	(306,665)	166,211	472,876
Fund Equity - Beginning of Year	2,779,684	2,779,684	-
Prior Year Encumbrances Appropriated	400	400	-
Fund Equity - End of Year	<u>\$ 2,473,419</u>	<u>\$ 2,946,295</u>	<u>\$ 472,876</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, 2016**

	Balance 7/1/2015	Additions	Reductions	Balance 6/30/2016
<u>Student Activities</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$ 53,263</u>	<u>\$ 66,419</u>	<u>\$ 67,114</u>	<u>\$ 52,568</u>
Liabilities				
Due to Students	<u>\$ 53,263</u>	<u>\$ 66,419</u>	<u>\$ 67,114</u>	<u>\$ 52,568</u>
<u>Unclaimed Funds</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$ 33,130</u>	<u>\$ 7,775</u>	<u>\$ 6,367</u>	<u>\$ 34,538</u>
Liabilities				
Deposits Held and Due to Others	<u>\$ 33,130</u>	<u>\$ 7,775</u>	<u>\$ 6,367</u>	<u>\$ 34,538</u>
<u>Total Agency Funds</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$ 86,393</u>	<u>\$ 74,194</u>	<u>\$ 73,481</u>	<u>\$ 87,106</u>
Liabilities				
Deposits Held and Due to Others	\$ 33,130	\$ 7,775	\$ 6,367	\$ 34,538
Due to Students	53,263	66,419	67,114	52,568
Total Liabilities	<u>\$ 86,393</u>	<u>\$ 74,194</u>	<u>\$ 73,481</u>	<u>\$ 87,106</u>

Statistical Section



Kenston Local School District

“Renew Blue”

Statistical Section

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

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

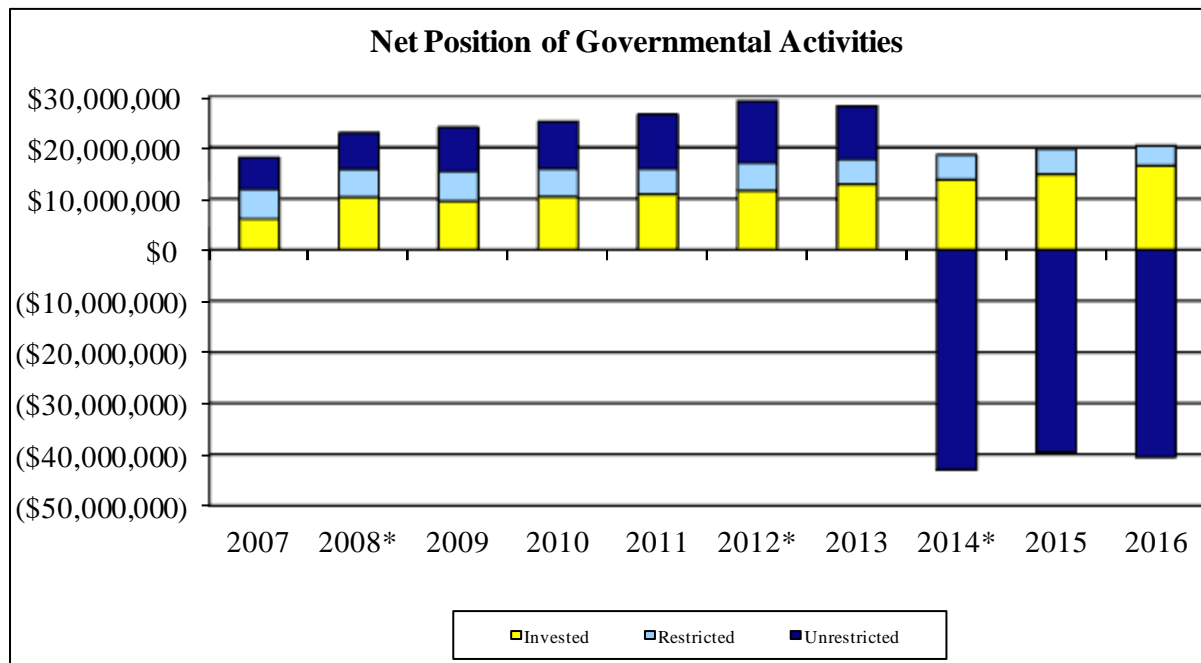
KENSTON LOCAL SCHOOL DISTRICT

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

	2007	2008	2009	2010	2011	2012	2013	2014*	2015	2016
Governmental Activities:										
Net Investment in Capital Assets	\$5,984,643	\$10,225,103	\$9,050,518	\$9,932,221	\$10,433,900	\$10,730,358	\$12,447,702	\$13,374,772	\$14,505,172	\$16,134,986
Restricted for:										
Capital Projects	1,265,709	688,299	296,726	302,009	222,013	13,255	278,760	271,535	265,409	201,741
Debt Service	4,489,787	4,725,653	4,710,359	4,603,138	4,408,397	4,704,206	4,102,707	4,254,129	4,247,132	3,330,058
State Funded Programs	-	-	-	-	12,390	172	5,793	19,284	70,437	3,876
Federally Fund Programs	-	-	-	-	31,010	402,272	138,903	-	-	-
Student Activities	-	-	-	-	257,623	324,294	333,151	369,271	306,497	290,192
Special Revenues	9,780	47,462	780,684	567,528	-	-	-	-	-	-
Set Asides	-	-	1,005	-	-	-	-	-	-	-
Other Purposes	-	-	-	-	50,168	168	168	3,137	83,006	78,700
Unrestricted	6,071,881	6,942,162	8,524,110	9,095,228	10,546,096	12,025,567	10,276,624	(41,774,501)	(38,255,325)	(39,196,667)
Total Governmental Activities Net Position	\$17,821,800	\$22,628,679	\$23,363,402	\$24,500,124	\$25,961,597	\$28,200,292	\$27,583,808	(\$23,482,373)	(\$18,777,672)	(\$19,157,114)
Business-type Activities:										
Net Investment in Capital Assets	\$35,018	\$65,384	\$456,055	\$419,840	\$390,757	\$361,594	\$332,514	\$303,635	\$282,553	\$274,244
Unrestricted	173,545	161,528	142,699	98,998	112,236	21,041	119,828	(1,203,402)	(1,251,595)	(1,309,661)
Total Business-type Activities Net Position	\$208,563	\$226,912	\$598,754	\$518,838	\$502,993	\$382,635	\$452,342	(\$899,767)	(\$969,042)	(\$1,035,417)
Primary Government:										
Net Investment in Capital Assets	\$6,019,661	\$10,290,487	\$9,506,573	\$10,352,061	\$10,824,657	\$11,512,795	\$12,780,216	\$13,678,407	\$14,787,725	\$16,409,230
Restricted	5,765,276	5,461,414	5,788,774	5,472,675	4,981,601	5,444,367	4,859,482	4,917,356	4,972,481	3,904,567
Unrestricted	6,245,426	7,103,690	8,666,809	9,194,226	10,658,332	12,046,608	10,396,452	(42,977,903)	(39,506,920)	(40,506,328)
Total Primary Government Net Position	\$18,030,363	\$22,855,591	\$23,962,156	\$25,018,962	\$26,464,590	\$29,003,770	\$28,036,150	(\$24,382,140)	(\$19,746,714)	(\$20,192,531)

*Restated due to the implementation of GASB 68.

