



COMPREHENSIVE ANNUAL FINANCIAL REPORT



KENSTON LOCAL SCHOOL DISTRICT
For the Fiscal Year ended June 30, 2019

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**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

OF THE

**KENSTON LOCAL
SCHOOL DISTRICT**

FOR THE

FISCAL YEAR ENDED JUNE 30, 2019

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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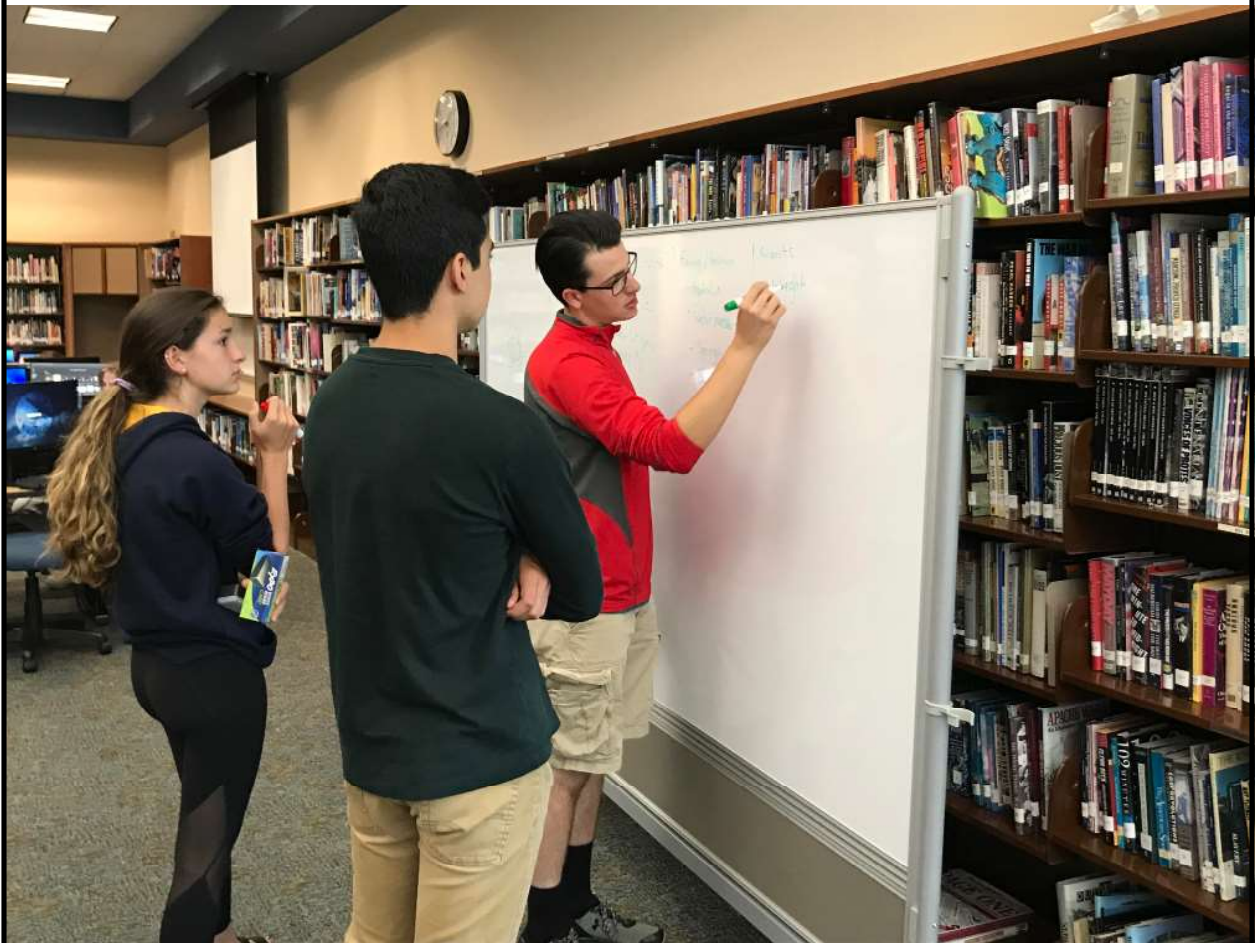
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INTRODUCTORY SECTION



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December 30, 2019

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

We are pleased to submit to you the twentieth Comprehensive Annual Financial Report (CAFR) of the Kenston Local School District (the "School District"). This CAFR, which includes an unmodified ("clean") opinion from the Auditor of State of Ohio, Keith Faber, conforms to generally accepted accounting principles as applicable to governmental entities for the fiscal year ended June 30, 2019. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal controls 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 the Auditor of State. 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, 2019, 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 Auditor's 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 auditor'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.

Profile of the School District

The Board of Education and Administration

The Board of Education (the “Board”) 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 May 8, 2017 the Board unanimously approved a five-year contract to hire Nancy Santilli as Superintendent commencing August 1, 2017. 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 four-year contract commencing August 1, 2019 to hire Paul J. Pestello as Treasurer replacing Phillip Butto IV who resigned to accept a similar position at the Hudson City School District.

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 2019, the School District operated four instructional facilities staffed by 176 noncertificated full and part-time employees and 213 certificated full and part-time teaching personnel that provided services to 2,794 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 houses the Transportation Department and Kenston Community Education.

Employee Relations

Effective March 1, 2019, the School District entered into a contract with the Kenston Education Association (KEA) for a three-year period ending February 28, 2022. The KEA represents regularly employed, salaried, full and part-time certificated/licensed personnel, including classroom teachers, librarians, guidance counselors, and specialists. The contract provides for a base salary of \$42,031 for the 2019-20 school year, a base salary of \$42,872 for the 2020-21 school year, and a base salary of \$43,729 for the 2021-22 school year.

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 a two percent (2%) wage increase in each year of the agreement.

Subsequently, the School District entered into a contract with the Ohio Association of Public School Employees (OAPSE) Chapter 501 for a three-year period beginning on July 1, 2019 and ending on June 30, 2022. This contract provides for a two percent (2%) wage increase in each year of the agreement.

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. 39, "Determining Whether Certain Organizations Are Component Units" and 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 considers all agencies, departments and organizations making up the School District (the primary government) and its potential component units. The School District has no component units and the School District is not a component unit of any other governmental organization.

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, the Kenston Baseball Association 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, Kenston Alumni Association, and the Ohio Schools' Council Association. These organizations are described in Note 2. A of the basic financial statements.

A complete discussion of the School District's reporting entity is provided in Note 2 to the basic financial statements.

Economic Condition and Outlook

Taxes

The School District depends on its local property taxpayers for more than 74% 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 42.23 mills for residential property, and 51.95 mills for commercial property in 2018.

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. This levy approximately collects additional \$3 million in operating revenue each year beginning in 2016.

State Foundation Aid

Despite declining enrollment, the School District continues to receive the same state foundation aide as a “guarantee” district. Under the School Foundation Payment Report (SFPR), funding formula the transitional aid guarantee ensures that no district would receive less funding through the new formula in fiscal years 2018 and 2019 than it received in fiscal year 2017. 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 2018/2019 Biennial Budget continues to guarantee the Kenston School District an amount of state aid at the fiscal year 2017 level. An exception within that formula exists for districts with substantial decreases in enrollment.

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 Medicaid reimbursements, catastrophic cost reimbursements, and casino revenues.

In 2005 when the state eliminated the tangible personal property tax, the School District began to receive the tangible personal property tax loss reimbursement from the state. In 2012, the state began a six-year phase out of the tax loss reimbursement payments. At this time the School District was collecting \$3.1 million from this revenue stream. With the Governor’s 2018/2019 Biennial budget, the tangible personal property tax loss reimbursement payments are completely phased out for FY2019 resulting in a two-year district funding loss of approximately \$1,700,000. In addition, this has the effect of shifting the tax burden from commercial taxpayers to residential taxpayers.

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 School 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. 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 School District’s 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 which 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 School District does contain some commercial development which mostly includes retail shopping areas such as the Marketplace at Four Corners.

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

At the Kenston Local School District, learning is engaging and meaningful. Standards-based instruction is designed to promote deep and rich learning. Beyond consumers of important academic content, our goal is to nurture students to be thinkers and problem-solvers. All School District teachers have participated in ongoing professional development in the area of student engagement to ensure all students receive the support needed for profound learning to maximize their individual growth. Within the framework of 21st Century and entrepreneurial skills, student experiences are focused on the development of critical thinking skills, collaborative learning, communication strategies and the fostering of creativity.

The School District along with a select group of districts around the state of Ohio are part of the *Innovative School Network*. This network structure and support from the Schlechty Center allows the School District to work together collectively as a district and create leadership and expertise within our own school community to lead and sustain this curricular work. One of our initial steps in this work was a two-day Taking Stock process with 50 representatives from our district, our families and our community to solidify values and vision for our students' educational experience. This year, our August professional development day work was led by Steve McCannon, the CEO of the Schlechty Center, involving all teachers in this learning process.

In our fourth year, the entire School District faculty is participating in professional development, both inside and outside the district that is aligned with the work of Phil Schlechty, a respected national educational leader. His core work is centered around the essential connection between the quality and design of student work and a student's willingness to engage in their schoolwork for profound learning. We recognize that student learning requires our focus on high-quality lesson design. Using the framework of Schlechty, we have collectively embarked on a process of analyzing lessons to improve the quality of work we offer our students. Two types of professional development activities are currently present and ongoing in this district initiative: teacher training with outside experts over an extended period of time and the development of our own in-house experts to lead the work with teacher teams on designing meaningful student work. Additionally, this year we completed a second "taking stock" process with students, parents, faculty, and community representatives to ensure our goals as a district continues to target student engagement through a systems approach.

The School District also has an agreement with the Educational Service Center of Northeast Ohio for education services through collaborating and partnering with local, regional, state and national agencies and organizations. The School District believes this relationship provides 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.

Committed to a holistic education, the School District incorporates additional priorities within the academic program including citizenship, health and wellness and innovation.

Innovation, Technology Integration

It is essential for the School District to prepare our students for a technology-based economy. Recent advances in our technology infrastructure, devices and instructional support for teachers and students have allowed us to provide increased opportunities to develop digital skills. The targeted infusion of technology throughout the curriculum provides instructional enhancements, increases student engagement and offers real-world applications. Blending classroom instruction with online resources fosters unique and deep learning that expands the pace and place of their experience.

The School District has demonstrated a commitment to integrate technology into the educational experience with the addition of one-to-one devices in the secondary program and Chrome Book carts in the elementary program, our students have ready access to this learning tool. Technology integration coaches in each building support the meaningful use of technology across the curriculum by supporting and guiding teachers and students.

As a Google district, all administrators, teachers and students are users of this common platform for instruction, communication and collaboration. Computing environments within the district include portable wireless stations for laptops, Chrome Books and iPads, multi-media labs and interactive devices such as white boards, projectors, document cameras, digital printers, and green screens which are available to our students.

Innovation, Go Green

It is a goal of the School District to be innovative and forward-thinking while remaining practical and relevant. In one of our innovative efforts, the School District has demonstrated an active role in educating our students on sustainable energy and caring for the environment beyond the Kenston campus. A large wind turbine, a hybrid bus, lighting, hydration stations, recycling, lights-out days in our schools, brown bag lunches, butterfly garden, outdoor classroom and the addition of beautiful fitness trails around the wooded perimeter of the School District's property provides real-world application of environmental respect for our students. Sustainable energy is also included in various courses and content throughout the K-12 academic program.

Play Blue

Academic and life success is linked to physical activity and nutrition. The School District has committed resources and curricular activities to educate and expose students to healthy lifestyle choices. Brain breaks, fitness rooms, increased recess and physical education periods are some of the ways we support this initiative. Through building activities, health and physical education classes and in collaboration with our food service provider, we strive to model healthy practices in School District decision-making. Building our capacity for the support of student mental and emotional wellness is a focus area for our district health and wellness committee.

Peaceful Environment at Kenston (PEAK)

PEAK is an essential affective component of a positive school culture for learning. This program represents a belief system that expects all members of the Kenston community to behave in a manner towards themselves and others that instills a harmonious existence. Monthly character traits are identified and emphasized, a common logo is used, and district and building level PEAK committees use the Positive Behavioral Interventions and Supports (PBIS) framework to identify strategies to embed the goals of this program in everyday routines and expectations.

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. In addition, the School District implemented a system to check visitor identification badges against a national crime database. 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. A resource office is present daily on campus to support the School District's safety efforts.

College and Career Readiness

The School District is committed to preparing students for life beyond our campus. This is accomplished through the development of individual pathways for each student. In addition to suggested academic pathways, students have ongoing opportunities to participate in business and community visitations, shadowing experiences, internships, technical training, speaker series, and career fairs to guide them in decision-making for their future.

Specific programs which support College and Career Readiness include: Kenston, INC., a district committee with 6-12 representation, printed materials and a dedicated website for parent information, the addition of career tech courses at the Middle School and partnerships with local career centers and ESC's for student services.

Kenston's secondary program employs five Counselors who have had training in academic and career advising. Additionally, the Counselors oversee the use of a digital platform, Naviance, in grades 6-12 which manages individual student records, career interests and college preparation activities.

College Credit Plus is a statewide program that allows students to earn college and high school credit simultaneously in a designated class offered on the Kenston campus or through community colleges or universities. The purpose of the program is to provide rigorous academic options to college ready students.

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 were first collected in 2016 and are used to pay for the School District's daily operation.

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 (effective July 1, 2019, this date changes to November 30th) and reviews it again prior to May 31.

Financial Information

Internal Accounting and Controls

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

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

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.)

Budgetary Process

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 appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimate 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.

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

Financial Reporting

The School District's basic financial statements report on the financial activities as follows:

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

Fund financial statements: The focus of fund financial statements is on major funds rather than reporting funds by type. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and included reconciliation to the governmental activities accrual information presented in the governmental-wide financial statements. Enterprise and fiduciary funds use the accrual basis of accounting.

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

As part of this reporting model, management is responsible for preparing a Management Discussion and Analysis (MD&A) of the District. This discussion is presented in the financial section of this report and intended to be read in conjunction with the School District's MD&A.

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, 2018. 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.

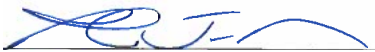
Acknowledgments

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 Julian & Grube, 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



Paul J. Pestello, Treasurer

KENSTON LOCAL SCHOOL DISTRICT

BOARD OF EDUCATION

Dr. Beth Krause, Ph.D.
Mrs. Neysa Gaskins
Mr. Thomas Manning
Mr. William Timmons
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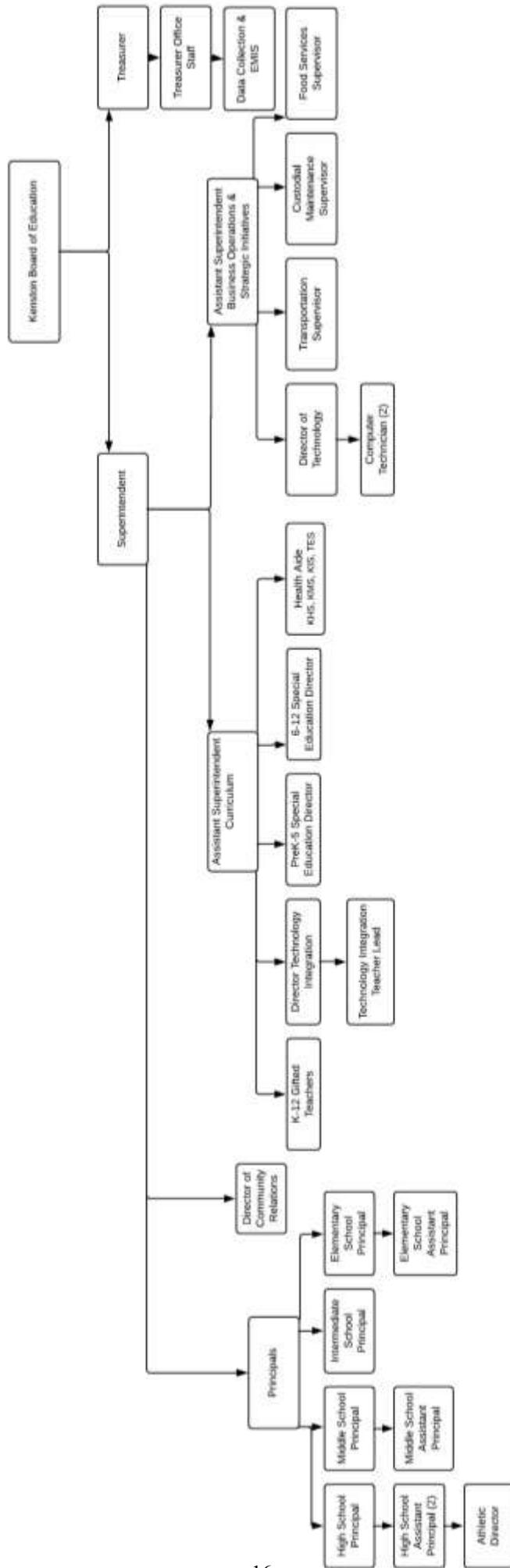
ADMINISTRATION

Mrs. Nancy R. Santilli
Mr. Jeremy McDevitt
Kathleen M. Poe, Ed.D.