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)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities:										
Regular Instruction	\$14,628,745	\$14,907,708	\$15,322,825	\$15,953,102	\$16,493,789	\$16,625,219	\$16,375,043	\$16,391,724	\$15,512,319	\$15,341,661
Special Instruction	3,990,362	3,659,719	3,794,506	4,174,608	4,204,140	3,907,785	4,217,000	4,122,352	4,608,502	4,661,158
Vocational Instruction	122,097	146,910	136,398	146,682	161,233	149,673	137,649	193,593	268,312	193,915
Other Instruction	329,179	506,053	684,852	510,965	575,753	527,141	563,386	541,401	603,260	658,436
Pupils Support	2,147,048	2,596,868	2,308,905	2,491,893	2,539,465	2,383,930	2,433,085	2,344,469	2,232,423	2,494,672
Instructional Staff Support	1,160,109	1,189,819	987,278	1,104,241	1,272,173	1,334,882	1,204,051	1,679,853	1,952,922	2,281,487
Board of Education	123,440	50,567	50,661	55,185	42,834	77,522	45,287	49,258	57,682	141,100
Administration	2,810,452	2,824,830	2,815,879	2,794,093	2,725,919	2,752,700	2,834,396	2,822,807	2,819,604	2,936,438
Fiscal Services	1,022,597	1,073,828	1,032,471	990,759	1,032,472	1,071,883	1,086,914	1,137,710	1,085,992	1,095,551
Business	44,031	44,561	47,119	49,653	38,411	68,479	20,513	42,719	45,081	42,944
Operation and Maintenance										
Of Plant Services	3,964,286	4,132,633	3,834,204	3,642,583	3,938,563	3,951,623	3,983,705	3,727,751	3,656,927	3,752,274
Pupil Transportation	2,268,414	2,620,442	3,151,134	2,537,276	2,649,205	2,635,235	2,699,879	2,557,405	2,602,077	2,625,309
Central	6,844	7,958	35,406	35,527	32,085	35,565	500,334	30,087	39,064	36,683
Operation of Non-Instructional Services										
Services	150,143	128,536	165,424	148,235	143,730	153,554	184,551	112,184	218,255	220,175
Extracurricular Activities	1,413,965	1,378,224	1,434,594	1,459,442	1,526,057	1,551,945	1,460,454	1,538,986	1,706,149	1,615,127
Interest and Fiscal Charges	2,299,383	2,224,854	2,145,954	2,112,420	2,059,380	1,616,742	1,434,993	1,289,316	1,187,671	1,172,312
Total Governmental Activities Expenses	36,481,095	37,493,510	37,947,610	38,206,664	39,435,209	38,843,878	39,181,240	38,581,615	38,596,240	39,269,242
Business-type Activities:										
Food Service	857,404	988,847	1,069,601	1,126,629	1,154,868	1,183,761	1,076,166	1,035,956	962,766	956,171
Uniform School Supplies	143,971	168,163	159,479	156,670	145,880	166,103	142,267	152,008	147,308	138,940
Kindergarten Fees	231,375	293,868	314,216	308,319	317,659	346,097	263,334	345,302	311,506	319,246
Adult Education	627	29	60,265	94,785	113,858	136,352	146,349	164,438	155,516	169,220
Total Business-type Activities Expenses	1,233,377	1,450,907	1,603,561	1,686,403	1,732,265	1,832,313	1,628,116	1,697,704	1,577,096	1,583,577
Total Primary Government Expenses	37,714,472	38,944,417	39,551,171	39,893,067	41,167,474	40,676,191	40,809,356	40,279,319	40,173,336	40,852,819

(continued)

KENSTON LOCAL SCHOOL DISTRICT

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenues										
Governmental Activities:										
Charges for Services:										
Regular Instruction	199,494	343,627	85,488	60,694	109,572	117,888	21,610	233,357	247,222	235,773
Special Instruction	60,868	134,710	82,420	93,119	52,137	53,440	4,671	-	-	-
Pupils Support	3,183	-	-	-	-	-	-	-	-	-
Instructional Staff Support	8,511	4,659	6,040	1,133	3,599	-	-	-	-	-
Board of Education Administration	120	-	-	-	-	-	-	-	-	-
Administration	8,677	-	-	-	-	-	-	-	-	-
Operation and Maintenance Of Plant Services	4,329	-	-	-	-	-	-	-	-	-
Pupil Transportation	-	-	-	-	-	-	-	-	-	-
Operation of Non-Instructional Services	-	-	-	-	-	-	-	-	-	-
Extracurricular Activities	733,910	666,866	630,361	725,804	702,608	731,086	637,685	786,496	645,615	713,033
Operating Grants and Contributions:										
Regular Instruction	891,632	102,299	111,059	361,534	440,120	826,501	90,874	99,108	139,562	49,462
Special Instruction	337,846	632,413	561,970	1,046,486	499,874	388,997	424,357	592,939	-	243,276
Vocational Instruction	-	-	-	-	-	-	-	-	147,412	-
Pupils Support	12,671	294,935	204,912	227,131	189,700	218,554	208,842	146,474	177,880	172,323
Instructional Staff Support	-	51,160	10,802	15,129	90,158	82,745	92,187	29,665	279,235	410,703
Administration	-	202,342	208,169	185,549	220,500	221,799	209,074	171,141	210,248	202,484
Operation and Maintenance Of Plant Services	-	-	-	4,898	-	-	-	10,000	10,000	-
Pupil Transportation	-	-	73,310	22,810	14,738	-	322	-	-	-
Operation of Non-Instructional Services	27,433	25,381	16,961	20,652	15,407	-	-	-	-	1,371
Extracurricular Activities	61,645	44,191	54,571	71,629	52,181	106,955	112,739	113,603	46,266	83,484
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions:										
Regular Instruction	-	20,500	-	-	-	-	-	-	-	-
Operation and Maintenance Of Plant Services	-	-	170,000	175,500	336,475	467,050	635,568	4,311	-	-
Pupil Transportation	24,155	15,555	30,873	-	-	-	-	-	-	-
Extracurricular Activities	8,092	184,803	247,782	111,287	34,300	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	15,000	15,000	15,834	-	-	-
Total Governmental Activities										
<i>Program Revenues</i>	<u>2,382,566</u>	<u>2,723,441</u>	<u>2,494,718</u>	<u>3,123,355</u>	<u>2,776,369</u>	<u>3,230,015</u>	<u>2,453,763</u>	<u>2,187,094</u>	<u>1,903,440</u>	<u>2,111,909</u>

(continued)

KENSTON LOCAL SCHOOL DISTRICT

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type Activities:										
Charges for Services:										
Food Services	723,780	815,923	843,558	895,390	883,407	923,226	839,596	746,508	715,705	752,908
Uniform School Supplies	155,142	154,396	164,122	163,130	162,912	150,073	145,649	163,599	153,608	152,559
Kindergarten Fees	256,720	284,672	301,068	255,289	307,374	294,677	365,032	217,276	308,991	327,331
Adult Education	15,176	398	-	-	-	-	-	340	254	300
Operating Grants and Contributions:										
Food Services	66,799	155,037	186,848	190,910	237,038	213,367	200,338	195,674	168,196	110,074
Total Business-type Activities										
<i>Program Revenues</i>	<u>1,217,617</u>	<u>1,410,426</u>	<u>1,495,596</u>	<u>1,504,719</u>	<u>1,590,731</u>	<u>1,581,343</u>	<u>1,550,615</u>	<u>1,323,397</u>	<u>1,346,754</u>	<u>1,343,172</u>
Total Primary Government										
<i>Program Revenues</i>	<u>3,600,183</u>	<u>4,133,867</u>	<u>3,990,314</u>	<u>4,628,074</u>	<u>4,367,100</u>	<u>4,811,358</u>	<u>4,004,378</u>	<u>3,510,491</u>	<u>3,250,194</u>	<u>3,455,081</u>
Net (Expense)/Revenue										
Governmental Activities	(34,098,529)	(34,770,069)	(35,452,892)	(35,083,309)	(36,658,840)	(35,613,863)	(36,727,477)	(36,394,521)	(36,692,800)	(37,157,333)
Business-type Activities	(15,760)	(40,481)	(107,965)	(181,684)	(141,534)	(250,970)	(77,501)	(374,307)	(230,342)	(240,405)
Total Primary Government										
<i>Net (Expense)/Revenue</i>	<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>	<u>(36,923,142)</u>	<u>(37,397,738)</u>
General Revenues and										
Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for:										
General Purposes	\$23,687,775	\$23,795,613	\$23,172,927	\$22,563,573	\$24,215,991	\$25,194,039	\$23,927,071	\$24,663,106	\$27,715,003	\$24,227,596
Debt Service	3,432,225	3,264,943	3,240,031	2,968,176	2,973,053	3,170,271	2,944,792	3,060,189	3,364,843	2,692,461
Grants and Entitlements not										
Restricted to Specific Programs	9,066,238	9,068,613	9,932,505	10,449,515	10,817,773	9,733,171	9,184,941	9,507,776	10,199,220	9,493,456
Investment Income	928,329	679,708	214,506	65,671	61,275	40,881	16,605	27,123	45,506	101,034
All Other Revenues	11,673	49,368	39,432	173,096	52,221	135,039	43,622	94,022	72,929	263,344
Transfers	-	-	(411,786)	-	-	-	(6,038)	-	-	-
Total Governmental Activities	<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>	<u>41,397,501</u>	<u>36,777,891</u>
Business-type Activities:										
Investment Income	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	161,067	174,030
Transfers	-	-	411,786	-	-	-	6,038	-	-	-
Total Business-type Activities	<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>	<u>161,067</u>	<u>174,030</u>
Total Primary Government	<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>	<u>41,558,568</u>	<u>36,951,921</u>
Change in Net Position										
Governmental Activities	3,027,711	2,088,176	734,723	1,136,722	1,461,473	2,659,538	(616,484)	957,695	4,704,701	(379,442)
Business-type Activities	6,039	(19,082)	371,842	(79,916)	(15,845)	(120,358)	69,707	(200,636)	(69,275)	(66,375)
Total Primary Government										
<i>Change in Net Position</i>	<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>	<u>4,635,426</u>	<u>(445,817)</u>

KENSTON LOCAL SCHOOL DISTRICT

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

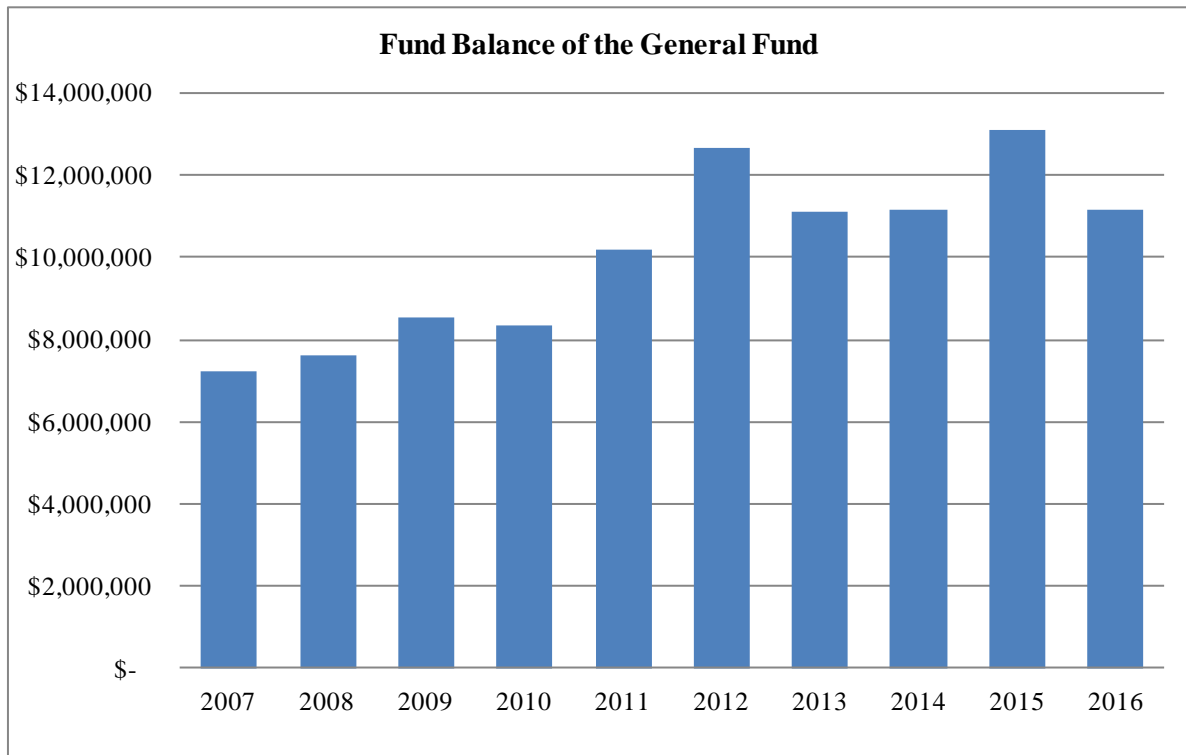
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
<i>Function</i>										
Regular Instruction	\$1,091,126	\$466,426	\$196,547	\$422,228	\$549,692	\$944,389	\$112,484	\$332,465	\$386,784	\$285,235
Special Instruction	398,714	767,123	644,390	1,139,605	552,011	442,437	429,028	592,939	-	243,276
Vocational Instruction	-	-	-	-	-	-	-	-	147,412	-
Pupils Support	15,854	294,935	204,912	227,131	189,700	218,554	208,842	146,474	177,880	172,323
Instructional Staff Support	8,511	55,819	16,842	16,262	93,757	82,745	92,187	29,665	279,235	410,703
Board of Education	120	-	-	-	-	-	-	-	-	-
Administration	8,677	202,342	208,169	185,549	220,500	221,799	209,074	171,141	210,248	202,484
Operation and Maintenance of Plant Services	4,329	-	170,000	180,398	336,475	467,050	635,568	14,311	10,000	-
Pupil Transportation	24,155	15,555	104,183	22,810	14,738	-	322	-	-	-
Operation of Non-Instructional Services	27,433	25,381	16,961	20,652	15,407	-	-	-	-	1,371
Extracurricular Activities	803,647	895,860	932,714	908,720	789,089	838,041	750,424	900,099	691,881	796,517
Interest and Fiscal Charges	-	-	-	-	15,000	15,000	15,834	-	-	-
Total Governmental Activities	2,382,566	2,723,441	2,494,718	3,123,355	2,776,369	3,230,015	2,453,763	2,187,094	1,903,440	2,111,909
Business-Type Activities										
Food Service	790,579	970,960	1,030,406	1,086,300	1,120,445	1,136,593	1,039,934	942,182	883,901	862,982
Uniform School Supplies	155,142	154,396	164,122	163,130	162,912	150,073	145,649	163,599	153,608	152,559
Kindergarten Fees	256,720	284,672	301,068	255,289	307,374	294,677	365,032	217,276	308,991	327,331
Adult Education	15,176	398	-	-	-	-	-	340	254	300
Total Business-Type Activities	1,217,617	1,410,426	1,495,596	1,504,719	1,590,731	1,581,343	1,550,615	1,323,397	1,346,754	1,343,172
Total Primary Government	\$ 3,600,183	\$ 4,133,867	\$ 3,990,314	\$ 4,628,074	\$ 4,367,100	\$ 4,811,358	\$ 4,004,378	\$ 3,510,491	\$ 3,250,194	\$ 3,455,081