Superintendent
Assistant Superintendent
Assistant Superintendent



KENSTON S C H O O L S





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For its Comprehensive Annual
Financial Report
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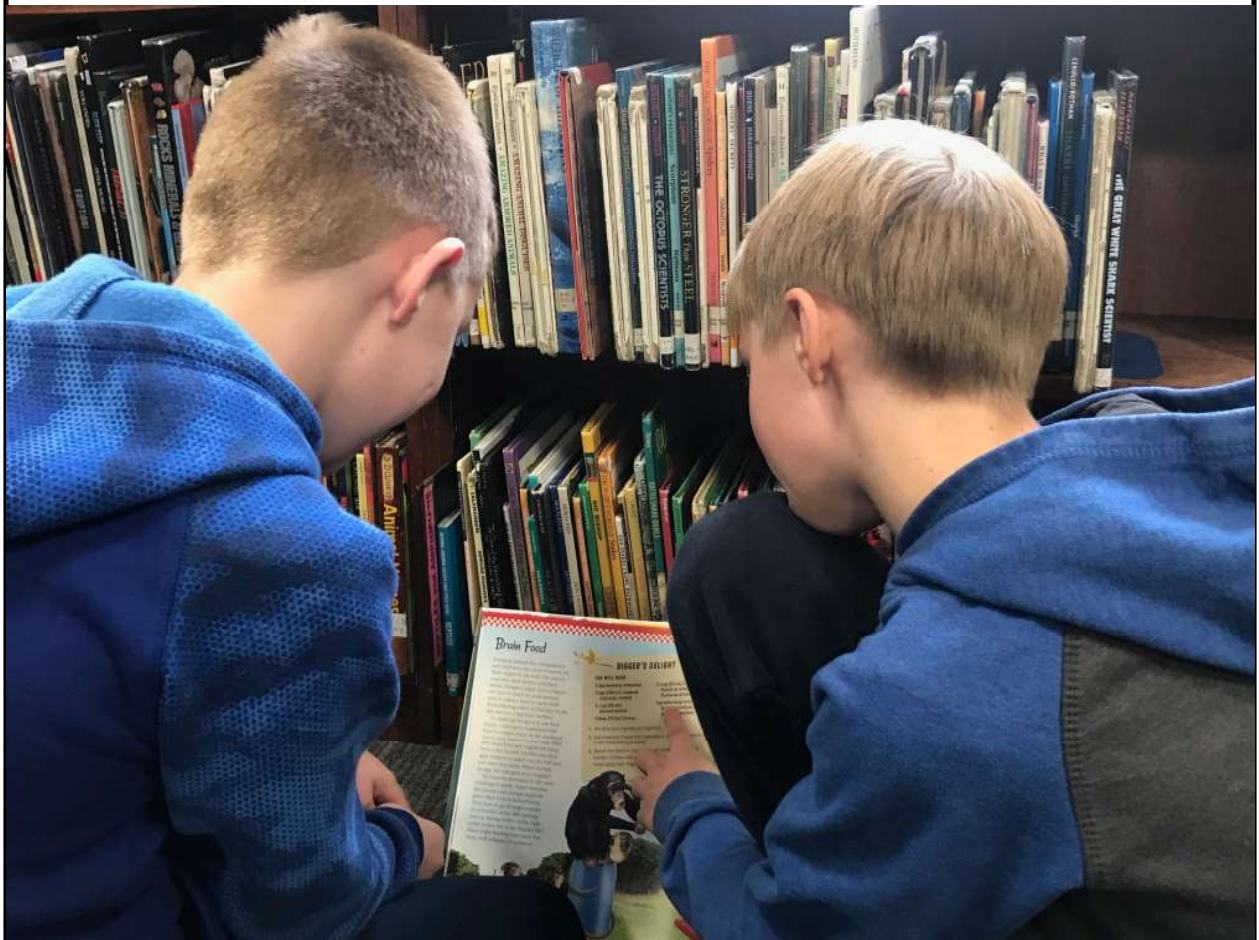
June 30, 2018

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION



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OHIO AUDITOR OF STATE KEITH FABER



Lausche Building, 12th Floor
615 Superior Avenue, NW
Cleveland, Ohio 44113-1801
(216) 787-3665 or (800) 626-2297
NortheastRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

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, 2019, 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider 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 to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Efficient • Effective • Transparent

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenston Local School District, Geauga County, Ohio, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the 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 this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will also issue our report dated December 30, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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 District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

December 30, 2019

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

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, 2019. 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 2019 are as follows:

- In total, net position increased \$5,878,857 from 2018. Net position of governmental activities increased \$6,012,229 from 2018. Business-type activities net position decreased \$133,372 from 2018.
- General revenues accounted for \$42,356,522 in revenue or 91.23% of total revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions accounted for \$4,072,179 or 8.77% of total revenues.
- Total revenues for fiscal year 2019 were \$46,428,701. Of this total, \$45,049,292 was reported in the governmental activities and \$1,379,409 in the business-type activities.
- The School District had \$39,037,063 in expenses related to governmental activities; only \$2,891,352 of these expenses was offset by program specific charges for services, operating grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$42,157,940 were adequate to provide for these programs.
- The School District's major governmental funds are the general fund and the bond retirement fund. The general fund had \$39,131,552 in revenues and \$40,044,282 in expenditures and other financing uses. During fiscal year 2019, the general fund's fund balance decreased \$912,730 from a balance of \$14,725,268 to \$13,812,538.
- The bond retirement fund had \$3,705,572 in revenues and \$3,527,158 in expenditures. During fiscal year 2019, the bond retirement fund's fund balance increased \$178,414 from \$3,483,936 to \$3,662,350.

Using this Annual Financial Report

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 and bond retirement fund are by far the most significant funds, and the only governmental funds reported as major funds.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains 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 2019?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current fund'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 the 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 or a significant portion of the expenses of the goods or services provided. The School District's food service, uniform school supplies, and adult education are reported as business activities.

The School District's statement of net position and statement of activities can be found on pages 37 - 39 of this report.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major governmental funds begins on page 32 and the analysis of the School District's enterprise funds begins on page 33. Fund financial reports provide detailed information about the School District's major funds.

The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and bond retirement fund. The School District did not have any major enterprise funds at June 30, 2019.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 40 - 44 of this report.

Proprietary Funds

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the School District as a whole. The basic proprietary fund financial statements can be found on pages 45 - 47 of this report.

Reporting the School District's Fiduciary Responsibilities

The School District acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in agency funds. The School District's fiduciary activities are reported in a separate statement of assets and liabilities on page 48. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 49 - 94.

Required Supplementary Information

Required supplementary information concerning the School District's net pension liability and net OPEB liability/asset can be found on pages 96 - 111 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

The School District as a Whole

The statement of net position provides the perspective of the School District as a whole. The table below provides a summary of the School District's net position for 2019 and 2018.

Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Assets</u>						
Current and other assets	\$ 54,178,643	\$ 55,645,300	\$ 320,449	\$ 245,548	\$ 54,499,092	\$ 55,890,848
Net OPEB asset	2,328,080	-	962	-	2,329,042	-
Capital assets, net	46,469,719	47,098,512	72,557	71,481	46,542,276	47,169,993
Total assets	<u>102,976,442</u>	<u>102,743,812</u>	<u>393,968</u>	<u>317,029</u>	<u>103,370,410</u>	<u>103,060,841</u>
<u>Deferred outflows</u>						
Unamortized deferred charges	1,240,488	1,392,996	-	-	1,240,488	1,392,996
Pension	10,392,150	13,060,037	202,255	301,488	10,594,405	13,361,525
OPEB	530,691	524,933	17,437	9,890	548,128	534,823
Total deferred outflows	<u>12,163,329</u>	<u>14,977,966</u>	<u>219,692</u>	<u>311,378</u>	<u>12,383,021</u>	<u>15,289,344</u>
<u>Liabilities</u>						
Current liabilities	6,740,314	6,327,513	253,382	105,003	6,993,696	6,432,516
Long-term liabilities						
Due within one year	2,650,873	3,269,327	3,233	-	2,654,106	3,269,327
Due in more than one year						
Net pension liability	41,184,256	44,894,811	801,181	850,021	41,985,437	45,744,832
Net OPEB liability	4,608,952	10,434,037	389,345	381,909	4,998,297	10,815,946
Other amounts	38,220,440	40,470,540	54,617	54,705	38,275,057	40,525,245
Total liabilities	<u>93,404,835</u>	<u>105,396,228</u>	<u>1,501,758</u>	<u>1,391,638</u>	<u>94,906,593</u>	<u>106,787,866</u>
<u>Deferred inflows</u>						
Property taxes	23,778,716	24,201,464	-	-	23,778,716	24,201,464
Pension	4,026,185	3,346,602	54,355	45,898	4,080,540	3,392,500
OPEB	4,499,513	1,359,191	53,322	53,274	4,552,835	1,412,465
Total deferred inflows	<u>32,304,414</u>	<u>28,907,257</u>	<u>107,677</u>	<u>99,172</u>	<u>32,412,091</u>	<u>29,006,429</u>
<u>Net position</u>						
Net investment in capital assets	10,807,408	8,575,170	72,557	71,481	10,879,965	8,646,651
Restricted	4,782,032	4,828,554	-	-	4,782,032	4,828,554
Unrestricted (deficit)	<u>(26,158,918)</u>	<u>(29,985,431)</u>	<u>(1,068,332)</u>	<u>(933,884)</u>	<u>(27,227,250)</u>	<u>(30,919,315)</u>
Total net position (deficit)	<u>\$ (10,569,478)</u>	<u>\$ (16,581,707)</u>	<u>\$ (995,775)</u>	<u>\$ (862,403)</u>	<u>\$ (11,565,253)</u>	<u>\$ (17,444,110)</u>

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability/asset to equal the School District's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB 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 and other postemployment benefits. GASB noted that the unfunded portion of this 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 School District is not responsible for certain key factors affecting the balance of these liabilities. 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 Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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 retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *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 retirement system is responsible for the administration of the pension and OPEB plans.

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 or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities 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 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 and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2019, the School District's liabilities plus deferred inflows of resources exceeded assets plus deferred outflows of resources by \$11,565,253.

At year-end, capital assets represented 45.02% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. The net investment in capital assets at June 30, 2019, was \$10,879,965. These capital assets are used to provide services to the students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Deferred outflows related to pension decreased primarily due to changes in assumptions by the State Teachers Retirement System (STRS). See Note 13 for more detail.

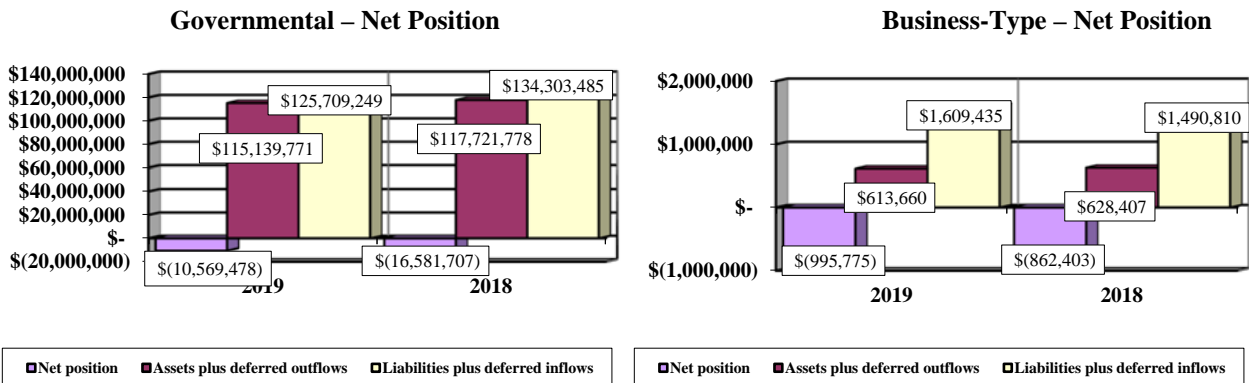
Total assets include a net OPEB asset reported by STRS. See Note 14 for more detail. STRS did not report a net pension asset in the prior year.

Long-term liabilities decreased primarily due to a decrease in the net pension liability and net OPEB liability. These liabilities are outside of the control of the School District. The School District contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions and OPEB to School District employees, not the School District.

Deferred inflows related to OPEB increased primarily due to changes in assumptions by STRS. See Note 14 for more detail.

A portion of the School District's net position, \$4,782,032, represents resources that are subject to external restriction on how they may be used. The balance of unrestricted net position is a deficit of \$27,227,250, which is primarily caused by the reporting of the net pension liability and net OPEB liability.

The graphs below show the assets plus deferred outflows, liabilities plus deferred inflows and net position of the governmental activities and business-type activities at June 30, 2019 and 2018.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

The table that follows shows the change in net position for fiscal years 2019 and 2018.

Change in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Program revenues:						
Charges for services and sales	\$ 1,677,811	\$ 1,924,820	\$ 987,673	\$ 902,406	\$ 2,665,484	\$ 2,827,226
Operating grants and contributions	1,213,541	1,241,535	193,154	160,124	1,406,695	1,401,659
Capital grants and contributions	-	42,200	-	-	-	42,200
General revenues:						
Property taxes	32,679,285	32,824,769	-	-	32,679,285	32,824,769
Payments in lieu of taxes	996,926	-	-	-	996,926	-
Grants and entitlements	7,814,950	8,321,337	-	-	7,814,950	8,321,337
Investment earnings	463,391	93,508	-	-	463,391	93,508
Other	203,388	40,877	198,582	182,465	401,970	223,342
Total revenues	<u>45,049,292</u>	<u>44,489,046</u>	<u>1,379,409</u>	<u>1,244,995</u>	<u>46,428,701</u>	<u>45,734,041</u>
Expenses						
Instruction:						
Regular	14,894,657	7,646,607	-	-	14,894,657	7,646,607
Special	5,806,578	4,019,505	-	-	5,806,578	4,019,505
Vocational	98,594	45,979	-	-	98,594	45,979
Other	624,842	577,881	-	-	624,842	577,881
Support services:						
Pupil	1,999,792	1,333,836	-	-	1,999,792	1,333,836
Instructional staff	1,731,750	955,406	-	-	1,731,750	955,406
Board of education	87,779	88,576	-	-	87,779	88,576
Administration	2,682,742	1,448,156	-	-	2,682,742	1,448,156
Fiscal	1,323,644	899,146	-	-	1,323,644	899,146
Business	356,419	127,219	-	-	356,419	127,219
Operations and maintenance	3,699,099	2,744,063	-	-	3,699,099	2,744,063
Pupil transportation	2,747,931	1,785,167	-	-	2,747,931	1,785,167
Central	157,232	10,772	-	-	157,232	10,772
Operation of non-instructional services	97,561	140,776	-	-	97,561	140,776
Extracurricular activities	1,479,414	1,000,393	-	-	1,479,414	1,000,393
Interest and fiscal charges	1,249,029	1,589,061	-	-	1,249,029	1,589,061
Food service	-	-	973,768	981,862	973,768	981,862
Uniform school supplies	-	-	323,252	142,422	323,252	142,422
Adult education	-	-	215,761	178,491	215,761	178,491
Total expenses	<u>39,037,063</u>	<u>24,412,543</u>	<u>1,512,781</u>	<u>1,302,775</u>	<u>40,549,844</u>	<u>25,715,318</u>
Excess (deficiency) of revenues over (under) expenses before transfers	6,012,229	20,076,503	(133,372)	(57,780)	5,878,857	20,018,723
Transfers	-	(98,446)	-	98,446	-	-
Changes in net position	6,012,229	19,978,057	(133,372)	40,666	5,878,857	20,018,723
Net position at beginning of year	<u>(16,581,707)</u>	<u>(36,559,764)</u>	<u>(862,403)</u>	<u>(903,069)</u>	<u>(17,444,110)</u>	<u>(37,462,833)</u>
Net position at end of year	<u>\$ (10,569,478)</u>	<u>\$ (16,581,707)</u>	<u>\$ (995,775)</u>	<u>\$ (862,403)</u>	<u>\$ (11,565,253)</u>	<u>\$ (17,444,110)</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

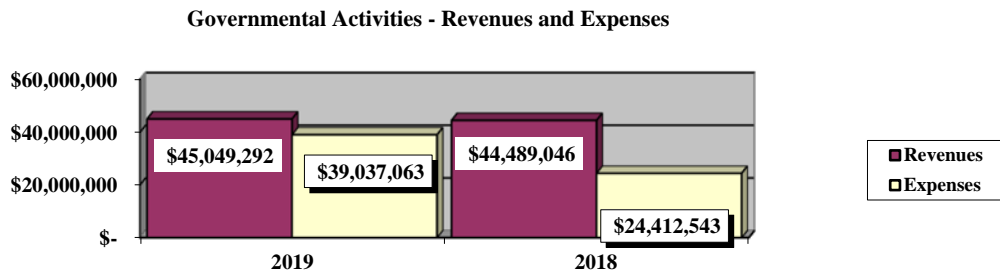
Governmental Activities

For fiscal year 2019, the net position of the School District's governmental activities increased \$6,012,229 from 2018. Total governmental expenses of \$39,037,063 were offset by program revenues of \$2,891,352 and general revenues of \$42,157,940. Program revenues supported 7.41% of the total governmental expenses.

Overall, expenses of the governmental activities increased \$14,624,520 or 59.91%. This increase is primarily the result of the STRS indefinitely suspending the Cost of Living Adjustment ("COLA") and the School Employee Retirement System (SERS) lowering the COLA from 3.00% to 2.50% in fiscal year 2018. These benefit changes caused a decrease to the net pension liability reported at June 30, 2018 and the subsequent expenses reported for fiscal year 2018 when compared fiscal year 2017.

On an accrual basis, the District reported \$2,830,052 and (\$14,306,443) in pension expense for fiscal year 2019 and 2018, respectively. In addition, the District reported (\$4,888,746) and (\$1,443,131) in OPEB expense for fiscal year 2019 and 2018, respectively. The increase in both the net pension expense and the OPEB expense from fiscal year 2018 to fiscal year 2019 was \$13,690,880. This increase is primarily the result of the benefit changes by the retirement systems. Fluctuations in the pension and OPEB expense makes it difficult to compare financial information between years. Pension and OPEB expense are components of program expenses reported on the statement of activities. The District's total expenses for fiscal year 2019 are comparable to total fiscal year 2017 expenses.

The graph below presents the School District's governmental activities revenue and expenses for fiscal year 2019 and 2018.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

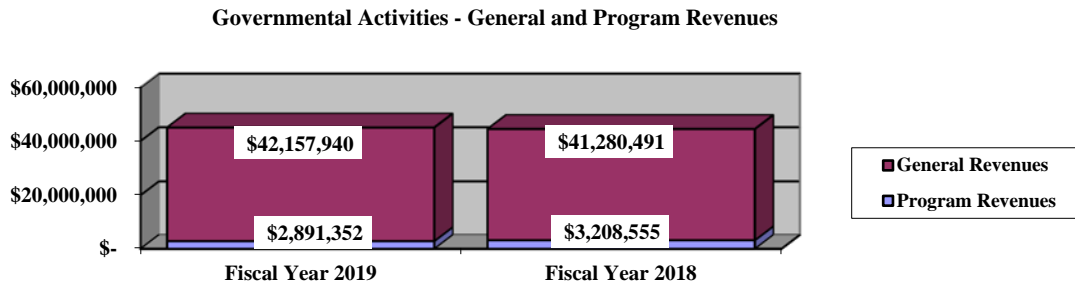
The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2019 and 2018. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As stated above, fluctuations in the pension expense reported under GASB 68 makes it difficult to compare financial information between years.