KENSTON LOCAL SCHOOL DISTRICT

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ 96,935	\$ 81,761	\$ 91,796	\$ 91,067	\$ 100,332	\$ 59,879	\$ 34,613
Assigned	-	-	-	1,328,475	3,679,132	8,626,626	7,910,954	4,799,994	4,921,589	2,539,314
Unassigned	-	-	-	6,928,325	6,410,492	3,961,414	3,114,981	6,280,505	8,145,332	8,569,760
Reserved	5,573,415	4,988,316	5,273,967	-	-	-	-	-	-	-
Unreserved	1,670,656	2,631,055	3,268,386	-	-	-	-	-	-	-
Total General Fund	7,244,071	7,619,371	8,542,353	8,353,735	10,171,385	12,679,836	11,117,002	11,180,831	13,126,800	11,143,687
All Other Governmental Funds										
Restricted	-	-	-	5,640,652	5,332,388	5,633,437	5,226,959	5,063,764	7,995,181	4,503,832
Committed	-	-	-	-	-	-	265,505	223,804	182,678	-
Unassigned (Deficit)	-	-	-	(5)	(535,701)	(379,644)	(3,308)	(42,187)	(13,736)	(2,177,494)
Reserved	1,401,785	942,538	1,270,347	-	-	-	-	-	-	-
Unreserved, Undesignated, Reported in:										
Special Revenue Funds	281,669	426,880	403,011	-	-	-	-	-	-	-
Debt Service Fund	3,971,624	4,214,026	4,491,186	-	-	-	-	-	-	-
Capital Projects Funds	798,302	455,555	(97,773)	-	-	-	-	-	-	-
Total All Other Governmental Funds	6,453,380	6,038,999	6,066,771	5,640,647	4,796,687	5,253,793	5,489,156	5,245,381	8,164,123	2,326,338
Total Governmental Funds	\$13,697,451	\$13,658,370	\$14,609,124	\$13,994,382	\$ 14,968,072	\$ 17,933,629	\$ 16,606,158	\$ 16,426,212	\$ 21,290,923	\$ 13,470,025

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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$27,882,085	\$26,530,740	\$26,882,644	\$25,332,808	\$27,159,405	\$27,895,350	\$27,392,647	\$27,848,508	\$31,011,220	\$26,611,517
Intergovernmental	9,462,613	10,382,154	11,306,090	12,552,381	12,307,241	12,056,422	11,016,060	10,501,910	10,936,036	10,582,736
Tuition and Fees	149,581	396,139	167,908	153,813	161,709	171,328	26,281	233,357	247,222	235,773
Transportation Fees	-	88,956	-	-	-	-	-	-	-	-
Earnings on Investments	967,124	679,819	214,506	65,671	61,275	40,881	16,605	27,123	45,506	101,034
Extracurricular Activities	745,064	673,163	609,348	726,937	700,616	720,946	637,226	786,462	645,615	713,033
Miscellaneous	179,003	300,955	386,988	244,835	189,309	267,134	172,654	210,625	380,952	329,784
Total Revenues	39,386,557	39,051,926	39,567,484	39,076,445	40,579,555	41,152,061	39,261,473	39,607,985	43,266,551	38,573,877
Expenditures										
Current:										
Instruction:										
Regular	14,210,548	14,432,049	14,519,913	15,085,933	15,124,003	14,894,818	15,066,301	15,006,450	15,102,791	14,545,654
Special	3,949,036	3,637,612	3,927,815	4,192,988	4,204,708	3,823,986	4,155,435	4,137,228	4,729,806	4,798,980
Vocational	120,164	145,083	140,538	148,356	159,802	143,895	134,025	191,505	272,518	196,846
Other	329,179	506,053	674,978	547,437	570,629	509,829	567,858	539,798	620,430	667,886
Support Services:										
Pupils	2,121,918	2,654,830	2,384,355	2,522,365	2,525,031	2,340,502	2,453,961	2,316,488	2,277,626	2,463,055
Instructional Staff	1,090,746	1,140,026	1,091,575	1,156,742	1,256,458	1,260,774	1,206,462	1,658,448	2,047,277	2,193,435
Board of Education	123,440	50,567	50,224	54,749	42,396	77,082	44,847	49,177	57,871	141,015
Administration	2,805,462	2,871,343	2,958,075	2,835,247	2,682,176	2,550,950	2,797,277	2,797,491	3,041,568	2,959,273
Fiscal Services	1,039,500	1,067,841	1,039,231	1,013,879	1,025,788	1,050,369	1,091,259	1,122,444	1,101,648	1,109,975
Business	43,407	44,496	46,372	48,639	38,024	67,323	19,016	42,448	45,390	42,936
Operation and Maintenance										
of Plant Services	3,839,342	4,004,541	3,697,411	3,882,822	3,586,035	3,413,159	3,542,643	3,525,470	3,587,332	3,472,536
Pupil Transportation	2,097,042	2,754,177	2,483,913	2,569,055	2,392,268	2,367,864	2,573,150	2,472,070	2,598,577	2,365,540
Central	6,844	7,958	7,066	7,264	3,751	7,152	443,303	-	10,651	8,270
Operation of Non-Instructional										
Services	142,323	128,754	158,070	142,367	136,476	143,703	179,345	119,571	228,113	225,821
Extracurricular Activities	1,411,109	1,371,274	1,377,028	1,469,854	1,425,784	1,449,185	1,391,941	1,461,705	1,489,544	1,520,197
Capital Outlay	6,694,236	827,136	675,558	918,308	920,514	863,774	1,434,109	807,914	268,176	5,264,802
Debt Service:										
Principal Retirement	1,168,500	1,253,500	1,353,500	1,358,500	1,510,259	1,657,826	2,535,415	1,850,000	2,425,000	3,288,700
Interest and Fiscal Charges	2,196,968	2,193,767	2,111,108	2,061,692	2,011,800	1,580,662	1,315,863	1,689,724	1,158,429	1,129,854
Issuance Costs	-	-	-	-	-	431,782	104,045	-	-	-
Total Expenditures	43,389,764	39,091,007	38,696,730	40,016,197	39,615,902	38,634,635	41,056,255	39,787,931	41,062,747	46,394,775
<i>Excess of Revenues Over</i> <i>(Under) Expenditures</i>	(4,003,207)	(39,081)	870,754	(939,752)	963,653	2,517,426	(1,794,782)	(179,946)	2,203,804	(7,820,898)

(continued)

KENSTON LOCAL SCHOOL DISTRICT

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other Financing Sources (Uses)										
Sale of Assets	74	-	80,000	-	47	-	425,000	-	-	-
Inception of Capital Lease	-	-	-	275,000	-	-	-	-	2,660,907	-
Insurance Recovery	-	-	-	50,000	10,000	-	-	-	-	-
Refund of Prior Year Receipts	-	-	-	-	-	-	-	-	-	-
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	116,585	116,585	116,585	116,585	111,815	140,377	102,770	142,330	79,350	113,930
Transfers Out	(116,585)	(116,585)	(116,585)	(116,585)	(111,815)	(140,377)	(108,808)	(142,330)	(79,350)	(113,930)
<i>Total Other Financing Sources</i>										
<i>(Uses)</i>	74	-	80,000	325,000	10,047	448,131	467,311	-	2,660,907	-
Net Change in Fund Balances	(\$4,003,133)	(\$39,081)	\$950,754	(\$614,752)	\$973,700	\$2,965,557	(\$1,327,471)	(\$179,946)	\$4,864,711	(\$7,820,898)
Debt Service as a Percentage of Noncapital Expenditures	9.2%	9.1%	9.0%	8.9%	9.0%	8.5%	9.6%	9.0%	8.8%	10.7%

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

KENSTON LOCAL SCHOOL DISTRICT

Assessed and Estimated Actual Value of Taxable Property Last Ten Years

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial/ Industrial/PU		Assessed Value	Estimated Actual Value
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
2015	657,768,660	91,330,170	2,140,282,371	13,504,910	15,346,489
2016	663,918,660	91,595,650	2,158,612,314	14,162,360	16,093,591

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

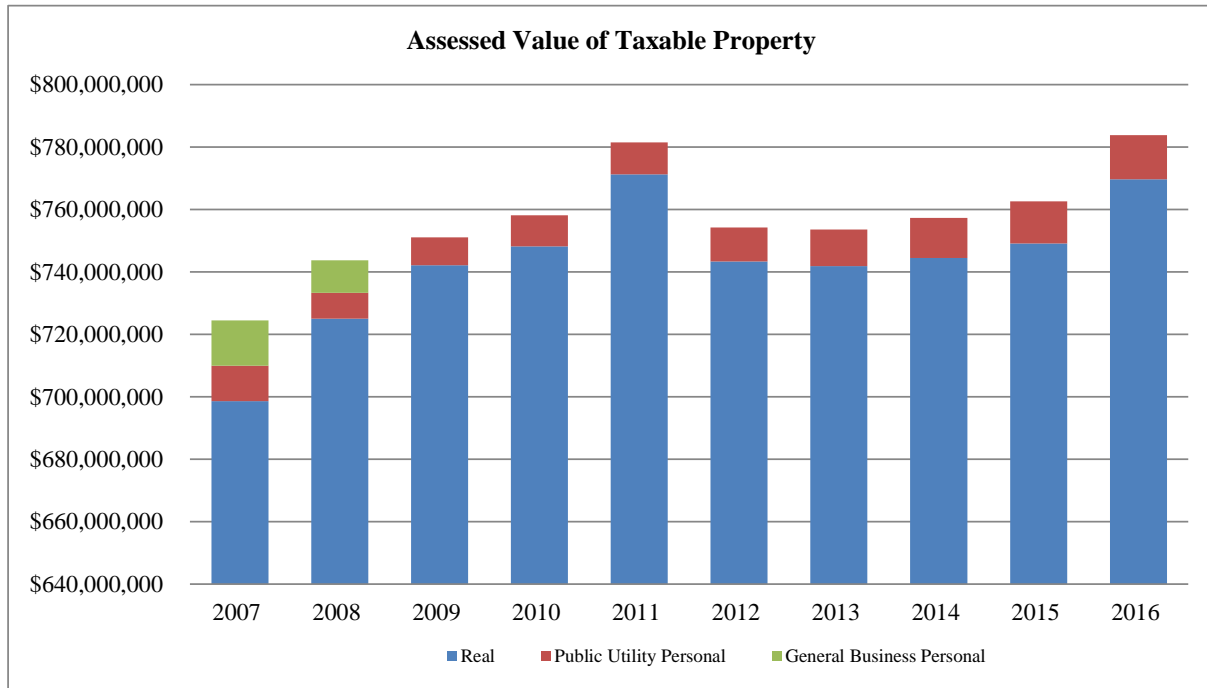
The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value 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 Value		
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Value		
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%
-	-	762,603,740	2,155,628,860	86.43	35.38%
-	-	769,676,670	2,174,705,905	90.64	35.39%



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	1992	1997	2002	2005	2015					Included in Total Levy		
		Current Expense	Current Expense	Current Expense	Current Expense	Current Expense	Current Expense	Current Expense	Bond	Current Expense	Bond	Current Expense	Current Expense					School	County	Total
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
2014/2015	4.50	30.50	7.50	5.50	3.50	-	5.90	8.30	0.73	6.90	3.71	9.39	-	86.43	13.40	48.50	148.33	4.44	-	4.44
2015/2016	4.50	30.50	7.50	5.50	3.50	-	5.90	8.30	0.67	6.90	3.98	9.39	4.00	90.64	15.60	48.50	154.74	4.65	-	4.65

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
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%
2014	31,497,560	27,194,365	86.34%	809,812	28,004,177	88.91%
2015	33,419,104	30,950,116	92.61%	617,465	31,567,581	94.46%

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 2016 and 2007

Name of Taxpayer	2016	
	Assessed Value	Percent of Real Property Assessed Value
Bainbridge Shopping Center II LLC.	\$ 12,641,320	1.67%
South Franklin Circle	12,424,760	1.64%
Geauga Lake LLC.	4,041,920	0.53%
Tanglewood Square Delaware LLC.	2,579,050	0.34%
V&V Lakeshore Ltd.	2,424,030	0.32%
Target Corp	2,240,000	0.30%
HD Development of Maryland Inc.	2,054,510	0.27%
McFarlands Corners Ltd.	1,947,230	0.26%
Stock Equipment Company Inc.	1,383,730	0.18%
Key Trust Co.	1,310,280	0.17%
Totals	<u>\$ 43,046,830</u>	<u>5.70%</u>
Total Assessed Valuation	<u>\$755,514,310</u>	

Name of Taxpayer	2007	
	Assessed Value	Percent of Real Property Assessed Value
Bainbridge Shopping Center	\$14,035,160	2.01%
Cedar Fair	8,924,910	1.28%
Tanglewood Square	2,555,740	0.37%
422 Company, Ltd.	2,158,420	0.31%
McFarland Commons	2,049,250	0.29%
Bainbridge Land	1,780,320	0.25%
Bainbridge Associates	1,727,720	0.25%
Stock Equipment Co.	1,405,432	0.20%
Squires Woods, Inc.	1,231,410	0.18%
Key Trust Co.	1,229,150	0.18%
Totals	<u>\$37,097,512</u>	<u>5.32%</u>
Total Assessed Valuation	<u>\$698,594,890</u>	

(1) The amounts presented represent the assessed values upon which 2016 and 2007 collections were based.

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

KENSTON LOCAL SCHOOL DISTRICT

**Principal Taxpayers
Tangible Personal Property Tax
2016 and 2007**

Name of Taxpayer	2016 (1)	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Total	\$0	0.00%
Total Assessed Valuation	\$0	
	2007	
Name of Taxpayer	Assessed Value	Percent of Tangible Personal Property Assessed Value
Cedar Fair, LP	\$6,553,250	45.20%
Stock Equipment	738,200	5.09%
Wal-Mart	602,895	4.16%
Johnsonite	471,935	3.26%
Noueon, Inc.	382,035	2.64%
MarBal, Inc.	363,275	2.51%
Dick's Sporting Goods	335,425	2.31%
Riser Foods	294,135	2.03%
Kohl's Department Store	234,235	1.62%
Total	\$9,975,385	68.82%
Total Assessed Valuation	\$14,497,115	

(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
2016 and 2007**

2016		
Name of Taxpayer	Assessed Value	Percent of Public Utility Assessed Value
Cleveland Electric Illuminating Co.	\$10,299,020	72.72%
American Transmission Systems Inc.	1,702,720	12.02%
East Ohio Gas Co.	624,920	4.41%
Aqua Ohio Inc.	377,320	2.66%
Ohio Edison	375,810	2.65%
Orwell Natural Gas	247,150	1.75%
Cleveland Commercial RR	103,410	0.73%
Total	<u>\$13,730,350</u>	<u>96.94%</u>
Total Assessed Valuation	<u>\$14,162,360</u>	

2007		
Name of Taxpayer	Assessed Value	Percent of Public Utility Assessed Value
Cleveland Electric Illuminating Co.	\$6,369,690	55.83%
Western Reserve Telephone Co.	2,405,720	21.09%
American Transmission	512,350	4.49%
East Ohio Gas Co.	440,130	3.86%
Total	<u>\$9,727,890</u>	<u>85.27%</u>
Total Assessed Valuation	<u>\$11,409,340</u>	

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

KENSTON LOCAL SCHOOL DISTRICT

Computation of Direct and Overlapping Debt Attributable to Governmental Activities as of December 31, 2015

	<u>Debt Attributable to Governmental Activities</u>	<u>Percentage Applicable to School District (1)</u>	<u>Amount of Direct and Overlapping Debt</u>
Direct Debt of Kenston Local School District:			
General Obligation Bonds (Net)	\$ 49,476,407	100.00%	\$ 49,476,407
Capital Lease	<u>2,087,207</u>	100.00%	<u>2,087,207</u>
Total Direct Debt	<u>51,563,614</u>		<u>51,563,614</u>
Overlapping Debt:			
Geauga County	<u>8,175,311</u>	23.28%	<u>\$1,903,212</u>
Total Overlapping Debt	<u>8,175,311</u>		<u>1,903,212</u>
Total Direct and Overlapping Debt	<u><u>\$59,738,925</u></u>		<u><u>\$53,466,826</u></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 2015 collection year.