Governmental Activities

	Total Cost of Services <u>2019</u>	Net Cost of Services <u>2019</u>	Total Cost of Services <u>2018</u>	Net Cost of Services <u>2018</u>
Program expenses:				
Instruction:				
Regular	\$ 14,894,657	\$ 14,212,507	\$ 7,646,607	\$ 6,830,496
Special	5,806,578	4,858,142	4,019,505	3,075,655
Vocational	98,594	97,775	45,979	45,160
Other	624,842	624,842	577,881	577,881
Support services:				
Pupil	1,999,792	1,599,635	1,333,836	939,879
Instructional staff	1,731,750	1,727,943	955,406	924,318
Board of education	87,779	87,779	88,576	88,576
Administration	2,682,742	2,561,211	1,448,156	1,321,425
Fiscal	1,323,644	1,323,644	899,146	899,146
Business	356,419	356,419	127,219	127,219
Operations and maintenance	3,699,099	3,654,892	2,744,063	2,636,384
Pupil transportation	2,747,931	2,594,884	1,785,167	1,689,111
Central	157,232	157,232	10,772	10,772
Operation of non-instructional services	97,561	77,232	140,776	126,489
Extracurricular activities	1,479,414	962,545	1,000,393	322,416
Interest and fiscal charges	<u>1,249,029</u>	<u>1,249,029</u>	<u>1,589,061</u>	<u>1,589,061</u>
Total expenses	<u>\$ 39,037,063</u>	<u>\$ 36,145,711</u>	<u>\$ 24,412,543</u>	<u>\$ 21,203,988</u>

The dependence upon tax revenues during fiscal year 2019 for governmental activities is apparent, as 92.39% of 2019 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 92.59%. The School District's taxpayers and unrestricted grants and entitlements from the State of Ohio, are the primary support for School District's students.

The graph below presents the School District's governmental activities revenue for fiscal years 2019 and 2018.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

Business-type Activities

Business-type activities include food service operation, uniform school supplies and adult education. These programs had revenues of \$1,379,409 and expenses of \$1,512,781 for fiscal year 2019. Management reviews these programs to develop policies to allow these services to become self-supporting, exclusive of the impact of the reporting related to GASB 68 and GASB 75 as previously discussed.

The School District's Funds

Governmental Funds

The School District's governmental funds reported a combined fund balance of \$19,939,897, which is less than last year's fund balance of \$21,177,380.

The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2019 and 2018.

	<u>Fund Balance</u> <u>June 30, 2019</u>	<u>Fund Balance</u> <u>June 30, 2018</u>	<u>Change</u>
General	\$ 13,812,538	\$ 14,725,268	\$ (912,730)
Bond retirement	3,662,350	3,483,936	178,414
Other governmental	<u>2,465,009</u>	<u>2,968,176</u>	<u>(503,167)</u>
Total	<u>\$ 19,939,897</u>	<u>\$ 21,177,380</u>	<u>\$ (1,237,483)</u>

General Fund

The School District's general fund balance decreased \$912,730. The table that follows assists in illustrating the revenues of the general fund.

	<u>2019</u> <u>Amount</u>	<u>2018</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Property taxes	\$ 29,290,091	\$ 29,529,033	\$ (238,942)	(0.81) %
Intergovernmental	7,908,876	8,128,696	(219,820)	(2.70) %
Investment earnings	447,591	85,897	361,694	421.08 %
Tuition and fees	1,080,768	1,173,838	(93,070)	(7.93) %
Other revenues	<u>404,226</u>	<u>452,673</u>	<u>(48,447)</u>	(10.70) %
Total	<u>\$ 39,131,552</u>	<u>\$ 39,370,137</u>	<u>\$ (238,585)</u>	(0.61) %

In total, revenues decreased \$238,585 or 0.61% from 2018. This decrease was primarily due to a decrease in property tax and intergovernmental revenues. Property taxes revenue decreased \$238,942 or 0.81% and intergovernmental revenues decreased \$219,820 or 2.70%. These decreases were a result of decreased collections and reductions in state funding. Property tax collections can vary based on when tax bills are sent by the County Auditor. Earnings on investment increased \$361,694 or 421.08% due to increased interest rates on the District's investments. All other revenues remained comparable to fiscal year 2018 or were insignificant in amount.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	2019 <u>Amount</u>	2018 <u>Amount</u>	Increase <u>(Decrease)</u>	Percentage <u>Change</u>
<u>Expenditures</u>				
Instruction	\$ 22,326,235	\$ 22,012,042	\$ 314,193	1.43 %
Support services	15,451,703	14,823,102	628,601	4.24 %
Operation of non-instructional services	55,014	221,843	(166,829)	(75.20) %
Extracurricular activities	940,243	884,819	55,424	6.26 %
Facilities acquisition and construction	324,970	227,681	97,289	42.73 %
Debt service	<u>820,117</u>	<u>810,123</u>	<u>9,994</u>	1.23 %
Total	<u>\$ 39,918,282</u>	<u>\$ 38,979,610</u>	<u>\$ 938,672</u>	2.41 %

In total, expenditures increased \$938,672 or 2.41% from 2018. This increase was primarily due to an increase in instruction and support services expenditures. Instruction expenditures increased primarily due to an increase in special instruction related expenditures for providing services to special needs students. Support services expenditures increased primarily due to an increase in fiscal services related to current year operations. All other expenditures remained comparable to fiscal year 2018 or were insignificant in amount.

Bond Retirement Fund

The bond retirement fund had \$3,705,572 in revenues and \$3,527,158 in expenditures. During fiscal year 2019, the bond retirement fund's fund balance increased \$178,414 from \$3,483,936 to \$3,662,350.

Enterprise Funds

The School District's enterprise funds reported operating revenues of \$1,186,255, operating expenses of \$1,512,781 and nonoperating revenues of \$193,154. Net position of the enterprise funds decreased \$133,372 from a deficit of \$862,403 to a deficit of \$995,775. The enterprise funds reported an operating loss of \$326,526. Nonoperating revenues of \$193,154 were not sufficient to report a positive change in net position.

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.

For the general fund, the original and final budgeted revenue and other financing sources were \$37,679,763. Actual revenue and other financing sources were \$38,260,532, which was a \$580,769 increase from original and final budgeted amounts.

The original budgeted expenditures and other financing uses were \$39,184,738. Final budgeted expenditures and other financing uses were \$40,252,437, which was a \$1,067,699 increase. Total actual expenditures and other financing uses on the budget basis (cash outlays plus encumbrances) were \$40,044,068. This amount was \$208,369 less than the final budgeted amount (appropriations plus prior year encumbrances).

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2019, the School District had \$46,469,719 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. The following table shows fiscal year 2019 balances compared to 2018:

Capital Assets at June 30 (Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 1,321,516	\$ 1,207,191	\$ -	\$ -	\$ 1,321,516	\$ 1,207,191
Land improvements	6,068,115	6,217,711	-	-	6,068,115	6,217,711
Buildings and improvements	36,242,786	35,724,452	-	-	36,242,786	35,724,452
Furniture and equipment	462,784	584,064	72,557	71,481	535,341	655,545
Vehicles	2,202,819	2,375,882	-	-	2,202,819	2,375,882
Construction in progress	171,699	989,212	-	-	171,699	989,212
Total	<u>\$ 46,469,719</u>	<u>\$ 47,098,512</u>	<u>\$ 72,557</u>	<u>\$ 71,481</u>	<u>\$ 46,542,276</u>	<u>\$ 47,169,993</u>

Overall capital assets, net of accumulated depreciation, decreased \$627,717 from fiscal year 2018 to fiscal year 2019. Capital outlays of \$1,622,948 were exceeded by depreciation expense of \$2,238,313 and disposals, net of depreciation of \$12,352 during the year. See Note 9 to the basic financial statements for more detail on the School District's capital assets.

Debt Administration

At June 30, 2019, the School District has \$35,249,753 in long-term debt outstanding. Of this total, \$2,387,402 is due within one year and \$32,862,351 is due in greater than one year. The following table summarizes outstanding long-term debt:

Outstanding Debt, at Year End

	<u>Governmental Activities 2019</u>	<u>Governmental Activities 2018</u>
General obligation bonds	\$ 35,249,753	\$ 37,507,146
Capital lease	-	807,307
Total	<u>\$ 35,249,753</u>	<u>\$ 38,314,453</u>

See Note 10 to the basic financial statements for more detail on the School District's long-term obligations.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Current Financial Related Activities

Kenston Local School District is a high performing school district that serves the communities of Bainbridge and Auburn Townships. The Kenston Board of Education, faculty, and staff are committed to a tradition of providing a high-quality education to all students through academic programs that provide opportunities for all students to reach their full potential. The School 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 School District relies on 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 School District's Five Year Forecast. The most recent financial forecast projected positive year end cash balances through fiscal year 2023.

Central to the School Districts bottom line are its local property tax values. The School District depends on its local property taxpayers for more than 85% 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, property values have steadily risen for the past seven (7) years from \$753,608,890 in calendar year 2012 to \$821,120,760 in calendar year 2019. Overall property values are expected to moderately increase over the next few years.

The typical cycle of an operating levy is one in which the School District's revenue will exceed expenditures in the beginning but as time goes on, expenditures will begin to exceed revenue which is the first indication that additional funding to sustain current programming will be necessary in the near future. The School District realized deficit spending (yearly expenditures exceeding yearly revenue) in fiscal year 2017 and again in fiscal year 2019. The five-year forecast approved in May 2019 projects deficit spending in years 2020-2023. This is due in part to normal inflationary pressures but is also due in larger part to the phase out of the State Tangible Personal Property Tax replacement funding. The phase out of this replacement funding has resulted in the loss of approximately \$3.1 million per year.

Kenston Local School Districts is funded from state foundation aid on a "Guarantee" basis. The current state funding formula allows school districts that are relatively higher in property wealth to receive a guaranteed minimum amount of state funding. This provides stability in state funding for higher wealth school districts. The School 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 School 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 School Districts operating budget. These strategies will extend the life of the School 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 Paul Pestello, Treasurer at Kenston Local School District, 17419 Snyder Road, Chagrin Falls, Ohio 44023 or e-mail at paul.pestello@kenstonapps.org.

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

STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Equity in pooled cash, cash equivalents, and investments	\$ 20,630,418	\$ 290,628	\$ 20,921,046
Receivables:			
Property taxes	33,077,762	-	33,077,762
Accounts	1,692	13,469	15,161
Accrued interest	30,614	-	30,614
Intergovernmental	228,103	-	228,103
Prepayments	162,542	1,540	164,082
Materials and supplies inventory	47,512	10,189	57,701
Inventory held for resale	-	4,623	4,623
Net OPEB asset (Note 14)	2,328,080	962	2,329,042
Capital assets:			
Nondepreciable capital assets	1,493,215	-	1,493,215
Depreciable capital assets, net	44,976,504	72,557	45,049,061
Capital assets, net	<u>46,469,719</u>	<u>72,557</u>	<u>46,542,276</u>
Total assets	<u>102,976,442</u>	<u>393,968</u>	<u>103,370,410</u>
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	1,240,488	-	1,240,488
Pension (Note 13)	10,392,150	202,255	10,594,405
OPEB (Note 14)	530,691	17,437	548,128
Total deferred outflows of resources	<u>12,163,329</u>	<u>219,692</u>	<u>12,383,021</u>
Liabilities:			
Accounts payable	463,161	142,241	605,402
Contracts payable	163,114	-	163,114
Retainage payable	8,585	-	8,585
Accrued wages and benefits payable	4,038,717	87,333	4,126,050
Intergovernmental payable	283,388	1,059	284,447
Pension and postemployment benefits payable	663,939	22,749	686,688
Accrued interest payable	392,355	-	392,355
Unearned revenue	2,680	-	2,680
Claims payable	724,375	-	724,375
Long-term liabilities:			
Due within one year	2,650,873	3,233	2,654,106
Due in more than one year:			
Net pension liability (Note 13)	41,184,256	801,181	41,985,437
Net OPEB liability (Note 14)	4,608,952	389,345	4,998,297
Other amounts due in more than one year	38,220,440	54,617	38,275,057
Total liabilities	<u>93,404,835</u>	<u>1,501,758</u>	<u>94,906,593</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	23,778,716	-	23,778,716
Pension (Note 13)	4,026,185	54,355	4,080,540
OPEB (Note 14)	4,499,513	53,322	4,552,835
Total deferred inflows of resources	<u>32,304,414</u>	<u>107,677</u>	<u>32,412,091</u>
Net position:			
Net investment in capital assets	10,807,408	72,557	10,879,965
Restricted for:			
Capital projects	2,235,423	-	2,235,423
Debt service	2,084,898	-	2,084,898
Locally funded programs	40,813	-	40,813
State funded programs	19,063	-	19,063
Student activities	346,761	-	346,761
Other purposes	55,074	-	55,074
Unrestricted (deficit)	(26,158,918)	(1,068,332)	(27,227,250)
Total net position (deficit)	<u>\$ (10,569,478)</u>	<u>\$ (995,775)</u>	<u>\$ (11,565,253)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
Governmental activities:			
Instruction:			
Regular	\$ 14,894,657	\$ 626,694	\$ 55,456
Special	5,806,578	454,074	494,362
Vocational	98,594	-	819
Other	624,842	-	-
Support services:			
Pupil	1,999,792	115,987	284,170
Instructional staff	1,731,750	1,244	2,563
Board of education	87,779	-	-
Administration	2,682,742	-	121,531
Fiscal	1,323,644	-	-
Business	356,419	-	-
Operations and maintenance	3,699,099	60	44,147
Pupil transportation	2,747,931	-	153,047
Central	157,232	-	-
Operation of non-instructional services	97,561	-	20,329
Extracurricular activities	1,479,414	479,752	37,117
Interest and fiscal charges	1,249,029	-	-
Total governmental activities	39,037,063	1,677,811	1,213,541
Business-type activities:			
Food service	973,768	772,340	193,154
Uniform school supplies	323,252	214,873	-
Adult education	215,761	460	-
Total business-type activities	1,512,781	987,673	193,154
Totals	\$ 40,549,844	\$ 2,665,484	\$ 1,406,695

General revenues:

- Property taxes levied for:
 - General purposes
 - Debt service
- Payments in lieu of taxes
- Grants and entitlements not restricted to specific programs
- Investment earnings
- Miscellaneous

Total general revenues

Change in net position

Net position (deficit) at beginning of year

Net position (deficit) at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue
and Changes in Net Position**

Governmental Activities	Business-Type Activities	Total
\$ (14,212,507)	\$ -	\$ (14,212,507)
(4,858,142)	-	(4,858,142)
(97,775)	-	(97,775)
(624,842)	-	(624,842)
(1,599,635)	-	(1,599,635)
(1,727,943)	-	(1,727,943)
(87,779)	-	(87,779)
(2,561,211)	-	(2,561,211)
(1,323,644)	-	(1,323,644)
(356,419)	-	(356,419)
(3,654,892)	-	(3,654,892)
(2,594,884)	-	(2,594,884)
(157,232)	-	(157,232)
(77,232)	-	(77,232)
(962,545)	-	(962,545)
(1,249,029)	-	(1,249,029)
(36,145,711)	-	(36,145,711)
-	(8,274)	(8,274)
-	(108,379)	(108,379)
-	(215,301)	(215,301)
-	(331,954)	(331,954)
(36,145,711)	(331,954)	(36,477,665)
29,305,685	-	29,305,685
3,373,600	-	3,373,600
996,926	-	996,926
7,814,950	-	7,814,950
463,391	-	463,391
203,388	198,582	401,970
42,157,940	198,582	42,356,522
6,012,229	(133,372)	5,878,857
(16,581,707)	(862,403)	(17,444,110)
\$ (10,569,478)	\$ (995,775)	\$ (11,565,253)

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash, cash equivalents, and investments	\$ 11,617,999	\$ 2,840,350	\$ 2,938,749	\$ 17,397,098
Receivables:				
Property taxes	29,829,746	3,248,016	-	33,077,762
Accounts	442	-	1,250	1,692
Accrued interest	30,614	-	-	30,614
Intergovernmental	165,846	-	62,257	228,103
Prepayments	73,317	-	98	73,415
Materials and supplies inventory	47,512	-	-	47,512
Total assets	<u>\$ 41,765,476</u>	<u>\$ 6,088,366</u>	<u>\$ 3,002,354</u>	<u>\$ 50,856,196</u>
Liabilities:				
Accounts payable	\$ 241,476	\$ -	\$ 221,685	\$ 463,161
Contracts payable	-	-	163,114	163,114
Retainage payable	-	-	8,585	8,585
Accrued wages and benefits payable	3,975,203	-	63,514	4,038,717
Compensated absences payable	123,212	-	-	123,212
Intergovernmental payable	270,993	-	10,074	281,067
Pension and postemployment benefits payable	655,823	-	8,116	663,939
Unearned revenue	2,680	-	-	2,680
Total liabilities	<u>5,269,387</u>	<u>-</u>	<u>475,088</u>	<u>5,744,475</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	21,468,042	2,310,674	-	23,778,716
Delinquent property tax revenue not available	1,059,304	115,342	-	1,174,646
Intergovernmental revenue not available	132,794	-	62,257	195,051
Interest revenue not available	23,411	-	-	23,411
Total deferred inflows of resources	<u>22,683,551</u>	<u>2,426,016</u>	<u>62,257</u>	<u>25,171,824</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	47,512	-	-	47,512
Prepays	73,317	-	98	73,415
Restricted:				
Debt service	-	3,662,350	-	3,662,350
Capital improvements	-	-	2,063,724	2,063,724
Other purposes	-	-	114,950	114,950
Extracurricular	-	-	346,663	346,663
Committed:				
Capital improvements	-	-	15,790	15,790
Assigned:				
Student instruction	175,233	-	-	175,233
Student and staff support	255,740	-	-	255,740
Facilities acquisition and construction	2,046	-	-	2,046
Subsequent year's appropriations	1,690,000	-	-	1,690,000
Operations of non-instructional	19,729	-	-	19,729
Unassigned (deficit)	11,548,961	-	(76,216)	11,472,745
Total fund balances	<u>13,812,538</u>	<u>3,662,350</u>	<u>2,465,009</u>	<u>19,939,897</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 41,765,476</u>	<u>\$ 6,088,366</u>	<u>\$ 3,002,354</u>	<u>\$ 50,856,196</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2019

Total governmental fund balances		\$	19,939,897
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			46,469,719
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	1,174,646	
Accrued interest receivable		23,411	
Intergovernmental receivable		195,051	
Total		1,393,108	1,393,108
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.			2,595,751
Unamortized premiums on bonds issued are not recognized in the funds.			(1,553,886)
Unamortized amounts on refundings are not recognized in the funds.			1,240,488
Unamortized discounts on bonds issued are not recognized in the funds.			72,539
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(392,355)
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 governmental funds.			
Deferred outflows of resources - pension		10,392,150	
Deferred inflows of resources - pension		(4,026,185)	
Net pension liability		(41,184,256)	
Total		(34,818,291)	(34,818,291)
The net OPEB liability/asset is not due and payable in the current period; therefore, the liability/asset and related deferred inflows/outflows are not reported in governmental funds.			
Net OPEB asset		2,328,080	
Deferred outflows of resources - OPEB		530,691	
Deferred inflows of resources - OPEB		(4,499,513)	
Net OPEB liability		(4,608,952)	
Total		(6,249,694)	(6,249,694)
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		(36,550,192)	
Compensated absences		(2,716,562)	
Total		(39,266,754)	(39,266,754)
Net position of governmental activities		\$	(10,569,478)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Property taxes	\$ 29,290,091	\$ 3,350,362	\$ -	\$ 32,640,453
Payment in lieu of taxes	-	-	996,926	996,926
Tuition	1,080,768	-	-	1,080,768
Earnings on investments	447,591	-	25,810	473,401
Extracurricular	116,494	-	480,489	596,983
Rental income	60	-	-	60
Contributions and donations	84,284	-	37,174	121,458
Other local revenues	203,388	-	36,300	239,688
Intergovernmental - state	7,702,697	355,210	22,387	8,080,294
Intergovernmental - federal	206,179	-	606,576	812,755
Total revenues	<u>39,131,552</u>	<u>3,705,572</u>	<u>2,205,662</u>	<u>45,042,786</u>
Expenditures:				
Current:				
Instruction:				
Regular	15,448,762	-	216,559	15,665,321
Special	6,074,188	-	276,383	6,350,571
Vocational	114,991	-	-	114,991
Other	688,294	-	-	688,294
Support services:				
Pupil	2,062,295	-	193,393	2,255,688
Instructional staff	1,954,419	-	1,624	1,956,043
Board of education	90,483	-	-	90,483
Administration	2,966,679	-	114,788	3,081,467
Fiscal	1,342,276	48,540	-	1,390,816
Business	388,565	-	-	388,565
Operations and maintenance	3,676,553	-	38,475	3,715,028
Pupil transportation	2,792,747	-	-	2,792,747
Central	177,686	-	-	177,686
Operation of non-instructional services	55,014	-	24,773	79,787
Extracurricular activities	940,243	-	631,982	1,572,225
Facilities acquisition and construction	324,970	-	1,336,852	1,661,822
Debt service:				
Principal retirement	807,307	2,257,393	-	3,064,700
Interest and fiscal charges	12,810	1,221,225	-	1,234,035
Total expenditures	<u>39,918,282</u>	<u>3,527,158</u>	<u>2,834,829</u>	<u>46,280,269</u>
Excess of revenues over (under) expenditures	<u>(786,730)</u>	<u>178,414</u>	<u>(629,167)</u>	<u>(1,237,483)</u>
Other financing sources (uses):				
Transfers in	-	-	126,000	126,000
Transfers (out)	(126,000)	-	-	(126,000)
Total other financing sources (uses)	<u>(126,000)</u>	<u>-</u>	<u>126,000</u>	<u>-</u>
Net change in fund balances	(912,730)	178,414	(503,167)	(1,237,483)
Fund balances at beginning of year	<u>14,725,268</u>	<u>3,483,936</u>	<u>2,968,176</u>	<u>21,177,380</u>
Fund balances at end of year	<u>\$ 13,812,538</u>	<u>\$ 3,662,350</u>	<u>\$ 2,465,009</u>	<u>\$ 19,939,897</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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, 2019

Net change in fund balances - total governmental funds \$ (1,237,483)

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.

Capital asset additions	\$ 1,602,048	
Current year depreciation	(2,218,489)	
Total		(616,441)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position. (12,352)

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

Property taxes	38,832	
Earnings on investments	15,800	
Intergovernmental	(103,013)	
Total		(48,381)

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:

Bonds	2,257,393	
Capital leases	807,307	
Total		3,064,700

In the statement of activities, interest is accrued on outstanding bonds, whereby in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:

Decrease in accrued interest payable	42,624	
Accreted interest on capital appreciation bonds	(219,372)	
Amortization of bond premiums	321,249	
Amortization of bond discounts	(6,987)	
Amortization of deferred charges	(152,508)	
Total		(14,994)

Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows. 3,193,137

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (2,830,052)

Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows. 129,855

Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability/asset are reported as OPEB expense in the statement of activities. 4,888,746

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. (281,532)

An internal service fund used by management to charge the cost of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue of the internal service fund is allocated among the governmental activities. (222,974)

Change in net position of governmental activities \$ 6,012,229

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 28,386,664	\$ 28,386,664	\$ 28,524,791	\$ 138,127
Tuition	1,172,008	1,172,008	1,050,397	(121,611)
Earnings on investments	75,000	75,000	384,298	309,298
Rental income	1,300	1,300	60	(1,240)
Contributions and donations	-	-	2,366	2,366
Other local revenues	29,900	29,900	15,337	(14,563)
Intergovernmental - state	7,736,991	7,736,991	7,696,270	(40,721)
Intergovernmental - federal	90,000	90,000	249,332	159,332
Total revenues	<u>37,491,863</u>	<u>37,491,863</u>	<u>37,922,851</u>	<u>430,988</u>
Expenditures:				
Current:				
Instruction:				
Regular	15,473,541	15,484,978	15,328,226	156,752
Special	6,097,586	6,421,963	6,270,835	151,128
Vocational	115,233	114,865	114,300	565
Other	757,986	770,152	670,463	99,689
Support services:				
Pupil	1,772,630	1,901,789	1,883,268	18,521
Instructional staff	1,932,708	2,004,271	2,027,508	(23,237)
Board of education	55,171	62,367	98,139	(35,772)
Administration	2,776,845	2,874,276	2,923,734	(49,458)
Fiscal	1,092,896	1,210,018	1,341,024	(131,006)
Business	379,325	377,038	390,334	(13,296)
Operations and maintenance	3,552,122	3,647,486	3,614,396	33,090
Pupil transportation	3,509,548	3,566,174	3,601,447	(35,273)
Central	156,590	186,191	186,785	(594)
Operation of non-instructional services	68,944	71,095	67,276	3,819
Extracurricular activities	860,451	857,460	929,097	(71,637)
Facilities acquisition and construction	392,162	341,314	321,236	20,078
Total expenditures	<u>38,993,738</u>	<u>39,891,437</u>	<u>39,768,068</u>	<u>123,369</u>
Excess of revenues over (under) expenditures	<u>(1,501,875)</u>	<u>(2,399,574)</u>	<u>(1,845,217)</u>	<u>554,357</u>
Other financing sources (uses):				
Refund of prior year's expenditures	187,900	187,900	187,681	(219)
Transfers (out)	(191,000)	(211,000)	(126,000)	85,000
Advances in	-	-	150,000	150,000
Advances (out)	-	(150,000)	(150,000)	-
Total other financing sources (uses)	<u>(3,100)</u>	<u>(173,100)</u>	<u>61,681</u>	<u>234,781</u>
Net change in fund balance	(1,504,975)	(2,572,674)	(1,783,536)	789,138
Fund balance at beginning of year	12,487,577	12,487,577	12,487,577	-
Prior year encumbrances appropriated	169,823	169,823	169,823	-
Fund balance at end of year	<u><u>\$ 11,152,425</u></u>	<u><u>\$ 10,084,726</u></u>	<u><u>\$ 10,873,864</u></u>	<u><u>\$ 789,138</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
Assets:		
Current:		
Equity in pooled cash, cash equivalents, and investments	\$ 290,628	\$ 3,233,320
Receivables:		
Accounts	13,469	-
Prepayments	1,540	89,127
Materials and supplies inventory.	10,189	-
Inventory held for resale	4,623	-
Total current assets	320,449	3,322,447
Noncurrent assets:		
Net OPEB asset (Note 14)	962	-
Depreciable capital assets, net	72,557	-
Total noncurrent assets	73,519	-
Total assets.	393,968	3,322,447
Deferred outflows of resources:		
Pension (Note 13)	202,255	-
OPEB (Note 14)	17,437	-
Total deferred outflows of resources	219,692	-
Liabilities:		
Current:		
Accounts payable.	142,241	-
Accrued wages and benefits payable	87,333	-
Intergovernmental payable	1,059	2,321
Compensated absences.	3,233	-
Pension and postemployment benefits payable	22,749	-
Claims payable	-	724,375
Total current liabilities	256,615	726,696
Long-term liabilities:		
Net pension liability (Note 13)	801,181	-
Net OPEB liability (Note 14).	389,345	-
Compensated absences payable.	54,617	-
Total long-term liabilities	1,245,143	-
Total liabilities	1,501,758	726,696
Deferred inflows of resources:		
Pension (Note 13)	54,355	-
OPEB (Note 14)	53,322	-
Total deferred inflows of resources	107,677	-
Net position:		
Investment in capital assets	72,557	-
Unrestricted.	(1,068,332)	2,595,751
Total net position.	\$ (995,775)	\$ 2,595,751

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
	<u> </u>	<u> </u>
Operating revenues:		
Tuition and fees.	\$ 214,873	\$ -
Charges for services.	772,800	6,247,301
Other	198,582	-
Total operating revenues	<u>1,186,255</u>	<u>6,247,301</u>
Operating expenses:		
Personal services.	741,332	-
Purchased services.	53,759	-
Materials and supplies	696,658	-
Other.	1,208	-
Claims	-	6,470,275
Depreciation	19,824	-
Total operating expenses.	<u>1,512,781</u>	<u>6,470,275</u>
Operating (loss)	<u>(326,526)</u>	<u>(222,974)</u>
Nonoperating revenues:		
Grants and subsidies.	134,485	-
Federal donated commodities	58,669	-
Total nonoperating revenues.	<u>193,154</u>	<u>-</u>
Change in net position	(133,372)	(222,974)
Net position (deficit) at beginning of year	<u>(862,403)</u>	<u>2,818,725</u>
Net position (deficit) at end of year	<u>\$ (995,775)</u>	<u>\$ 2,595,751</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
Cash flows from operating activities:		
Cash received from tuition and fees	\$ 214,873	\$ -
Cash received from charges for services.	774,375	6,247,301
Cash received from other operations	197,711	-
Cash payments for personal services.	(667,448)	-
Cash payments for contractual services	(53,759)	-
Cash payments for materials and supplies	(495,549)	-
Cash payments for claims	-	(6,357,721)
Cash payments for other expenses	(1,208)	-
	<u>(31,005)</u>	<u>(110,420)</u>
Net cash (used in) operating activities		
Cash flows from noncapital financing activities:		
Cash received from grants and subsidies.	134,485	-
Cash received from interfund loans	150,000	-
Cash used in repayment of interfund loans.	(150,000)	-
	<u>134,485</u>	<u>-</u>
Net cash provided by noncapital financing activities . .		
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(20,900)	-
	<u>(20,900)</u>	<u>-</u>
Net cash (used in) capital and related financing activities.		
	<u>(20,900)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents . .	82,580	(110,420)
Cash and cash equivalents at beginning of year	<u>208,048</u>	<u>3,343,740</u>
Cash and cash equivalents at end of year	<u>\$ 290,628</u>	<u>\$ 3,233,320</u>
Reconciliation of operating loss to net cash (used in) operating activities:		
Operating loss	\$ (326,526)	\$ (222,974)
Adjustments:		
Depreciation.	19,824	-
Federal donated commodities	58,669	-
Changes in assets, liabilities, deferred inflows of resources, and deferred outflows of resources:		
Decrease in inventory held for resale	10,299	-
Decrease in accounts receivable.	704	-
(Increase) in intergovernmental receivable.	(1,784)	-
(Increase) in prepayments	(1,540)	(14,463)
Increase (decrease) in accounts payable	133,925	(3,683)
Increase in accrued wages and benefits	6,107	-
Increase in intergovernmental payable.	177	2,321
Increase in compensated absences payable.	3,145	-
Increase in pension obligation payable.	8,170	-
(Decrease) in net pension liability	(48,840)	-
Increase in net OPEB liability	7,436	-
(Increase) in net OPEB asset	(962)	-
Decrease in deferred outflows - pensions	99,233	-
(Increase) in deferred outflows - OPEB	(7,547)	-
Increase in deferred inflows - pensions	8,457	-
Increase in deferred inflows - OPEB	48	-
Increase in claims payable	-	128,379
	<u>(31,005)</u>	<u>(110,420)</u>
Net cash (used in) operating activities		

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
JUNE 30, 2019

	Agency
Assets:	
Equity in pooled cash, cash equivalents, and investments	\$ 100,756
Total assets.	\$ 100,756
Liabilities:	
Due to students.	\$ 51,057
Deposits held and due to others	49,699
Total liabilities	\$ 100,756

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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 213 certificated full and part-time teaching personnel that provide services to 2,654 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's Governing Board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; or (3) 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 (4) 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. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the School District has no component units. The basic financial statements of the reporting entity include only those of the School District (the primary government).

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following organizations are described due to their relationship to the School District:

JOINTLY GOVERNED ORGANIZATIONS

Kenston Community Education (KCE)

Kenston Community Education 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 KCE'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 KCE is limited to its representation on the Board. KCE receives 1.5 mills of the School District's property tax, which is paid to KCE directly by Geauga County. No other contribution by the School District is required. Continued existence of KCE is not dependent on the School District's continued participation. Financial information can be obtained from 8140 Auburn Road, Concord Twp., Ohio 44077.

Lake Geauga Computer Association

The Lake Geauga Computer Association (the LGCA) is a jointly governed organization that was formed for the purpose of providing computer services for accounting, grading, scheduling, EMIS, and other applications to its eighteen member school districts. Each of the school districts supports LGCA based upon a per pupil charge. The School District contributed \$130,546 to LGCA during fiscal year 2019. 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 241 school districts, educational service centers, joint vocational districts, and Developmental Disabilities boards in 33 Ohio counties. The jointly governed organization was formed to bring quality products and services at the lowest possible cost to the member school districts. The Council's Board consists of seven superintendents of the participating school districts whose terms rotate every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2019, the School District paid \$4,319 to the Council for annual membership, fees and services. Financial information can be obtained by contacting William J. Zelei, the Executive Director of the Ohio Schools' Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The School District participates in the natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Compass Energy has been selected as the supplier and program manager. There are currently 163 program members 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). School 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 school districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses 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 plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available 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.

Other governmental funds of the School District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

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, and the purchase and sale of school supplies. The School District has no major enterprise funds. The School District's nonmajor enterprise funds account for food service, uniform school supplies, and adult education.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

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 fund accounts for student managed activities, unclaimed funds, and monies collected on behalf of and disbursed to the Ohio High School Athletic Association.

C. Basis of Presentation and Measurement Focus

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. These statements distinguish between those activities that are governmental and those that are considered business-type activities. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses.

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

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

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 and current liabilities and deferred inflows of resources and 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.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

Agency funds do not report a measurement focus as they do not report operations.

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. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected 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.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donation. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will 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, see Notes 13 and 14 for deferred outflows of resources related to the School District's net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. 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.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements 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, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2019, but which were levied to finance fiscal year 2020 operations. These amounts have been recorded as a deferred inflow of resources 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, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the School District, see Notes 13 and 14 for deferred inflows of resources related to the School District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - 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 "federal 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 governmental funds.

E. Budgets

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 for all budgeted funds. Any budgetary modifications are made by Board resolution.

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

Tax Budget:

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commissions' 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 from the certificate of estimated resources that was in effect at the time the original permanent appropriations covering the entire fiscal year were passed by the Board of Education. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts from the certificate of amended resources that was in effect at the time the final appropriations were passed by the Board of Education.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The School District's legal level of budgetary control has been established at the fund level for all budgeted funds. The appropriation resolution, established at the legal level of control funds, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at the legal level of control. Any revisions that alter the legal level of budgetary control must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, all supplemental appropriations were legally enacted.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budget amounts reflect the first appropriation for that fund covering the entire fiscal year, including amounts automatically carried over from the prior year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

Lapsing of Appropriations:

Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the legal level of control.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "equity in pooled cash, cash equivalents, and investments" on the basic financial statements.

During fiscal year 2019, investments were limited to negotiable of deposits (negotiable CDs), commercial paper, U.S. government money market mutual fund, Federal Home Loan Bank (FHLB) Securities, FHLB Discount notes, Federal National Mortgage Association (FNMA) Securities, Federal Home Loan Mortgage Corporation (FHLMC) Securities, U.S. Treasury bills, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for investments in STAR Ohio, investments are reported at fair value, which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures its 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 an NAV per share that approximates fair value.

For fiscal year 2019, there were no limitations 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 \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2019 amounted to \$447,591, which includes \$165,658 assigned from other School District funds.

For presentation on the basic financial statements, investments purchased by the cash management pool and investments with original maturities 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 are reported as investments. An analysis of the School District's investment account at fiscal year end is provided in Note 4.

G. 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.

On the governmental fund financial statements, reported materials and supplies inventory is equally offset by nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. 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 in 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 acquisition values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure. 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.

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

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

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables" and receivables and payables resulting from interfund goods and services provided are classified and "due to/due from other funds." These interfund balances are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as a component of "internal balance" on the statement of net position. The School District had no internal balances at June 30, 2019.

J. Compensated Absences

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 10 years of service; or 20 years service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2019 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

K. 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 proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, net pension liability, and net OPEB liability 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 fiscal year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

L. 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 classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

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 Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the School District 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.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes. When unassigned fund balance is a deficit in the general fund, assigned fund balance may not be presented in the general fund.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund 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 restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

M. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing (including contracts and retainage payable) used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents local resources received that are restricted to support of school operations.

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

N. Estimates

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

O. 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.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

P. Issuance Costs/Bond Premiums and Discounts and Accounting Gain or Loss on Debt Refunding

On the governmental fund financial statements, issuance costs, bond premiums, bond discounts, and deferred charges from debt refunding are recognized in the current period.

On the government-wide financial statements, issuance costs are recognized in the current period and are not amortized. Bond premiums and discounts are amortized over the term of the bonds using the straight-line method. Unamortized bond premiums are presented as an addition to the face amount of the bonds reported on the statement of net position. Unamortized bond discounts are presented as a reduction to the face amount of the bonds reported on the statement of net position. The reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 10.