KENSTON LOCAL SCHOOL DISTRICT

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

Fiscal Year	Population (1)		Estimated Actual Value of Taxable Property(2)	General Bonded Debt				
				General Bonded Debt Outstanding	(3) Resources Available to Pay Principal	Net General Bonded Debt	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt per Capita
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
2015	17,351	b	2,155,628,860	37,524,492	4,247,132	33,277,360	1.54%	1,917.89
2016	17,351	b	2,174,705,905	49,476,407	3,330,058	46,146,349	2.12%	2,659.58

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Tax Valuation	\$ 724,501,345	\$ 743,707,010	\$ 751,079,780	\$ 758,193,270	\$ 781,524,130	\$ 754,223,540	\$ 753,635,990	\$ 757,344,690	\$ 762,603,740	\$ 769,676,670
Debt Limit - 9% of Taxable Valuation (1)	65,205,121	66,933,631	67,597,180	68,237,394	70,337,172	67,880,119	67,827,239	68,161,022	68,634,337	69,270,900
Amount of Debt Applicable to Debt Limit										
General Obligation Bonds	48,664,000	47,410,500	46,057,000	44,698,500	43,210,000	41,615,000	39,270,000	37,420,000	34,995,000	46,980,000
Less Amount Available in Debt Service	(4,626,333)	(4,759,815)	(4,990,232)	(4,913,880)	(4,759,184)	(5,063,148)	(4,735,689)	(4,624,341)	(4,770,521)	(4,008,827)
Amount of Debt Subject to Limit	44,037,667	42,650,685	41,066,768	39,784,620	38,450,816	36,551,852	34,534,311	32,795,659	30,224,479	42,971,173
Legal Debt Margin	\$ 21,167,454	\$ 24,282,946	\$ 26,530,412	\$ 28,452,774	\$ 31,886,356	\$ 31,328,267	\$ 33,292,928	\$ 35,365,363	\$ 38,409,858	\$ 26,299,727
Legal Debt Margin as a Percentage of the Debt Limit	32.46%	36.28%	39.25%	41.70%	45.33%	46.15%	49.08%	51.89%	55.96%	37.97%
Unvoted Debt Limit - .10% of Taxable Valuation (1)	\$ 724,501	\$ 743,707	\$ 751,080	\$ 758,193	\$ 781,524	\$ 754,224	\$ 753,636	\$ 757,345	\$ 762,604	\$ 769,677
Amount of Debt Subject to Limit	-	-	-	-	-	-	-	-	-	-
Unvoted Legal Debt Margin	\$ 724,501	\$ 743,707	\$ 751,080	\$ 758,193	\$ 781,524	\$ 754,224	\$ 753,636	\$ 757,345	\$ 762,604	\$ 769,677
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				
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
2015	37,524,492	2,660,907	40,185,399	1.86%	5.26%	2,316.03
2016	49,476,407	2,087,207	51,563,614	2.37%	6.75%	2,971.79

Note: The balances of outstanding debt should tie to the financial statements, that is they should be presented net of premiums and discounts.

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>
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%
2015	10,908 b	6,443 b	763,409,298	43,998 b	5.4%
2016	10,908 b	6,443 b	763,409,298	43,998 b	4.1%

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

KENSTON LOCAL SCHOOL DISTRICT

Principal Employers Current Year and 2007

Employer	December 31, 2015			December 31, 2006		
	Number of Employees (1)	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Kenston Local School District	500	1	6.71%	260	2	3.49%
Stock Equipment Company, Inc.	240	2	3.22%	200	4	2.68%
Heinen's Inc.	233	3	3.13%	233	3	3.13%
Stock Fairfield Corp	170	4	2.28%	-		0.00%
Mar-Bal, Inc.	128	5	1.72%	93	8	1.25%
Medhurst Mason Contractors Inc.	115	6	1.54%	-		0.00%
Rural/Metro Corporation	110	4	1.48%	-		0.00%
Modern Logistics Inc.	105	8	1.41%	-		0.00%
Chagrin Valley Athletic Club	100	9	1.34%	100	7	1.34%
Tarkett, Inc.	99	10	1.33%	-		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%	450	1	6.04%
Total	1,800		24.17%	1,724		23.14%
 Total Employment within the School District (2)	 7,451			 7,451		

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 Ten Fiscal Years

	2007	2008	2009	2010 (2)	2011	2012	2013	2014	2015	2016
Kenston High School										
Constructed in	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006
Total Building Square Footage	222,067	222,067	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	9-12
Student Capacity	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Regular Instruction Classrooms	73	73	73	73	73	73	73	73	73	73
Regular Instruction Teachers	62.54	63.66	57.00	68.01	66.82	(3)	70.00	70.00	70.00	58.61
Special Instruction Teachers	7.00	6.00	8.00	-	-	-	-	-	-	7.00
Vocational Instruction Teachers	2.00	2.00	2.00	-	-	-	-	-	-	-
Kenston Middle School										
Constructed in	1956	1956	1956	1956	1956	1956	1956	1956	1956	1956
Total Building Square Footage	146,415	146,415	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	6-8
Student Capacity	855	855	855	855	855	855	855	855	855	855
Regular Instruction Classrooms	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
Regular Instruction Teachers	47.00	47.50	44.00	51.93	50.93	(3)	47.00	52.00	52.00	41.25
Special Instruction Teachers	8.84	3.84	6.00	0.15	-	-	-	-	-	8.00
Kenston Intermediate School										
Constructed in	1967	1967	1967	1967	1967	1967	1967	1967	1967	1967
Total Building Square Footage	90,356	90,356	90,356	90,356	90,356	90,356	90,356	90,356	90,356	90,356
Enrollment Grades	4-5	4-5	4-5	4-5	4-5	4-5	4-5	4-5	4-5	4-5
Student Capacity	616	616	616	616	616	616	616	616	616	616
Regular Instruction Classrooms	38	38	38	38	38	38	38	38	38	38
Regular Instruction Teachers	21	19.00	25.00	29.33	27.58	(3)	28.00	29.00	29.00	21.82
Special Instruction Teachers	4.66	5.48	3.00	-	-	-	-	-	-	6.00
Gifted Instruction Teachers	3	3.00	2.00	-	-	-	-	-	-	2.00
Timmons Elementary School										
Constructed in	1994	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	92,100	92,100	92,100	92,100
Enrollment Grades	1-3	1-3	1-3	1-3	1-3	1-3	K-3	K-3	K-3	K-3
Student Capacity	700	700	700	700	700	700	900	900	900	900
Regular Instruction Classrooms	34	34	34	34	34	34	38	38	38	38
Regular Instruction Teachers	33.00	29.00	29.50	39.60	37.40	(3)	40.00	43.00	43.00	35.00
Special Instruction Teachers	1.19	1.94	3.00	-	-	-	-	-	-	4.00
Gifted Instruction Teachers	2.00	2.00	2.00	-	-	-	2.00	2.00	2.00	1.00

(continued)

KENSTON LOCAL SCHOOL DISTRICT

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

	2007	2008	2009	2010 (2)	2011	2012	2013	2014	2015	2016
Gardner Early Learning Center										
Constructed in	1962	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	42,063
Enrollment Grades	Pre-K - K	Pre-K - K	Pre-K - K	Pre-K - K	Pre-K - K	Pre-K - K	(4)	(4)	(4)	(4)
Student Capacity	363	363	363	363	363	363	(4)	(4)	(4)	(4)
Regular Instruction Classrooms	24	24	24	24	24	24	(4)	(4)	(4)	(4)
Regular Instruction Teachers	8.00	8.00	9.00	10.44	9.94	(3)	(4)	(4)	(4)	(4)
Special Instruction Teachers	-	-	1.00	-	-	-	-	-	-	-
Gifted Instruction Teachers	-	-	-	-	-	-	-	-	-	-
Early Learning Center										
Constructed in	-	-	-	-	-	-	-	-	-	-
Total Building Square Footage	-	-	-	-	-	-	-	-	-	-
Enrollment Grades	-	-	-	-	-	-	-	-	-	-
Student Capacity	-	-	-	-	-	-	-	-	-	-
Regular Instruction Classrooms	-	-	-	-	-	-	-	-	-	-
Regular Instruction Teachers	-	-	-	-	-	-	-	-	-	-
Special Instruction Teachers	-	-	-	-	-	-	-	-	-	-