For advance refunding resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or 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 deferred outflow of resources.

Q. Pensions/Other Postemployment Benefits (OPEB)

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

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 and uniform school supplies and tuition and fees for adult education. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenue and expenses not meeting these definitions are classified as nonoperating.

S. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepayments in both government-wide and fund financial statements. These items are reported in the financial statements using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

T. Fair Value Measurements

The School District categorizes 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.

U. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither one of these transactions occurred during fiscal year 2019.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2019, the School District has implemented GASB Statement No. 83, "Certain Asset Retirement Obligations" and GASB Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements".

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the School District.

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statements of the School District.

B. Deficit Fund Balances

Fund balances at June 30, 2019 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
IDEA Part B	\$ 51,497
Title I	19,536
Improving Teacher Quality	5,183

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 - 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 the Board of Education has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings 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 obligation 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 provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one-hundred-eighty days and two-hundred-seventy days, respectively, in an amount not to exceed forty percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At year end, the School District had \$636 in undeposited cash on hand which is included on the financial statements of the School District as part of "equity in pooled cash, cash equivalents, and investments".

B. Deposits with Financial Institutions

At June 30, 2019, the carrying amount of all School District deposits was \$1,219,358 and the bank balance of all School District deposits was \$1,278,736. Of the bank balance, \$556,384 was covered by the FDIC, \$436,090 was covered by the Ohio Pooled Collateral System, and \$286,262 was exposed to custodial credit risk discussed below because those deposits were uninsured and uncollateralized.

Custodial credit risk is the risk that, in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2019, one of the School District's financial institutions was approved for a reduced collateral rate of 50 percent through the OPCS, while the remaining institutions were collateralized at 102 percent. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of June 30, 2019, the School District had the following investments and maturities:

Measurement/ <u>Investment type</u>	Measurement <u>Value</u>	Investment Maturities				
		6 months or <u>less</u>	7 to 12 <u>months</u>	13 to 18 <u>months</u>	19 to 24 <u>months</u>	Greater than <u>24 months</u>
<i>Fair Value:</i>						
FNMA	\$ 956,043	\$ -	\$ -	\$ 348,326	\$ -	\$ 607,717
FHLB	283,664	-	283,664	-	-	-
FHLMC	1,128,246	-	-	-	-	1,128,246
FHLB Discount Note	599,927	599,927	-	-	-	-
U.S. Treasury Bills	199,780	199,780	-	-	-	-
Negotiable CD's	4,326,712	545,324	149,610	282,648	497,540	2,851,590
Commercial Paper	5,449,258	3,275,020	2,174,238	-	-	-
U.S. government money market mutual fund	36,156	36,156	-	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	6,822,022	6,822,022	-	-	-	-
Total	<u>\$ 19,801,808</u>	<u>\$ 11,478,229</u>	<u>\$ 2,607,512</u>	<u>\$ 630,974</u>	<u>\$ 497,540</u>	<u>\$ 4,587,553</u>

The School District's weighted average length to maturity for investments in is 0.89 years.

The School District's investments in U.S Government money market mutual funds are valued using quoted market prices (Level 1 inputs). The School District's investments in FNMA securities, FHLB securities, FHLMC securities, FHLB discount notes, U.S. Treasury bills, negotiable CD's, and commercial paper are valued using quoted market prices that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either direct or indirectly (Level 2 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the School District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The School District's investments in federal agency securities (FNMA, FHLB, FHLMC) were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The U.S. Treasury Bills and were rated A-1+ and P-1 by Standard & Poor's and Moody's Investor Services, respectively. Commercial paper investments were rated A-1 and P-1 by Standard & Poor's and Moody's Investor Services, respectively. The U.S. Government money market mutual fund and STAR Ohio have been assigned an AAAM money market rating by Standard & Poor's. Ohio Law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The negotiable CD's are not rated but are fully insured by the FDIC. The School District has no investment policy dealing with credit risk.

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 federal agency securities (FNMA FHLB), commercial paper, and U.S. Treasury bills 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. The negotiable CD's were fully insured by the FDIC.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The School District's investment policy places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School District at June 30, 2019:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Fair Value:</i>		
FNMA	\$ 956,043	4.83
FHLB	283,664	1.43
FHLMC	1,128,246	5.70
FHLB Discount Note	599,927	3.03
U.S. Treasury Bills	199,780	1.01
Negotiable CD's	4,326,712	21.85
Commercial Paper	5,449,258	27.52
U.S. government money market mutual fund	36,156	0.18
<i>Amortized Cost:</i>		
STAR Ohio	<u>6,822,022</u>	<u>34.45</u>
Total	<u>\$ 19,801,808</u>	<u>100.00</u>

D. Reconciliation of cash and investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported above on the statement of net position as of June 30, 2019:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 1,219,358
Investments	19,801,808
Cash on hand	<u>636</u>
Total	<u>\$ 21,021,802</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 20,630,418
Business-type activities	290,628
Agency funds	<u>100,756</u>
Total	<u>\$ 21,021,802</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the fiscal year ended June 30, 2019, consisted of the following, as reported on the fund statements:

<u>Transfers from general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	<u>\$ 126,000</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

Interfund transfers represent the use of unrestricted revenues collected in the general fund that are used to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers between governmental funds are eliminated for reporting on the statement of activities. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District 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 property and public utility property. Real property tax revenues received in calendar year 2019 represent the collection of calendar year 2018 taxes. Real property taxes received in calendar year 2019 were levied after April 1, 2018, on the assessed values as of January 1, 2018, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2019 represent the collection of calendar year 2018 taxes. Public utility real and personal property taxes received in calendar year 2019 became a lien on December 31, 2017, were levied after April 1, 2018, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently 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, 2019, are available to finance fiscal year 2019 operations. The amount available as an advance at June 30, 2019 was \$7,302,400 in the general fund and \$822,000 in the bond retirement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2018 was \$6,537,100 in the general fund and \$749,500 in the bond retirement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2019 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.

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2019 taxes were collected are:

	2018 Second Half Collections		2019 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 794,457,680	98.08	\$ 804,289,420	97.95
Public utility personal	<u>15,558,280</u>	<u>1.92</u>	<u>16,831,340</u>	<u>2.05</u>
Total	<u>\$ 810,015,960</u>	<u>100.00</u>	<u>\$ 821,120,760</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 90.33		\$ 90.33	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2019 consisted of taxes, accounts, accrued interest and intergovernmental grants and entitlements. 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.

A summary of the principal items of receivables reported on the statement of net position follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Property taxes	\$ 33,077,762	\$ -
Accounts	1,692	13,469
Accrued interest	30,614	-
Intergovernmental	<u>228,103</u>	<u>-</u>
Total	<u>\$ 33,338,171</u>	<u>\$ 13,469</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

NOTE 8 - CAPITAL LEASE OBLIGATIONS

In a previous year the School District entered into a capital lease obligation for the purchase of school buses. 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 capital lease was paid off during fiscal year 2019.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	<u>Balance</u> <u>06/30/18</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/19</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,207,191	\$ 114,325	\$ -	\$ 1,321,516
Construction in progress	<u>989,212</u>	<u>171,699</u>	<u>(989,212)</u>	<u>171,699</u>
Total capital assets, not being depreciated	<u>2,196,403</u>	<u>286,024</u>	<u>(989,212)</u>	<u>1,493,215</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	11,566,251	457,422	-	12,023,673
Building and improvements	56,251,780	1,631,559	-	57,883,339
Furniture and equipment	7,688,760	15,233	-	7,703,993
Vehicles	<u>4,386,276</u>	<u>201,022</u>	<u>(123,519)</u>	<u>4,463,779</u>
Total capital assets, being depreciated	<u>79,893,067</u>	<u>2,305,236</u>	<u>(123,519)</u>	<u>82,074,784</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(5,348,540)	(607,018)	-	(5,955,558)
Building and improvements	(20,527,328)	(1,113,225)	-	(21,640,553)
Furniture and equipment	(7,104,696)	(136,513)	-	(7,241,209)
Vehicles	<u>(2,010,394)</u>	<u>(361,733)</u>	<u>111,167</u>	<u>(2,260,960)</u>
Total accumulated depreciation	<u>(34,990,958)</u>	<u>(2,218,489)</u>	<u>111,167</u>	<u>(37,098,280)</u>
Governmental activities capital assets, net	<u>\$ 47,098,512</u>	<u>\$ 372,771</u>	<u>\$ (1,001,564)</u>	<u>\$ 46,469,719</u>
Business-type Activities				
<i>Capital assets, being depreciated:</i>				
Furniture and equipment	\$ 425,121	\$ 20,900	\$ -	\$ 446,021
<i>Less: accumulated depreciation</i>				
Furniture and equipment	<u>(353,640)</u>	<u>(19,824)</u>	<u>-</u>	<u>(373,464)</u>
Business-type activities capital assets, net	<u>\$ 71,481</u>	<u>\$ 1,076</u>	<u>\$ -</u>	<u>\$ 72,557</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 1,721,672
<u>Support Services:</u>	
Instructional staff	15,137
Operations and maintenance	38,648
Pupil transportation	347,305
Extracurricular activities	<u>95,727</u>
Total depreciation expense	<u>\$ 2,218,489</u>

Depreciation expense of the business-type activities was charged to the food service nonmajor enterprise fund.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 10 - LONG-TERM OBLIGATIONS

During fiscal year 2019, the following changes occurred in governmental and business-type activities long-term obligations.

	<u>Balance</u> <u>06/30/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/19</u>	<u>Amount</u> <u>Due in</u> <u>One Year</u>
Governmental Activities					
<u>General Long-Term Bonds</u>					
School Improvement Refunding Bonds - Series 2011:					
Current Interest Bonds	\$ 17,410,000	\$ -	\$ (1,915,000)	\$ 15,495,000	\$ 1,955,000
Capital Appreciation Bonds	1,150,000	-	-	1,150,000	-
Accreted Interest	579,321	113,425	-	692,746	-
School Improvement Refunding Bonds - Series 2012:					
Current Interest Bonds	6,985,000	-	(155,000)	6,830,000	160,000
Capital Appreciation Bonds	725,000	-	-	725,000	-
Accreted Interest	501,746	105,947	-	607,693	-
School Improvement Bonds - Series 2017A	5,000,000	-	(30,000)	4,970,000	70,000
School Improvement Bonds - Series 2017B	5,000,000	-	(70,000)	4,930,000	90,000
Energy Improvement Conservation Bonds - Series 2018	<u>1,237,146</u>	<u>-</u>	<u>(87,393)</u>	<u>1,149,753</u>	<u>112,402</u>
Total General Obligation Bonds	<u>38,588,213</u>	<u>219,372</u>	<u>(2,257,393)</u>	<u>36,550,192</u>	<u>2,387,402</u>
<u>Other Obligations:</u>					
Net Pension Liability	44,894,811	-	(3,710,555)	41,184,256	-
Net OPEB Liability	10,434,037	-	(5,825,085)	4,608,952	-
Compensated Absences	2,548,738	495,663	(204,627)	2,839,774	263,471
Capital lease obligations	<u>807,307</u>	<u>-</u>	<u>(807,307)</u>	<u>-</u>	<u>-</u>
Total Other Obligations	<u>58,684,893</u>	<u>495,663</u>	<u>(10,547,574)</u>	<u>48,632,982</u>	<u>263,471</u>
Total Governmental Long-Term Liabilities	97,273,106	<u>\$ 715,035</u>	<u>\$ (12,804,967)</u>	85,183,174	<u>\$ 2,650,873</u>
Less: Unamortized Bond Discount	(79,526)			(72,539)	
Add: Unamortized Bond Premium	<u>1,875,135</u>			<u>1,553,886</u>	
Total on Statement on Net Position	<u>\$ 99,068,715</u>			<u>\$ 86,664,521</u>	
Business-Type Activities					
Compensated Absences	\$ 54,705	\$ 3,145	\$ -	\$ 57,850	\$ 3,233
Net Pension Liability	850,021	-	(48,840)	801,181	-
Net OPEB Liability	<u>381,909</u>	<u>10,349</u>	<u>(2,913)</u>	<u>389,345</u>	<u>-</u>
Total Business-Type Activities	<u>\$ 1,286,635</u>	<u>\$ 13,494</u>	<u>\$ (51,753)</u>	<u>\$ 1,248,376</u>	<u>\$ 3,233</u>

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

School Improvement Refunding Bonds - Series 2011

On December 29, 2011, the School 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 \$692,746 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, 2019.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,817,275. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

School Improvement Refunding Bonds - Series 2012

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

This issue is comprised of both current interest serial and term bonds, par value \$7,885,000, and capital appreciation bonds, par value \$725,000. The interest rates on the current interest serial and term bonds range from 1.0 percent to 3.0 percent. The capital appreciation bonds mature on December 1, 2027 (approximate initial offering yield at maturity 3.92 percent), at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$2,695,000. A total of \$607,693 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, 2019.

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. The defeased debt has been paid in full.

The reacquisition price exceeded the net carrying amount of the old debt by \$564,410. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

School Improvement Bonds - Series 2017A

On May 18, 2017, the School District issued \$5,000,000 in School Improvement Bonds at an interest rate of 4.25-5.00 % per year with the maturity date of September 1, 2045, for the purpose of constructing, renovating, remodeling, and otherwise improving buildings and facilities.

School Improvement Bonds - Series 2017B

On June 14, 2017, the School District issued \$5,000,000 in School Improvement Bonds at an interest rate of 3.375-5.00% per year with maturity date of September 1, 2045, for the purpose of constructing, renovating, remodeling, and otherwise improving buildings and facilities.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Energy Improvement Conservation Bonds - Series 2018

On February 14, 2018, the School District issued \$1,237,146 in Energy Improvement Conservation Bonds - Series 2018. The bonds bear an interest rate ranging from 2.75-3.18 % per year with a final maturity date of December 1, 2027. The bonds were issued for the purpose of performing energy improvement projects to School District buildings.

Future Debt Service Requirements

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2019, are as follows:

Fiscal Year Ending June 30	School Improvement Refunding Bonds-Series 2011					
	Current Interest			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 1,955,000	\$ 525,694	\$ 2,480,694	\$ -	\$ -	\$ -
2021	2,055,000	425,443	2,480,443	-	-	-
2022	-	374,069	374,069	1,150,000	1,010,000	2,160,000
2023	2,155,000	341,743	2,496,743	-	-	-
2024	2,225,000	274,653	2,499,653	-	-	-
2025 - 2027	7,105,000	368,120	7,473,120	-	-	-
Total	<u>\$ 15,495,000</u>	<u>\$ 2,309,722</u>	<u>\$ 17,804,722</u>	<u>\$ 1,150,000</u>	<u>\$ 1,010,000</u>	<u>\$ 2,160,000</u>

Fiscal Year Ending June 30	School Improvement Refunding Bonds-Series 2012					
	Current Interest			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 160,000	\$ 194,575	\$ 354,575	\$ -	\$ -	\$ -
2021	160,000	191,375	351,375	-	-	-
2022	165,000	188,022	353,022	-	-	-
2023	165,000	184,515	349,515	-	-	-
2024	170,000	180,637	350,637	-	-	-
2025 - 2029	3,235,000	802,407	4,037,407	725,000	1,970,000	2,695,000
2030	2,775,000	41,625	2,816,625	-	-	-
Total	<u>\$ 6,830,000</u>	<u>\$ 1,783,156</u>	<u>\$ 8,613,156</u>	<u>\$ 725,000</u>	<u>\$ 1,970,000</u>	<u>\$ 2,695,000</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Fiscal Year Ending June 30	School Improvement Bonds-Series 2017A			School Improvement Bonds-Series 2017B		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 70,000	\$ 206,488	\$ 276,488	\$ 90,000	\$ 183,694	\$ 273,694
2021	85,000	202,987	287,987	95,000	179,194	274,194
2022	110,000	198,738	308,738	90,000	174,444	264,444
2023	95,000	193,237	288,237	110,000	169,943	279,943
2024	120,000	189,438	309,438	115,000	164,444	279,444
2025 - 2029	745,000	867,187	1,612,187	645,000	738,670	1,383,670
2030 - 2034	900,000	704,188	1,604,188	970,000	591,470	1,561,470
2035 - 2039	1,050,000	512,187	1,562,187	1,105,000	385,612	1,490,612
2040 - 2044	1,235,000	280,076	1,515,076	1,180,000	208,487	1,388,487
2045 - 2046	560,000	35,912	595,912	530,000	26,999	556,999
Total	<u>\$ 4,970,000</u>	<u>\$ 3,390,438</u>	<u>\$ 8,360,438</u>	<u>\$ 4,930,000</u>	<u>\$ 2,822,957</u>	<u>\$ 7,752,957</u>

Fiscal Year Ending June 30	Energy Improvement Conservation Bonds - Series 2018		
	Principal	Interest	Total
2020	\$ 112,402	\$ 33,922	\$ 146,324
2021	115,977	30,290	146,267
2022	119,666	26,542	146,208
2023	123,473	22,675	146,148
2024	127,400	18,685	146,085
2025 - 2028	550,835	33,284	584,119
Total	<u>\$ 1,149,753</u>	<u>\$ 165,398</u>	<u>\$ 1,315,151</u>

Net Pension Liability

The School District's net pension liability is described in Note 13. The School District pays obligations related to employee compensation from the fund benefitting from their service which, for the School District, is primarily the general fund.

Net OPEB liability

The School District's net OPEB liability is described in Note 14. The School District pays obligations related to employee compensation from the fund benefitting from their service which, for the School District, is primarily the general fund.

Compensated Absences

The liability for compensated absences will be paid from the fund from which the employee was paid. For the School District, this is primarily the general fund and the food service fund (nonmajor enterprise fund).

Capital Lease Obligations

See Note 8 for detail the School District's capital lease obligations.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the School District shall never exceed 9% of the total assessed valuation of the School District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the School District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the School District. The assessed valuation use in determining the School District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the School District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2019, are a voted debt margin of \$42,641,218 (including available funds of \$2,840,350), an unvoted debt margin of \$821,121, and an energy conservation debt margin of \$6,240,334.

NOTE 11 - COMPENSATED ABSENCES

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

Only administrative and school support personnel accumulate annual vacation leave. Accumulated unused vacation time is paid upon termination of employment. Administrative personnel are advanced 20 days of vacation leave per their contract and the Superintendent and Treasurer are advanced 25 days of vacation leave at the start of each contract year, per their contracts.

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 for noncertified employees and 320 days for certified employees. 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.

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**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2019, the School District contracted with Liberty Mutual and Traveler's Insurance for various coverages, which are outlined below:

Type of Coverage	Coverage
Property, Inland Marine, and Flood & Earthquake	\$ 121,511,407
Crime	250,000
General Liability	1,000,000
Each occurrence	1,000,000
In aggregate	3,000,000
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	1,000,000
School Leaders Errors and Omissions:	
(Professional) Liability	1,000,000
In aggregate	3,000,000
Sexual Misconduct and Molestation Liability:	
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
Boiler and Machinery	100,000,000
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
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 - RISK MANAGEMENT - (Continued)

B. 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.

The claims liability of \$724,375 reported in the internal service fund at June 30, 2019, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 30, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. The balance of claims payable at June 30, 2019 represents an estimate of the liability for unpaid claims costs provided by Medical Mutual of Ohio.

Changes in the claims liability for the past two fiscal years follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2019	\$ 595,996	\$ 6,486,100	\$ (6,357,721)	\$ 724,375
2018	516,023	6,032,890	(5,952,917)	595,996

C. Workers' Compensation

For fiscal year 2019, the School District participated in the Ohio Group Retrospective Rating Program, which is administered by Comp Management, a third-party administrator. The Group Retrospective Rating Program offers an opportunity for school districts that may not qualify for a Group Rating program to receive substantial discounts on their claims. There is also an increased emphasis on safety and claims management. Through the program, school districts are grouped together to achieve premium refunds based on the performance of the group. However, school districts continue to pay their own individual merit-rated premium to the Ohio BWC and depending on the performance, the participating school districts can receive either a retrospective premium refund or an assessment. Retrospective refunds are achieved when the standard premium of the group exceeds the developed claims costs. Comp Management assists the school district in active claims management throughout the year.

D. Life Insurance

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

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS

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 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.

The Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the 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 *pension and postemployment benefits payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description - The 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.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Age 65 with 5 years of services credit; or 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; or 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 years of service; 2.2% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the state of a COLA for future retirees.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% 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% for plan members and 14% 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, 2019, the allocation to pension, death benefits, and Medicare B was 13.5%. The remaining 0.5% of the employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$892,143 for fiscal year 2019. Of this amount, \$141,270 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers 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 website at www.strsoh.org.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% 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, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied 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 service. 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.

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 as one defined benefit plan for GASB 68 reporting purposes.

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 to 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 fiscal year 2019, plan members were required to contribute 14% of their annual covered salary. The District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2019 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$2,371,468 for fiscal year 2019. Of this amount, \$396,884 is reported as pension and postemployment benefits payable.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected 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	0.18987460%	0.14481134%	
Proportion of the net pension liability current measurement date	<u>0.17663700%</u>	<u>0.14494026%</u>	
Change in proportionate share	<u>-0.01323760%</u>	<u>0.00012892%</u>	
Proportionate share of the net pension liability	\$ 10,116,328	\$ 31,869,109	\$ 41,985,437
Pension expense	\$ 497,831	\$ 2,461,544	\$ 2,959,375

Of the District's total pension expense of \$2,959,375, \$2,830,052 is reported in the governmental activities and \$129,323 is reported in the business-type activities.

At June 30, 2019, the 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	\$ 554,816	\$ 735,636	\$ 1,290,452
Changes of assumptions	228,448	5,647,808	5,876,256
Difference between District contributions and proportionate share of contributions/ change in proportionate share	156,823	7,263	164,086
Contributions subsequent to the measurement date	<u>892,143</u>	<u>2,371,468</u>	<u>3,263,611</u>
Total deferred outflows of resources	<u>\$ 1,832,230</u>	<u>\$ 8,762,175</u>	<u>\$ 10,594,405</u>

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 208,124	\$ 208,124
Net difference between projected and actual earnings on pension plan investments	280,296	1,932,509	2,212,805
Difference between District contributions and proportionate share of contributions/ change in proportionate share	<u>510,824</u>	<u>1,148,787</u>	<u>1,659,611</u>
Total deferred inflows of resources	<u>\$ 791,120</u>	<u>\$ 3,289,420</u>	<u>\$ 4,080,540</u>

\$3,263,611 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Of the total contributions made subsequent to the measurement date, \$3,193,137 relates to governmental activities and \$70,474 relates to business-type activities.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2020	\$ 492,700	\$ 2,133,434	\$ 2,626,134
2021	74,219	1,465,650	1,539,869
2022	(331,990)	(74,373)	(406,363)
2023	<u>(85,962)</u>	<u>(423,424)</u>	<u>(509,386)</u>
Total	<u>\$ 148,967</u>	<u>\$ 3,101,287</u>	<u>\$ 3,250,254</u>

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.

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.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2018, are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement
Investment rate of return	7.50% net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2018, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

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 average 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 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.50%. 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 (7.50%). 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.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the 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 7.50%, 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 (6.50%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$ 14,249,611	\$ 10,116,328	\$ 6,650,847

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, actuarial valuation are presented below:

	July 1, 2018
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.0%, effective July 1, 2017

For the July 1, 2018, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

STRS Ohio's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation**	Long Term Expected Real Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**The Target Allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

Discount Rate - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2018. 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, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2018.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, as well as what the 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 (6.45%) or one-percentage-point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net pension liability	\$ 46,540,638	\$ 31,869,109	\$ 19,451,650

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

The net OPEB liability/asset reported on the statement of net position represents a liability/asset to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability/asset represents the District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability/asset 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 these estimates annually.

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/asset. Resulting adjustments to the net OPEB liability/asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established 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.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, 0.5% of covered payroll was made to health care. 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. For fiscal year 2019, this amount was \$21,600. Statutes provide that no employer shall pay a health care surcharge greater than 2% 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 2019, the District's surcharge obligation was \$107,783.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$140,825 for fiscal year 2019. Of this amount, \$113,015 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly 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. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2019, STRS did not allocate any employer contributions to post-employment health care.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability/asset was measured as of June 30, 2018, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.19249060%	0.14481134%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.18016620%</u>	<u>0.14494026%</u>	
Change in proportionate share	<u>-0.01232440%</u>	<u>0.00012892%</u>	
Proportionate share of the net OPEB liability	\$ 4,998,297	\$ -	\$ 4,998,297
Proportionate share of the net OPEB asset	\$ -	\$ (2,329,042)	\$ (2,329,042)
OPEB expense	\$ 204,966	\$ (5,083,767)	\$ (4,878,801)

Of the District's total OPEB expense of (\$4,878,801), (\$4,888,746) is reported in the governmental activities and \$9,945 is reported in the business-type activities.

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 81,590	\$ 272,037	\$ 353,627
Difference between District contributions and proportionate share of contributions/change in proportionate share	48,560	5,116	53,676
Contributions subsequent to the measurement date	<u>140,825</u>	<u>-</u>	<u>140,825</u>
Total deferred outflows of resources	<u>\$ 270,975</u>	<u>\$ 277,153</u>	<u>\$ 548,128</u>

**KENSTON LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 135,698	\$ 135,698
Net difference between projected and actual earnings on pension plan investments	7,499	266,074	273,573
Changes of assumptions	449,060	3,173,505	3,622,565
Difference between District contributions and proportionate share of contributions/ change in proportionate share	<u>355,982</u>	<u>165,017</u>	<u>520,999</u>
Total deferred inflows of resources	<u>\$ 812,541</u>	<u>\$ 3,740,294</u>	<u>\$ 4,552,835</u>

\$140,825 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the year ending June 30, 2020. Of the total contributions made subsequent to the measurement date, \$129,855 relates to governmental activities and \$10,970 relates to business-type activities. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2020	\$ (224,534)	\$ (623,538)	\$ (848,072)
2021	(189,990)	(623,538)	(813,528)
2022	(80,596)	(623,538)	(704,134)
2023	(77,405)	(563,112)	(640,517)
2024	(77,921)	(541,913)	(619,834)
Thereafter	<u>(31,945)</u>	<u>(487,502)</u>	<u>(519,447)</u>
Total	<u>\$ (682,391)</u>	<u>\$ (3,463,141)</u>	<u>\$ (4,145,532)</u>

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each 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 terminations). 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.

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.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2018, are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.62%
Prior measurement date	3.56%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.70%
Prior measurement date	3.63%
Medical trend assumption:	
Medicare	5.375 to 4.75%
Pre-Medicare	7.25 to 4.75%

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120% of male rates and 110% of female rates. RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.70%. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2026. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2025 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62%, as of June 30, 2018 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.56% was used as of June 30, 2017. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.70%) and higher (4.70%) than the current discount rate (3.70%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.25% decreasing to 3.75%) and higher (8.25% decreasing to 5.75%) than the current rate.

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
District's proportionate share of the net OPEB liability	\$ 6,065,041	\$ 4,998,297	\$ 4,153,636

	1% Decrease (6.25 % decreasing to 3.75 %)	Current Trend Rate (7.25 % decreasing to 4.75 %)	1% Increase (8.25 % decreasing to 5.75 %)
District's proportionate share of the net OPEB liability	\$ 4,032,709	\$ 4,998,297	\$ 6,276,909

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, actuarial valuation, compared with July 1, 2017, are presented below:

	July 1, 2018	July 1, 2017
Inflation	2.50%	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%, effective July 1, 2017
Discounted rate of return	7.45%	N/A
Blended discount rate of return	N/A	4.13%
Health care cost trends		6 to 11% initial, 4.50% ultimate
	Initial	Ultimate
Medical		
Pre-Medicare	6.00%	4.00%
Medicare	5.00%	4.00%
Prescription Drug		
Pre-Medicare	8.00%	4.00%
Medicare	-5.23%	4.00%

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

**KENSTON LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2018, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Assumption Changes Since the Prior Measurement Date - The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

Benefit Term Changes Since the Prior Measurement Date - The subsidy multiplier for non-Medicare benefit recipients was increased from 1.90% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation**</u>	<u>Long Term Expected Real Rate of Return *</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

** The Target Allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

Discount Rate - The discount rate used to measure the total OPEB asset was 7.45% as of June 30, 2018. A discount rate used to measure the total OPEB liability was 4.13% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members.

Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2018.

**KENSTON LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2018, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)								
District's proportionate share of the net OPEB asset	\$ 1,996,207	\$ 2,329,042	\$ 2,608,774								
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;"></th> <th style="width: 15%; text-align: center; border-bottom: 1px solid black;">1% Decrease</th> <th style="width: 15%; text-align: center; border-bottom: 1px solid black;">Current Trend Rate</th> <th style="width: 15%; text-align: center; border-bottom: 1px solid black;">1% Increase</th> </tr> </thead> <tbody> <tr> <td style="padding-left: 20px;">District's proportionate share of the net OPEB asset</td> <td style="text-align: right; vertical-align: bottom;">\$ 2,592,983</td> <td style="text-align: right; vertical-align: bottom;">\$ 2,329,042</td> <td style="text-align: right; vertical-align: bottom;">\$ 2,060,990</td> </tr> </tbody> </table>					1% Decrease	Current Trend Rate	1% Increase	District's proportionate share of the net OPEB asset	\$ 2,592,983	\$ 2,329,042	\$ 2,060,990
	1% Decrease	Current Trend Rate	1% Increase								
District's proportionate share of the net OPEB asset	\$ 2,592,983	\$ 2,329,042	\$ 2,060,990								

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING – (Continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (1,783,536)
Net adjustment for revenue accruals	1,010,289
Net adjustment for expenditure accruals	(456,696)
Net adjustment for other sources/uses	(187,681)
Funds budgeted elsewhere	36,257
Adjustment for encumbrances	468,637
GAAP basis	<u>\$ (912,730)</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the public school support fund.

NOTE 16 - CONTINGENCIES

A. Grants

The School District receives significant financial assistance from numerous federal, State and local 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 School District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the School District.

B. Litigation

The School District is involved in no material litigation as either plaintiff or defendant.

C. Foundation Funding

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2019 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2019 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

**KENSTON LOCAL SCHOOL DISTRICT
GEAUGA, COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 17 - SET-ASIDES

The School District is required by State law to annually set-aside certain general fund revenue amounts, as defined by 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 fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2018	\$ -
Current year set-aside requirement	482,685
Current year qualifying expenditures	<u>(1,157,238)</u>
Total	<u>\$ (674,553)</u>
Balance carried forward to fiscal year 2020	<u>\$ -</u>
Set-aside balance June 30, 2019	<u>\$ -</u>

NOTE 18 - OTHER COMMITMENTS

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance to the extent fund balance is available. For the general fund, fund balance is not reported as assigned for encumbrances as unassigned fund balance is negative. At year end, the School District's commitments for encumbrances (less amounts already reported as payables) in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 264,529
Nonmajor governmental	<u>92,650</u>
Total	<u>\$ 357,179</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST SIX FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
School District's proportion of the net pension liability	0.17663700%	0.18987460%	0.18650790%	0.18926900%
School District's proportionate share of the net pension liability	\$ 10,116,328	\$ 11,344,588	\$ 13,650,658	\$ 10,799,873
School District's covered payroll	\$ 6,177,644	\$ 6,022,750	\$ 5,697,329	\$ 5,780,873
School District's proportionate share of the net pension liability as a percentage of its covered payroll	163.76%	188.36%	239.60%	186.82%
Plan fiduciary net position as a percentage of the total pension liability	71.36%	69.50%	62.98%	69.16%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>
0.19078600%	0.19078600%
\$ 9,655,571	\$ 11,345,431
\$ 5,510,195	\$ 5,066,561
175.23%	223.93%
71.70%	65.52%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST SIX FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
School District's proportion of the net pension liability	0.14494026%	0.14481134%	0.14911747%	0.15014397%
School District's proportionate share of the net pension liability	\$ 31,869,109	\$ 34,400,244	\$ 49,914,112	\$ 41,495,402
School District's covered payroll	\$ 16,388,679	\$ 16,055,000	\$ 15,672,850	\$ 15,745,257
School District's proportionate share of the net pension liability as a percentage of its covered payroll	194.46%	214.26%	318.48%	263.54%
Plan fiduciary net position as a percentage of the total pension liability	77.31%	75.30%	66.80%	72.10%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>
0.15412794%	0.15412794%
\$ 37,489,251	\$ 44,656,948
\$ 15,871,677	\$ 16,139,446
236.20%	276.69%
74.70%	69.30%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 892,143	\$ 833,982	\$ 843,185	\$ 797,626
Contributions in relation to the contractually required contribution	<u>(892,143)</u>	<u>(833,982)</u>	<u>(843,185)</u>	<u>(797,626)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 6,608,467	\$ 6,177,644	\$ 6,022,750	\$ 5,697,329
Contributions as a percentage of covered payroll	13.50%	13.50%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 761,919	\$ 763,713	\$ 701,212	\$ 696,461	\$ 661,812	\$ 694,352
<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>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,780,873	\$ 5,510,195	\$ 5,066,561	\$ 5,178,149	\$ 5,265,012	\$ 5,128,154
13.18%	13.86%	13.84%	13.45%	12.57%	13.54%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 2,371,468	\$ 2,294,415	\$ 2,247,700	\$ 2,194,199
Contributions in relation to the contractually required contribution	<u>(2,371,468)</u>	<u>(2,294,415)</u>	<u>(2,247,700)</u>	<u>(2,194,199)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 16,939,057	\$ 16,388,679	\$ 16,055,000	\$ 15,672,850
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 2,204,336	\$ 2,063,318	\$ 2,098,128	\$ 2,082,814	\$ 2,155,466	\$ 2,097,364
<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>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 15,745,257	\$ 15,871,677	\$ 16,139,446	\$ 16,021,646	\$ 16,580,508	\$ 16,133,569
14.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST THREE FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB liability	0.18016620%	0.19249060%	0.18880778%
School District's proportionate share of the net OPEB liability	\$ 4,998,297	\$ 5,165,942	\$ 5,381,720
School District's covered payroll	\$ 6,177,644	\$ 6,022,750	\$ 5,697,329
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	80.91%	85.77%	94.46%
Plan fiduciary net position as a percentage of the total OPEB liability	13.57%	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST THREE FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB liability/asset	0.14494026%	0.14481134%	0.14911747%
School District's proportionate share of the net OPEB liability/(asset)	\$ (2,329,042)	\$ 5,650,004	\$ 7,974,841
School District's covered payroll	\$ 16,388,679	\$ 16,055,000	\$ 15,672,850
School District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.21%	35.19%	50.88%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	176.00%	47.10%	37.33%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 140,825	\$ 132,520	\$ 104,041	\$ 94,690
Contributions in relation to the contractually required contribution	<u>(140,825)</u>	<u>(132,520)</u>	<u>(104,041)</u>	<u>(94,690)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 6,608,467	\$ 6,177,644	\$ 6,022,750	\$ 5,697,329
Contributions as a percentage of covered payroll	2.13%	2.15%	1.73%	1.66%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 47,403	\$ 102,164	\$ 102,492	\$ 111,592	\$ 159,837	\$ 135,764
(47,403)	(102,164)	(102,492)	(111,592)	(159,837)	(135,764)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,780,873	\$ 5,510,195	\$ 5,066,561	\$ 5,178,149	\$ 5,265,012	\$ 5,128,154
0.82%	1.85%	2.02%	2.16%	3.04%	2.65%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 16,939,057	\$ 16,388,679	\$ 16,055,000	\$ 15,672,850
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ -	\$ 161,878	\$ 161,394	\$ 160,216	\$ 165,805	\$ 161,336
-	(161,878)	(161,394)	(160,216)	(165,805)	(161,336)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 15,745,257	\$ 15,871,677	\$ 16,139,446	\$ 16,021,646	\$ 16,580,508	\$ 16,133,569
0.00%	1.00%	1.00%	1.00%	1.00%	1.00%

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal year 2019.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2019.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal year 2019.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.

(Continued)

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2019.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rate for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in trend rates from 6.00%-11.00 initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.

**COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES**

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

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget-</u>
	<u>Original</u>	<u>Final</u>		
<u>General Fund</u>				
Total Revenues and Other Financing Sources	\$ 37,679,763	\$ 37,679,763	\$ 38,260,532	\$ 580,769
Total Expenditures and Other Financing Uses	39,184,738	40,252,437	40,044,068	208,369
Net Change in Fund Balance	(1,504,975)	(2,572,674)	(1,783,536)	789,138
Fund Balance, July 1	12,487,577	12,487,577	12,487,577	-
Prior Year Encumbrances Appropriated	169,823	169,823	169,823	-
Fund Balance, June 30	<u>\$ 11,152,425</u>	<u>\$ 10,084,726</u>	<u>\$ 10,873,864</u>	<u>\$ 789,138</u>
<u>Bond Retirement Fund</u>				
Total Revenues and Other Financing Sources		\$ 3,593,160	\$ 3,633,072	\$ 39,912
Total Expenditures and Other Financing Uses		3,622,841	3,527,158	95,683
Net Change in Fund Balance		(29,681)	105,914	135,595
Fund Balance, July 1		2,734,436	2,734,436	-
Fund Balance, June 30		<u>\$ 2,704,755</u>	<u>\$ 2,840,350</u>	<u>\$ 135,595</u>

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

FUND DESCRIPTIONS - NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The term proceeds of specific revenue sources establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. A description of the District's special revenue funds follows:

Private Purpose Trust Scholarship Fund

This fund accounts for scholarships provided to students.

Other Grants Fund

This fund is used to account for the proceeds of specific revenue sources, except for state and federal grants that are assigned to expenditures for specified purpose.

District Managed Student Activity Fund

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.

Miscellaneous State Grants Fund

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

Data Communication Fund

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

College Ready Ohio Fund

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 Fund

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 Fund

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 Fund

This fund is used to provide financial assistance to state and local educational agencies to meet the special needs of educationally deprived children.

IDEA Preschool Grant for the Handicapped Fund

This fund is used to account for grant monies pertaining to Section 619 of Public Law 99-457, addressing the improvement and expansion of services for handicapped children ages three (3) through five (5) years.

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

FUND DESCRIPTIONS - NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds - (Continued)

Improving Teacher Quality Fund

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 Fund

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.

The following fund is included in the general fund (GAAP basis), but has a separate legally adopted budget (budget basis). This fund is not included in the combining statements for the nonmajor special revenue funds since this fund is reported in the general fund (GAAP basis); however, the budgetary schedules for this fund are presented in this section.

Public School Support Fund

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.

Nonmajor Capital Projects Fund

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 Fund

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

Building Fund

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.

Special Project Construction Fund

This fund is used to accumulate funds for one or more capital projects that will not be financed from the General Fund. Funds collected in this fund may come from a number of sources. The projects financed by this fund will fall under the direction of the Assistant Superintendent in Charge of Business Operations.

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash, cash equivalents and investments	\$ 473,513	\$ 2,465,236	\$ 2,938,749
Receivables:			
Accounts	-	1,250	1,250
Intergovernmental	62,257	-	62,257
Prepayments	98	-	98
Total assets	\$ 535,868	\$ 2,466,486	\$ 3,002,354
Liabilities:			
Accounts payable	\$ 6,412	\$ 215,273	\$ 221,685
Contracts payable	-	163,114	163,114
Retainage payable	-	8,585	8,585
Accrued wages and benefits payable	63,514	-	63,514
Intergovernmental payable	10,074	-	10,074
Pension and postemployment benefits payable	8,116	-	8,116
Total liabilities	88,116	386,972	475,088
Deferred inflows of resources:			
Intergovernmental revenue not available	62,257	-	62,257
Total deferred inflows of resources	62,257	-	62,257
Fund balances:			
Nonspendable:			
Prepays	98	-	98
Restricted:			
Capital improvements	-	2,063,724	2,063,724
Other purposes	114,950	-	114,950
Extracurricular	346,663	-	346,663
Committed:			
Capital improvements	-	15,790	15,790
Unassigned (deficit)	(76,216)	-	(76,216)
Total fund balances	385,495	2,079,514	2,465,009
Total liabilities, deferred inflows and fund balances	\$ 535,868	\$ 2,466,486	\$ 3,002,354

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
From local sources:			
Payment in lieu of taxes	\$ -	\$ 996,926	\$ 996,926
Earnings on investments	-	25,810	25,810
Extracurricular	480,489	-	480,489
Contributions and donations	37,174	-	37,174
Other local revenues	-	36,300	36,300
Intergovernmental - state	22,387	-	22,387
Intergovernmental - federal	606,576	-	606,576
Total revenues	<u>1,146,626</u>	<u>1,059,036</u>	<u>2,205,662</u>
Expenditures:			
Current:			
Instruction:			
Regular	45,531	171,028	216,559
Special	276,383	-	276,383
Support services:			
Pupil	193,393	-	193,393
Instructional staff	1,624	-	1,624
Administration	114,788	-	114,788
Operations and maintenance	-	38,475	38,475
Operation of non-instructional services:			
Other non-instructional services	3,873	20,900	24,773
Extracurricular activities	631,982	-	631,982
Facilities acquisition and construction	-	1,336,852	1,336,852
Total expenditures	<u>1,267,574</u>	<u>1,567,255</u>	<u>2,834,829</u>
Excess of expenditures over revenues	<u>(120,948)</u>	<u>(508,219)</u>	<u>(629,167)</u>
Other financing sources:			
Transfers in	106,000	20,000	126,000
Total other financing sources	<u>106,000</u>	<u>20,000</u>	<u>126,000</u>
Net change in fund balances	(14,948)	(488,219)	(503,167)
Fund balances at beginning of year	400,443	2,567,733	2,968,176
Fund balances at end of year	<u>\$ 385,495</u>	<u>\$ 2,079,514</u>	<u>\$ 2,465,009</u>

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

	Private Purpose Trust Scholarship	Other Grant Funds	District Managed Student Activity	Miscellaneous State Grants	College Ready Ohio
Assets:					
Equity in pooled cash, cash equivalents, and investments	\$ 55,074	\$ 40,813	\$ 355,338	\$ 15,187	\$ 3,876
Receivables:					
Intergovernmental	-	-	-	-	-
Prepayments.	-	-	98	-	-
Total assets.	<u>\$ 55,074</u>	<u>\$ 40,813</u>	<u>\$ 355,436</u>	<u>\$ 15,187</u>	<u>\$ 3,876</u>
Liabilities:					
Accounts payable.	\$ -	\$ -	\$ 6,412	\$ -	\$ -
Accrued wages and benefits payable	-	-	-	-	-
Intergovernmental payable	-	-	2,263	-	-
Pension and postemployment benefits payable.	-	-	-	-	-
Total liabilities.	<u>-</u>	<u>-</u>	<u>8,675</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:					
Intergovernmental revenue not available	-	-	-	-	-
Fund balances:					
Nonspendable:					
Prepays.	-	-	98	-	-
Restricted:					
Other purposes	55,074	40,813	-	15,187	3,876
Extracurricular.	-	-	346,663	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficit)	<u>55,074</u>	<u>40,813</u>	<u>346,761</u>	<u>15,187</u>	<u>3,876</u>
Total liabilities, deferred inflows and fund balances.	<u>\$ 55,074</u>	<u>\$ 40,813</u>	<u>\$ 355,436</u>	<u>\$ 15,187</u>	<u>\$ 3,876</u>

IDEA - Education of Handicapped Children	Title I - Disadvantaged Children/Targeted Assistance	Improving Teacher Quality	Total Nonmajor Special Revenue Funds
\$ 3,225	\$ -	\$ -	\$ 473,513
40,548	21,709	-	62,257
-	-	-	98
<u>\$ 43,773</u>	<u>\$ 21,709</u>	<u>\$ -</u>	<u>\$ 535,868</u>
\$ -	\$ -	\$ -	\$ 6,412
41,681	17,250	4,583	63,514
7,541	214	56	10,074
5,500	2,072	544	8,116
54,722	19,536	5,183	88,116
40,548	21,709	-	62,257
-	-	-	98
-	-	-	114,950
-	-	-	346,663
(51,497)	(19,536)	(5,183)	(76,216)
(51,497)	(19,536)	(5,183)	385,495
<u>\$ 43,773</u>	<u>\$ 21,709</u>	<u>\$ -</u>	<u>\$ 535,868</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Private Purpose Trust Scholarship	Other Grant Funds	District Managed Student Activity	Miscellaneous State Grants	Data Communication
Revenues:					
From local sources:					
Extracurricular	\$ -	\$ -	\$ 480,489	\$ -	\$ -
Contributions and donations	-	-	37,174	-	-
Intergovernmental - state	-	-	-	15,187	7,200
Intergovernmental - federal	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>517,663</u>	<u>15,187</u>	<u>7,200</u>
Expenditures:					
Current:					
Instruction:					
Regular	-	1,831	-	-	7,200
Special	-	-	-	-	-
Support services:					
Pupil	-	-	971	-	-
Instructional staff	-	-	-	-	-
Administration	-	-	-	-	-
Operation of non-instructional services:					
Other non-instructional services	3,873	-	-	-	-
Extracurricular activities	-	-	631,982	-	-
Total expenditures	<u>3,873</u>	<u>1,831</u>	<u>632,953</u>	<u>-</u>	<u>7,200</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,873)</u>	<u>(1,831)</u>	<u>(115,290)</u>	<u>15,187</u>	<u>-</u>
Other financing sources:					
Transfers in	-	-	106,000	-	-
Net change in fund balances	(3,873)	(1,831)	(9,290)	15,187	-
Fund balances (deficit) at beginning of year	<u>58,947</u>	<u>42,644</u>	<u>356,051</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) at end of year	<u>\$ 55,074</u>	<u>\$ 40,813</u>	<u>\$ 346,761</u>	<u>\$ 15,187</u>	<u>\$ -</u>

College Ready Ohio	IDEA - Education of Handicapped Children	Title III - Limited English Proficiency	Title I - Disadvantaged Children/Targeted Assistance	IDEA Preschool Grant for the Handicapped	Improving Teacher Quality	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 480,489
-	-	-	-	-	-	37,174
-	-	-	-	-	-	22,387
-	422,082	1,461	128,956	20,075	34,002	606,576
-	422,082	1,461	128,956	20,075	34,002	1,146,626
-	-	-	-	-	36,500	45,531
-	140,406	1,461	125,577	8,939	-	276,383
-	181,286	-	-	11,136	-	193,393
-	-	-	1,624	-	-	1,624
-	114,788	-	-	-	-	114,788
-	-	-	-	-	-	3,873
-	-	-	-	-	-	631,982
-	436,480	1,461	127,201	20,075	36,500	1,267,574
-	(14,398)	-	1,755	-	(2,498)	(120,948)
-	-	-	-	-	-	106,000
-	(14,398)	-	1,755	-	(2,498)	(14,948)
3,876	(37,099)	-	(21,291)	-	(2,685)	400,443
\$ 3,876	\$ (51,497)	\$ -	\$ (19,536)	\$ -	\$ (5,183)	\$ 385,495

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

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2019

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Special Project Construction</u>	<u>Total Nonmajor Capital Project Funds</u>
Assets:				
Equity in pooled cash, cash equivalents, and investments	\$ 902,320	\$ 1,545,626	\$ 17,290	\$ 2,465,236
Receivables:				
Accounts	1,250	-	-	1,250
Total assets	<u>\$ 903,570</u>	<u>\$ 1,545,626</u>	<u>\$ 17,290</u>	<u>\$ 2,466,486</u>
Liabilities:				
Accounts payable	213,773	-	1,500	215,273
Contracts payable	-	163,114	-	163,114
Retainage payable	-	8,585	-	8,585
Total liabilities	<u>213,773</u>	<u>171,699</u>	<u>1,500</u>	<u>386,972</u>
Fund balances:				
Restricted:				
Capital improvements	689,797	1,373,927	-	2,063,724
Committed:				
Capital improvements	-	-	15,790	15,790
Total fund balances	<u>689,797</u>	<u>1,373,927</u>	<u>15,790</u>	<u>2,079,514</u>
Total liabilities, deferred inflows and fund balances.	<u>\$ 903,570</u>	<u>\$ 1,545,626</u>	<u>\$ 17,290</u>	<u>\$ 2,466,486</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Permanent Improvement	Building	Special Project Construction	Total Nonmajor Capital Project Funds
Revenues:				
From local sources:				
Payment in lieu of taxes	\$ 996,926	\$ -	\$ -	\$ 996,926
Earnings on investments	-	25,810	-	25,810
Other local revenues	15,000	-	21,300	36,300
Total revenues	<u>1,011,926</u>	<u>25,810</u>	<u>21,300</u>	<u>1,059,036</u>
Expenditures:				
Current:				
Instruction:				
Regular	171,028	-	-	171,028
Support services:				
Operations and maintenance	29,345	9,130	-	38,475
Operation of non-instructional services	-	20,900	-	20,900
Facilities acquisition and construction	360,206	902,756	73,890	1,336,852
Total expenditures	<u>560,579</u>	<u>932,786</u>	<u>73,890</u>	<u>1,567,255</u>
Excess (deficiency) of revenues over (under) expenditures	<u>451,347</u>	<u>(906,976)</u>	<u>(52,590)</u>	<u>(508,219)</u>
Other financing sources:				
Transfers in	20,000	-	-	20,000
Total other financing sources	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Net change in fund balances	471,347	(906,976)	(52,590)	(488,219)
Fund balances at beginning of year	<u>218,450</u>	<u>2,280,903</u>	<u>68,380</u>	<u>2,567,733</u>
Fund balances at end of year	<u>\$ 689,797</u>	<u>\$ 1,373,927</u>	<u>\$ 15,790</u>	<u>\$ 2,079,514</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget</u>
	<u>Final</u>	<u>Actual</u>	
<u>Private Purpose Trust Scholarship Fund</u>			
Total Expenditures and Other Financing Uses	\$ 32,467	\$ 3,873	\$ 28,594
Net Change in Fund Balance	(32,467)	(3,873)	28,594
Fund Balance, July 1	51,447	51,447	-
Prior Year Encumbrances Appropriated	7,500	7,500	-
Fund Balance, June 30	<u>\$ 26,480</u>	<u>\$ 55,074</u>	<u>\$ 28,594</u>
<u>Other Grants Fund</u>			
Total Revenues and Other Financing Sources	\$ 10,600	\$ -	\$ (10,600)
Total Expenditures and Other Financing Uses	42,644	2,237	40,407
Net Change in Fund Balance	(32,044)	(2,237)	29,807
Fund Balance, July 1	42,644	42,644	-
Fund Balance, June 30	<u>\$ 10,600</u>	<u>\$ 40,407</u>	<u>\$ 29,807</u>
<u>District Managed Student Activity Fund</u>			
Total Revenues and Other Financing Sources	\$ 689,180	\$ 623,663	\$ (65,517)
Total Expenditures and Other Financing Uses	1,016,367	686,281	330,086
Net Change in Fund Balance	(327,187)	(62,618)	264,569
Fund Balance, July 1	318,333	318,333	-
Prior Year Encumbrances Appropriated	46,403	46,403	-
Fund Balance, June 30	<u>\$ 37,549</u>	<u>\$ 302,118</u>	<u>\$ 264,569</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget</u>
	<u>Final</u>	<u>Actual</u>	
<u>Miscellaneous State Grants</u>			
Total Revenues and Other Financing Sources	\$ 15,187	\$ 15,187	\$ -
Total Expenditures and Other Financing Uses	\$ 15,187	\$ -	\$ 15,187
Net Change in Fund Balance	-	15,187	15,187
Fund Balance, July 1	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 15,187</u>	<u>\$ 15,187</u>
<u>Data Communication Fund</u>			
Total Revenues and Other Financing Sources	\$ 7,200	\$ 7,200	\$ -
Total Expenditures and Other Financing Uses	7,200	7,200	-
Net Change in Fund Balance	-	-	-
Fund Balance, July 1	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>College Ready Ohio Fund</u>			
Fund Balance, July 1	\$ 3,876	\$ 3,876	\$ -
Fund Balance, June 30	<u>\$ 3,876</u>	<u>\$ 3,876</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget</u>
	<u>Final</u>	<u>Actual</u>	
<u>IDEA – Education of Handicapped Children Fund</u>			
Total Revenues and Other Financing Sources	\$ 462,629	\$ 422,082	\$ (40,547)
Total Expenditures and Other Financing Uses	462,978	419,206	43,772
Net Change in Fund Balance	(349)	2,876	3,225
Fund Balance, July 1	349	349	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 3,225</u>	<u>\$ 3,225</u>
<u>Title III – Limited English Proficiency Fund</u>			
Total Revenues and Other Sources	\$ 1,461	\$ 1,461	\$ -
Total Expenditures and Other Uses	1,461	1,461	-
Net Change in Fund Balances	-	-	-
Fund Balance, July 1	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Title I – Disadvantage Children/Targeted Assistance Fund</u>			
Total Revenues and Other Financing Sources	\$ 158,583	\$ 128,956	\$ (29,627)
Total Expenditures and Other Financing Uses	161,983	132,356	29,627
Net Change in Fund Balance	(3,400)	(3,400)	-
Fund Balance, July 1	3,400	3,400	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget</u>
	<u>Final</u>	<u>Actual</u>	
<u>IDEA Preschool Grant for the Handicapped Fund</u>			
Total Revenues and Other Financing Sources	\$ 20,075	\$ 20,075	\$ -
Total Expenditures and Other Financing Uses	<u>20,075</u>	<u>20,075</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<u>Improving Teacher Quality Fund</u>			
Total Revenues and Other Financing Sources	\$ 43,372	\$ 34,002	\$ (9,370)
Total Expenditures and Other Financing Uses	<u>43,372</u>	<u>34,002</u>	<u>9,370</u>
Net Change in Fund Balance	-	-	-
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<u>Miscellaneous Federal Grants Fund</u>			
Total Revenues and Other Financing Sources	\$ 12,971	\$ -	\$ (12,971)
Total Expenditures and Other Financing Uses	<u>12,971</u>	<u>-</u>	<u>12,971</u>
Net Change in Fund Balance	-	-	-
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget</u>
	<u>Final</u>	<u>Actual</u>	
<u>Public School Support Fund</u>			
Total Revenues and Other Financing Sources	\$ 159,535	\$ 198,340	\$ 38,805
Total Expenditures and Other Financing Uses	<u>185,337</u>	<u>177,380</u>	<u>7,957</u>
Net Change in Fund Balance	(25,802)	20,960	46,762
Fund Balance, July 1	128,558	128,558	-
Prior Year Encumbrances Appropriated	<u>28,251</u>	<u>28,251</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 131,007</u>	<u>\$ 177,769</u>	<u>\$ 46,762</u>
<u>Permanent Improvement Fund</u>			
Total Revenues and Other Financing Sources	\$ 893,728	\$ 1,031,926	\$ 138,198
Total Expenditures and Other Financing Uses	<u>558,000</u>	<u>549,934</u>	<u>8,066</u>
Net Change in Fund Balance	335,728	481,992	146,264
Fund Balance, July 1	<u>217,200</u>	<u>217,200</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 552,928</u>	<u>\$ 699,192</u>	<u>\$ 146,264</u>
<u>Building Fund</u>			
Total Revenues and Other Financing Sources	\$ 60,300	\$ 75,810	\$ 15,510
Total Expenditures and Other Financing Uses	<u>2,487,757</u>	<u>1,480,143</u>	<u>1,007,614</u>
Net Change in Fund Balance	(2,427,457)	(1,404,333)	1,023,124
Fund Balance, July 1	1,887,113	1,887,113	-
Prior Year Encumbrances Appropriated	<u>662,778</u>	<u>662,778</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 122,434</u>	<u>\$ 1,145,558</u>	<u>\$ 1,023,124</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget</u>
	<u>Final</u>	<u>Actual</u>	
<u>Special Project Construction Fund</u>			
Total Revenues and Other Financing Sources	\$ 20,000	\$ 21,300	\$ 1,300
Total Expenditures and Other Financing Uses	<u>78,380</u>	<u>77,672</u>	<u>708</u>
Net Change in Fund Balance	(58,380)	(56,372)	2,008
Fund Balance, July 1	11,938	11,938	-
Prior Year Encumbrances Appropriated	<u>56,442</u>	<u>56,442</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 10,000</u>	<u>\$ 12,008</u>	<u>\$ 2,008</u>