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
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
2015	3,010	-2.15%	37,479,318	12,452	38,596,240	12,823
2016	2,797	-7.08%	41,976,221	15,008	39,269,242	14,040

Source: Kenston Local School District Records

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

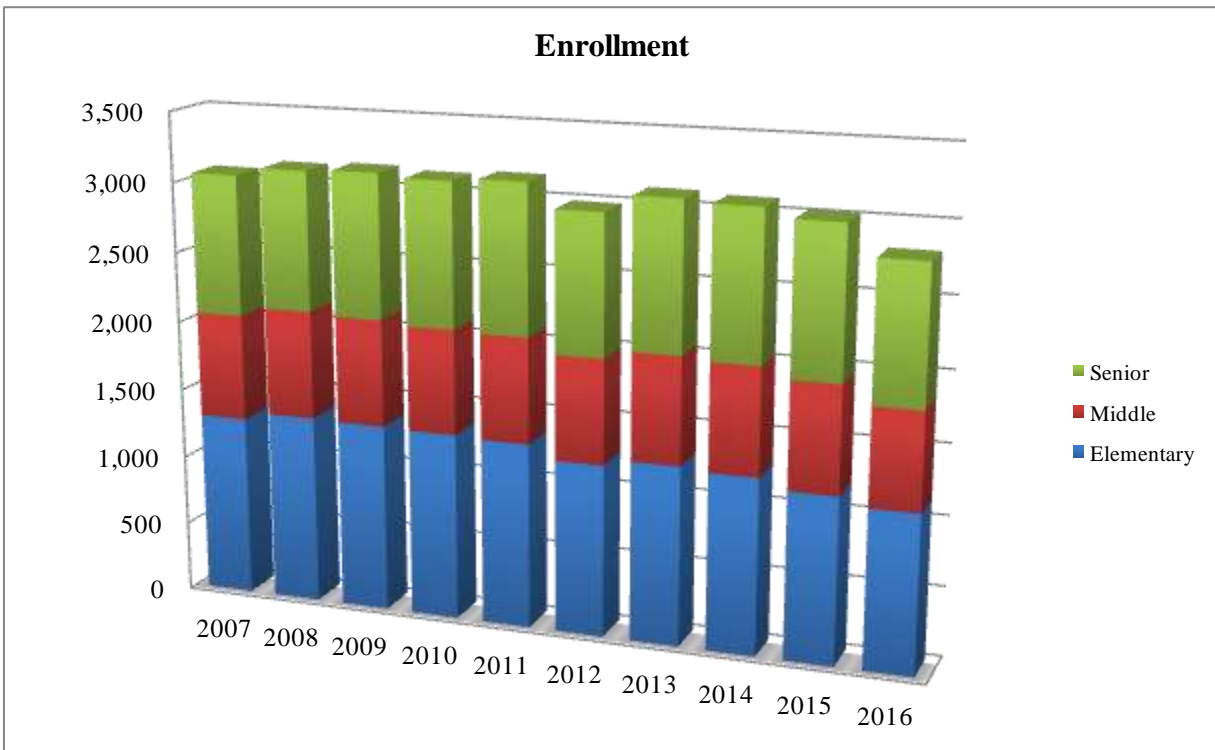
(2) Debt Service expenditures and other financing uses have been excluded

(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
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
2015	1,189	760	1,061	3,010
2016 (2)	1,132	691	974	2,797



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

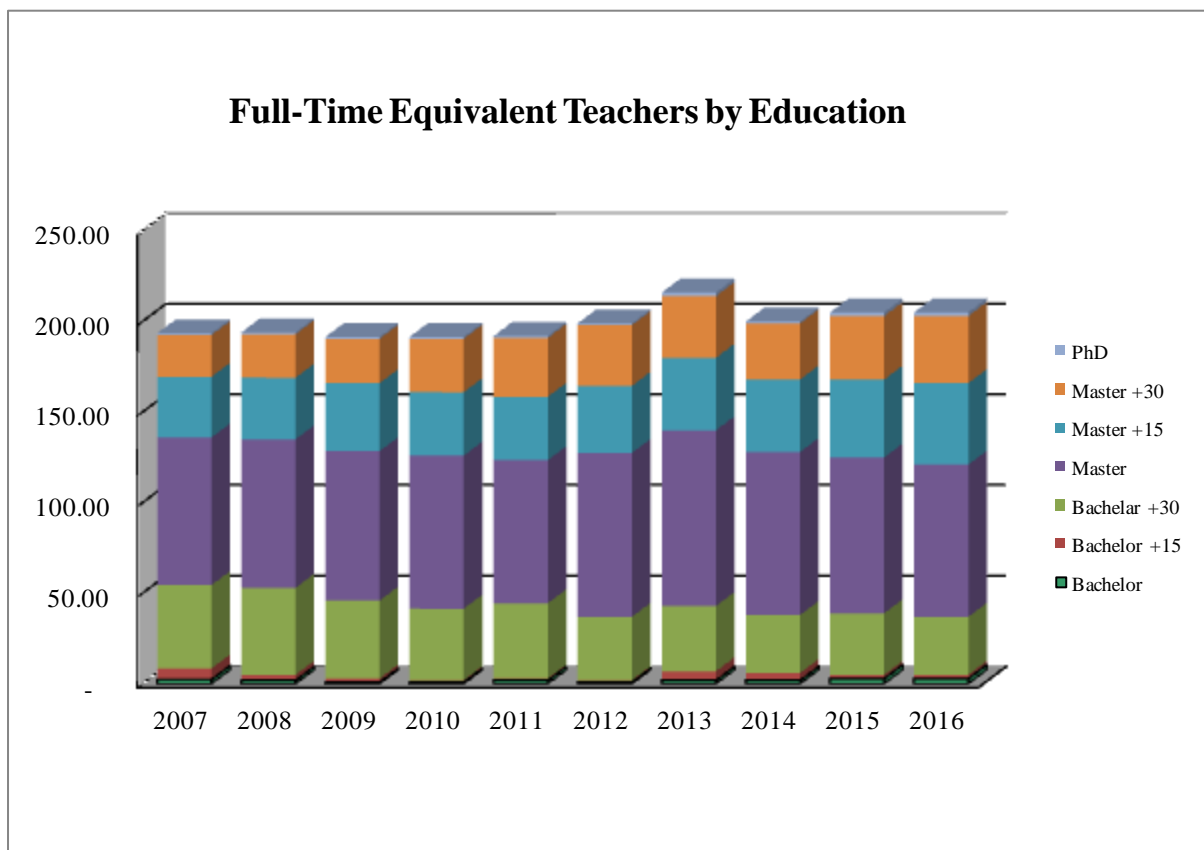
(1) Includes Pre-School Students

(2) The School District provided enrollment figures for 2016, 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	+15	+30	Degree	+15	+30		
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
2015	3.00	2.00	34.00	86.00	43.00	35.00	2.00	205.00
2016	3.00	2.00	32.00	84.00	45.00	37.00	2.00	205.00



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>
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
2015	25.0	25.0
2016	25.0	N/A

Source: Ohio Department of Education, EMIS Reports
N/A - Information was not available at time of completion

KENSTON LOCAL SCHOOL DISTRICT

Attendance and Graduation Rates Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Kenston Attendance Rate</u>	<u>State Average</u>	<u>Kenston Graduation Rate</u>	<u>State Average</u>
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%
2015	N/A	N/A	98.0%	N/A
2016	96.5%	N/A	95.7%	83.0%

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>
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
2015	116	251	46%	547	N/A	495	551	N/A	511
2016	112	247	45%	586	N/A	510	602	N/A	510

Source: High School Guidance Office, Kenston Local School District
N/A - Information was not available at time of completion

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>
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
2015	360	251	143%	23.7	22.0	21.1
2016	221	247	89%	24.3	22.0	20.8

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	2007	2008	2009	2010 (2)	2011 (2)	2012 (3)	2013 (3)	2014	2015	2016
Regular Instruction										
Elementary Classroom Teachers	62.00	56.00	57.00	79.37	74.92	N/A	N/A	54.00	54.00	48.82
Middle School Classroom Teachers	47.00	47.50	37.50	51.93	50.93	N/A	N/A	40.00	40.00	29.50
High School Classroom Teachers	62.54	63.66	46.50	68.01	66.82	N/A	N/A	53.00	53.00	48.97
Districtwide Classroom Teachers	2.00	2.00	0.00	2.75	1.75	N/A	N/A	0.00	0.00	0.00
Specials - Art, Music, Health and Physical Ed.	14.86	14.86	25.50	0.00	0.00	N/A	N/A	22.00	22.00	24.39
Special Instruction										
Elementary Classroom Teachers	5.85	7.42	7.00	0.00	0.00	N/A	N/A	8.00	8.00	10.00
Gifted Education Teachers	5.00	5.00	4.00	0.00	0.00	N/A	N/A	2.00	3.00	5.00
Middle School Classroom Teachers	8.84	3.84	6.00	0.15	0.00	N/A	N/A	8.00	8.00	8.00
High School Classroom Teachers	7.00	6.00	8.00	0.00	0.15	N/A	N/A	4.00	4.00	7.00
Vocational Instruction										
High School Classroom Teachers	2.00	2.00	2.00	0.00	0.00	N/A	N/A	0.00	0.00	0.00
Other Instruction										
Elementary Tutors	12.30	10.64	9.12	8.55	7.94	N/A	N/A	6.00	5.00	6.44
Middle School Tutors	3.32	2.66	1.50	0.71	0.71	N/A	N/A	2.00	2.00	1.71
High School Tutors	3.00	2.00	1.00	2.00	3.00	N/A	N/A	1.00	1.00	1.00
Districtwide Tutors	1.09	1.59	3.00	0.74	0.74	N/A	N/A	0.00	0.00	
Pupil Support Services										
Guidance Counselors	7.00	7.00	7.00	7.25	5.00	N/A	N/A	7.00	7.00	7.00
Speech and Language Pathologists	3.82	3.82	3.80	14.10	14.31	N/A	N/A	4.00	4.00	3.32
Nurse	1.00	1.00	1.00	4.92	4.92	N/A	N/A	4.00	4.00	3.12
Non-Teaching Support Staff Elementary	7.50	8.74	8.75	5.45	9.75	N/A	N/A	19.00	19.00	10.00
Non-Teaching Support Staff Middle School	4.19	2.80	1.76	1.76	3.76	N/A	N/A	7.00	7.00	3.00
Non-Teaching Support Staff High School	4.99	7.30	6.90	4.61	3.82	N/A	N/A	13.00	13.00	4.00
Non-Teaching Support Staff Districtwide	1.45	2.77	3.43	3.10	3.80	N/A	N/A	3.00	3.00	0.00
Instructional Support Services										
Librarian	1.00	1.00	1.00	5.21	5.36	N/A	N/A	1.00	1.00	1.00
Technology	1.00	1.00	1.00	0.00	0.00	N/A	N/A	3.00	3.00	4.00
Non-Teaching Support Staff Elementary-Aides	12.55	15.05	15.85	5.00	6.00	N/A	N/A	12.00	12.00	7.61
Non-Teaching Support Staff Middle School	2.90	3.47	3.73	1.50	0.50	N/A	N/A	4.00	4.00	2.21
Non-Teaching Support Staff High School	2.65	3.65	2.44	1.50	1.50	N/A	N/A	4.00	4.00	3.55
Non-Teaching Support Staff Central	2.95	3.95	3.95	3.00	2.00	N/A	N/A	0.00	0.00	
Administrators, Supervisors and Support Staff										
Elementary	10.25	10.85	6.88	12.88	14.64	N/A	N/A	4.00	3.00	7.00
Middle School	4.80	4.80	5.57	6.88	5.88	N/A	N/A	2.00	2.00	5.00
High School	10.70	11.70	10.56	11.01	10.51	N/A	N/A	3.00	3.00	9.38
Central Office	11.20	11.20	11.20	12.25	14.19	N/A	N/A	3.00	3.00	7.00
Other	-	-	2.81	2.00	3.00	N/A	N/A	0.00	0.00	0.00
Business										
Districtwide	2.00	2.00	2.00	2.00	5.00	N/A	N/A	N/A	N/A	N/A
Fiscal										
Treasurer's Office	5.00	5.00	5.00	5.00	1.00	N/A	N/A	4.00	5.00	5.00
Operation and Maintenance of Plant Services										
Custodial Department	30.13	30.13	28.51	29.51	30.24	N/A	N/A	25.00	24.00	28.79
Maintenance Department	5.00	5.00	5.00	5.00	5.00	N/A	N/A	5.00	5.00	7.00
Pupil Transportation										
Bus Drivers	28.59	28.30	27.55	24.24	26.49	N/A	N/A	45.00	44.00	45.00
Bus Aides	2.65	1.80	1.98	1.98	1.98	N/A	N/A	7.00	6.00	4.01
Mechanics	3.00	3.00	3.00	3.00	3.00	N/A	N/A	3.00	3.00	2.00
Transportation Support Staff	2.00	2.00	2.44	2.44	0.00	N/A	N/A	2.00	2.00	2.00
Central										
Community Relations	0.50	0.50	0.50	0.50	0.00	N/A	N/A	1.00	1.00	1.00
Food Service Program										
Elementary Cooks	5.94	4.03	5.12	5.12	4.68	N/A	N/A	9.00	9.00	4.57
Middle School Cooks	3.60	3.60	4.51	4.51	4.51	N/A	N/A	6.00	6.00	4.33
High School Cooks	4.36	5.73	5.69	5.69	5.69	N/A	N/A	7.00	7.00	5.26
Totals:	<u>419.52</u>	<u>416.36</u>	<u>397.05</u>	<u>405.62</u>	<u>403.49</u>	<u>-</u>	<u>-</u>	<u>407.00</u>	<u>404.00</u>	<u>376.98</u>

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

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

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

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

KENSTON LOCAL SCHOOL DISTRICT

Capital Assets (Net of Depreciation) Last Ten Fiscal Years

	2007	2008*	2009	2010	2011	2012	2013	2014	2015	2016
Capital Assets:										
Land	\$ 704,063	\$ 1,237,691	\$ 1,237,691	\$ 1,207,191	\$ 1,207,191	\$ 1,207,191	\$ 1,207,191	\$ 1,207,191	\$ 1,207,191	\$ 1,207,191
Land Improvements	202,973	804,690	804,690	760,363	1,373,765	1,271,128	1,179,589	1,116,252	1,020,959	926,788
Building and Improvements	9,474,445	51,395,350	51,395,350	50,051,982	48,760,169	47,482,030	46,209,066	45,371,146	46,564,347	45,232,314
Furniture and Equipment	388,050	999,346	999,346	939,914	858,673	939,377	826,437	760,854	704,923	643,444
Vehicles	573,173	775,970	775,970	836,001	612,568	415,427	259,267	175,320	121,075	2,527,312
Construction in Progress	43,305,939	-	-	1,213,969	1,186,644	1,730,634	2,410,735	2,410,462	-	2,210,658
Total Capital Assets	\$54,648,643	\$55,213,047	\$55,213,047	\$55,009,420	\$53,999,010	\$53,045,787	\$52,092,285	\$51,041,225	\$49,618,495	\$52,747,707

*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 Ten Years**

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
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%
2015	3,050	244	8.00%	56	1.84%	300	9.84%
2016	2,797	158	5.65%	59	2.11%	217	7.76%

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



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 9, 2017**