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

FUND DESCRIPTIONS - NONMAJOR ENTERPRISE FUNDS

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

Food Service Fund

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

Uniform School Supplies Fund

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 Fund

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

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

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2019

	Food Service	Uniform School Supplies	Adult Education	Total Nonmajor Enterprise Funds
Assets:				
Current:				
Equity in pooled cash, cash equivalents, and investments	\$ 69,659	\$ 202,428	\$ 18,541	\$ 290,628
Receivables:				
Accounts	-	-	13,469	13,469
Prepayments	1,054	-	486	1,540
Materials and supplies inventory	10,189	-	-	10,189
Inventory held for resale	-	4,623	-	4,623
Total current assets	<u>80,902</u>	<u>207,051</u>	<u>32,496</u>	<u>320,449</u>
Noncurrent assets:				
Net OPEB asset (Note 14)	-	-	962	962
Depreciable capital assets, net	72,557	-	-	72,557
Total noncurrent assets	<u>72,557</u>	<u>-</u>	<u>962</u>	<u>73,519</u>
Total assets	<u>153,459</u>	<u>207,051</u>	<u>33,458</u>	<u>393,968</u>
Deferred outflows of resources:				
Pension (Note 13)	131,546	-	70,709	202,255
OPEB (Note 14)	12,053	-	5,384	17,437
Total deferred outflows of resources	<u>143,599</u>	<u>-</u>	<u>76,093</u>	<u>219,692</u>
Liabilities:				
Current:				
Accounts payable	-	142,241	-	142,241
Accrued wages and benefits payable	75,880	-	11,453	87,333
Intergovernmental payable	948	-	111	1,059
Compensated absences	3,233	-	-	3,233
Pension and postemployment benefits payable	17,904	-	4,845	22,749
Total current liabilities	<u>97,965</u>	<u>142,241</u>	<u>16,409</u>	<u>256,615</u>
Long-term liabilities:				
Net pension liability (Note 13)	548,219	-	252,962	801,181
Net OPEB liability (Note 14)	270,865	-	118,480	389,345
Compensated absences payable	54,617	-	-	54,617
Total long-term liabilities	<u>873,701</u>	<u>-</u>	<u>371,442</u>	<u>1,245,143</u>
Total liabilities	<u>971,666</u>	<u>142,241</u>	<u>387,851</u>	<u>1,501,758</u>
Deferred inflows of resources:				
Pension (Note 13)	29,843	-	24,512	54,355
OPEB (Note 14)	33,431	-	19,891	53,322
Total deferred inflows of resources	<u>63,274</u>	<u>-</u>	<u>44,403</u>	<u>107,677</u>
Net position:				
Investment in capital assets	72,557	-	-	72,557
Unrestricted (deficit)	(810,439)	64,810	(322,703)	(1,068,332)
Total net position	<u>\$ (737,882)</u>	<u>\$ 64,810</u>	<u>\$ (322,703)</u>	<u>\$ (995,775)</u>

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

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Food Service	Uniform School Supplies	Adult Education	Total Nonmajor Enterprise Funds
Operating revenues:				
Tuition and fees.	\$ -	\$ 214,873	\$ -	\$ 214,873
Charges for services.	772,340	-	460	772,800
Other.	5,074	-	193,508	198,582
Total operating revenues	<u>777,414</u>	<u>214,873</u>	<u>193,968</u>	<u>1,186,255</u>
Operating expenses:				
Personal services.	526,031	-	215,301	741,332
Purchased services.	53,299	-	460	53,759
Materials and supplies	373,406	323,252	-	696,658
Other.	1,208	-	-	1,208
Depreciation	19,824	-	-	19,824
Total operating expenses.	<u>973,768</u>	<u>323,252</u>	<u>215,761</u>	<u>1,512,781</u>
Operating (loss)	<u>(196,354)</u>	<u>(108,379)</u>	<u>(21,793)</u>	<u>(326,526)</u>
Nonoperating revenues:				
Grants and subsidies.	134,485	-	-	134,485
Federal donated commodities	58,669	-	-	58,669
Total nonoperating revenues.	<u>193,154</u>	<u>-</u>	<u>-</u>	<u>193,154</u>
Change in net position	(3,200)	(108,379)	(21,793)	(133,372)
Net position (deficit) at				
beginning of year.	<u>(734,682)</u>	<u>173,189</u>	<u>(300,910)</u>	<u>(862,403)</u>
Net position (deficit) at end of year . . .	<u>\$ (737,882)</u>	<u>\$ 64,810</u>	<u>\$ (322,703)</u>	<u>\$ (995,775)</u>

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

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Food Service	Uniform School Supplies	Adult Education	Total Nonmajor Enterprise Funds
Cash flows from operating activities:				
Cash received from tuition and fees	\$ -	\$ 214,873	\$ -	\$ 214,873
Cash received from charges for services.	773,915	-	460	774,375
Cash received from other operations	5,074	-	192,637	197,711
Cash payments for personal services.	(475,568)	-	(191,880)	(667,448)
Cash payments for contractual services	(53,299)	-	(460)	(53,759)
Cash payments for materials and supplies	(316,521)	(179,028)	-	(495,549)
Cash payments for other expenses	(1,208)	-	-	(1,208)
Net cash provided by (used in) operating activities . .	<u>(67,607)</u>	<u>35,845</u>	<u>757</u>	<u>(31,005)</u>
Cash flows from noncapital financing activities:				
Cash received from grants and subsidies.	134,485	-	-	134,485
Cash received from interfund loans	150,000	-	-	150,000
Cash used in repayment of interfund loans.	(150,000)	-	-	(150,000)
Net cash provided by noncapital financing activities . .	<u>134,485</u>	<u>-</u>	<u>-</u>	<u>134,485</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(20,900)	-	-	(20,900)
Net cash (used in) capital and related financing activities.	<u>(20,900)</u>	<u>-</u>	<u>-</u>	<u>(20,900)</u>
Net increase in cash and cash equivalents	45,978	35,845	757	82,580
Cash and cash equivalents at beginning of year . . .	23,681	166,583	17,784	208,048
Cash and cash equivalents at end of year	<u>\$ 69,659</u>	<u>\$ 202,428</u>	<u>\$ 18,541</u>	<u>\$ 290,628</u>
Reconciliation of operating (loss) to net cash provided by (used in) operating activities:				
Operating (loss)	\$ (196,354)	\$ (108,379)	\$ (21,793)	\$ (326,526)
Adjustments:				
Depreciation.	19,824	-	-	19,824
Federal donated commodities	58,669	-	-	58,669
Changes in assets, liabilities, deferred inflows of resources, and deferred outflows of resources:				
Decrease in inventory held for resale	-	10,299	-	10,299
(Increase) decrease in accounts receivable.	1,575	-	(871)	704
(Increase) in intergovernmental receivable.	(1,784)	-	-	(1,784)
(Increase) in prepayments	(1,054)	-	(486)	(1,540)
Increase in accounts payable	-	133,925	-	133,925
Increase in accrued wages and benefits	2,834	-	3,273	6,107
Increase in intergovernmental payable.	134	-	43	177
Increase in compensated absences payable.	3,145	-	-	3,145
Increase in pension obligation payable.	5,905	-	2,265	8,170
(Decrease) in net pension liability	(27,135)	-	(21,705)	(48,840)
Increase (decrease) in net OPEB liability	8,868	-	(1,432)	7,436
(Increase) in net OPEB asset	-	-	(962)	(962)
Decrease in deferred outflows - pensions	62,013	-	37,220	99,233
(Increase) in deferred outflows - OPEB	(5,332)	-	(2,215)	(7,547)
Increase in deferred inflows - pensions	3,453	-	5,004	8,457
Increase (decrease) in deferred inflows - OPEB	(2,368)	-	2,416	48
Net cash provided by (used in) operating activities . .	<u>\$ (67,607)</u>	<u>\$ 35,845</u>	<u>\$ 757</u>	<u>\$ (31,005)</u>

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

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget</u>
	<u>Final</u>	<u>Actual</u>	
<u>Food Services Fund</u>			
Total Revenues and Other Sources	\$ 1,075,000	\$ 1,063,474	\$ (11,526)
Total Expenditures and Other Uses	<u>1,031,897</u>	<u>1,028,139</u>	<u>3,758</u>
Net Change in Fund Equity	43,103	35,335	(7,768)
Fund Equity, July 1	17,947	17,947	-
Prior Year Encumbrances Appropriated	<u>5,734</u>	<u>5,734</u>	<u>-</u>
Fund Equity, June 30	<u>\$ 66,784</u>	<u>\$ 59,016</u>	<u>\$ (7,768)</u>
<u>Uniform School Supplies Fund</u>			
Total Revenues and Other Sources	\$ 202,960	\$ 214,873	\$ 11,913
Total Expenditures and Other Uses	<u>323,094</u>	<u>322,754</u>	<u>340</u>
Net Change in Fund Equity	(120,134)	(107,881)	12,253
Fund Equity, July 1	139,956	139,956	-
Prior Year Encumbrances Appropriated	<u>26,627</u>	<u>26,627</u>	<u>-</u>
Fund Equity, June 30	<u>\$ 46,449</u>	<u>\$ 58,702</u>	<u>\$ 12,253</u>
<u>Adult Education Fund</u>			
Total Revenues and Other Sources	\$ 174,877	\$ 193,097	\$ 18,220
Total Expenditures and Other Uses	<u>192,661</u>	<u>192,346</u>	<u>315</u>
Net Change in Fund Equity	(17,784)	751	18,535
Fund Equity, July 1	17,778	17,778	-
Prior Year Encumbrances Appropriated	<u>6</u>	<u>6</u>	<u>-</u>
Fund Equity, June 30	<u>\$ -</u>	<u>\$ 18,535</u>	<u>\$ 18,535</u>

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

FUND DESCRIPTION - NONMAJOR INTERNAL SERVICE FUND

Internal Service Funds account for the financing of goods or services provided by one department or agency of the School District to other departments or agencies on a cost-reimbursement basis. Charges are intended to recoup the total cost of such services.

Employee Benefits Self-Insurance Fund

This fund accounts for the operations of the School District's self-insurance program for medical/ surgical and dental benefits. Since the School District maintains only one internal service fund, no combining statements are presented.

KENSTON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		Variance with Final Budget- Over (Under)
	<u>Final</u>	<u>Actual</u>	
<u>Employee Benefits Self-Insurance Fund</u>			
Total Revenues and Other Financing Sources	\$ 6,065,000	\$ 6,247,301	\$ 182,301
Total Expenses and Other Financing Uses	<u>6,403,730</u>	<u>6,365,117</u>	<u>38,613</u>
Net Change in Fund Equity	(338,730)	(117,816)	220,914
Fund Equity, July 1	3,340,010	3,340,010	-
Prior Year Encumbrances Appropriated	<u>3,730</u>	<u>3,730</u>	<u>-</u>
Fund Equity, June 30	<u>\$ 3,005,010</u>	<u>\$ 3,225,924</u>	<u>\$ 220,914</u>

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

FUND DESCRIPTIONS - 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

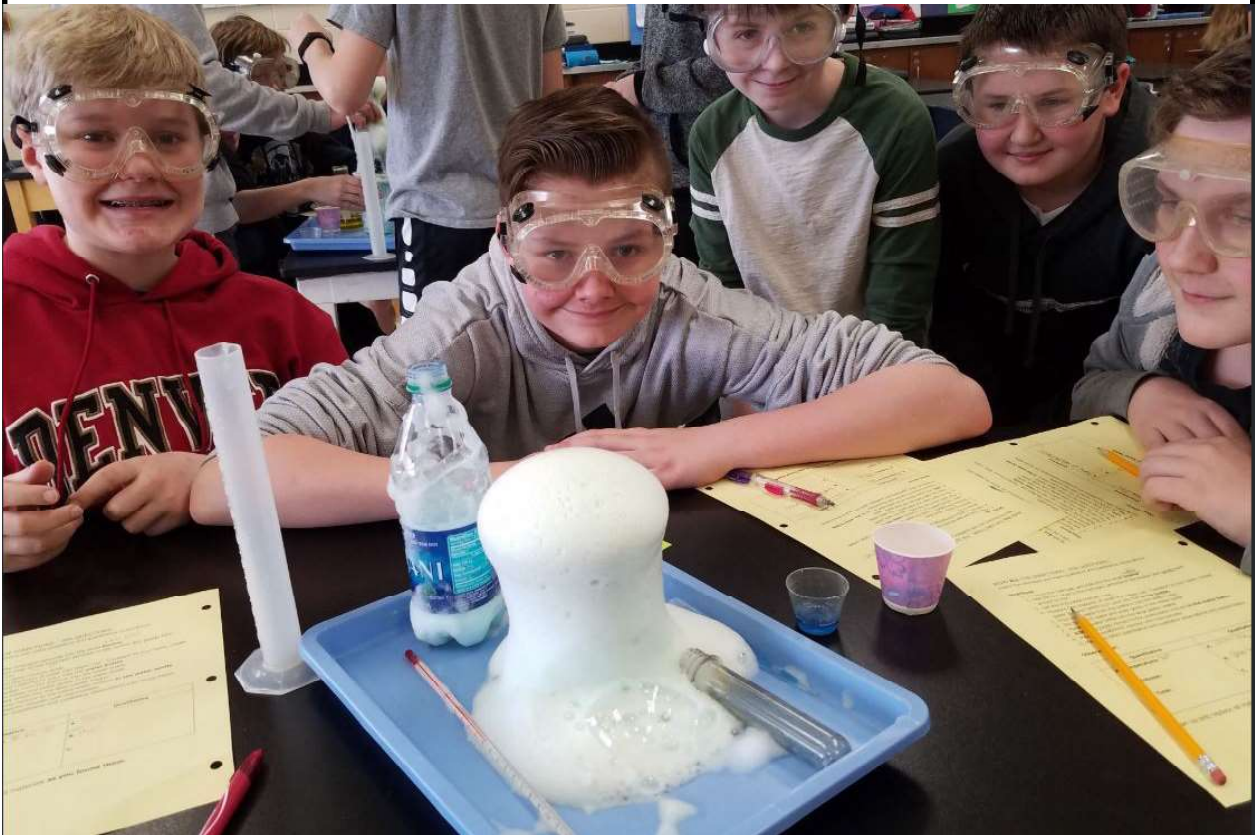
This fund accounts for stale-dated payroll checks held for five years for employees.

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

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Beginning Balance July 1, 2018	Additions	Deductions	Ending Balance June 30, 2019
<u>Student Activities Fund</u>				
Assets:				
Equity in pooled cash, cash equivalents and investments	\$ 53,403	\$ 56,774	\$ 59,120	\$ 51,057
Receivables Accounts	15	-	15	-
Total assets	<u>\$ 53,418</u>	<u>\$ 56,774</u>	<u>\$ 59,135</u>	<u>\$ 51,057</u>
Liabilities:				
Due to students	\$ 53,418	\$ 56,774	\$ 59,135	\$ 51,057
Total liabilities	<u>\$ 53,418</u>	<u>\$ 56,774</u>	<u>\$ 59,135</u>	<u>\$ 51,057</u>
 <u>Unclaimed Funds</u>				
Assets:				
Equity in pooled cash, cash equivalents and investments	\$ 46,467	\$ 23,707	\$ 20,475	\$ 49,699
Total assets	<u>\$ 46,467</u>	<u>\$ 23,707</u>	<u>\$ 20,475</u>	<u>\$ 49,699</u>
Liabilities:				
Deposits held and due to others	\$ 46,467	\$ 23,707	\$ 20,475	\$ 49,699
Total liabilities	<u>\$ 46,467</u>	<u>\$ 23,707</u>	<u>\$ 20,475</u>	<u>\$ 49,699</u>
 <u>Total Agency Funds</u>				
Assets:				
Equity in pooled cash, cash equivalents and investments	\$ 99,870	\$ 80,481	\$ 79,595	\$ 100,756
Receivables Accounts	15	-	15	-
Total assets	<u>\$ 99,885</u>	<u>\$ 80,481</u>	<u>\$ 79,610</u>	<u>\$ 100,756</u>
Liabilities:				
Due to students	\$ 53,418	\$ 56,774	\$ 59,135	\$ 51,057
Deposits held and due to others	46,467	23,707	20,475	49,699
Total liabilities	<u>\$ 99,885</u>	<u>\$ 80,481</u>	<u>\$ 79,610</u>	<u>\$ 100,756</u>

STATISTICAL SECTION



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

STATISTICAL SECTION

This part of the Kenston City 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 District's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	140-151
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	152-158
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	159-164
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	165-166
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	168-183

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

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2019</u>	<u>2018</u>	<u>2017 (3)</u>	<u>2016</u>
Governmental activities				
Net investment in capital assets	\$ 10,807,408	\$ 8,575,170	\$ 4,991,103	\$ 8,972,501
Restricted for:				
Capital projects	2,235,423	2,305,629	3,981,244	201,741
Debt service	2,084,898	2,061,407	3,273,997	3,330,058
Locally funded programs	40,813	42,644	-	-
State funded programs	19,063	3,876	3,892	3,876
Federally funded programs	-	-	1,596	-
Student activities	346,761	356,051	280,946	290,192
Special revenues	-	-	-	-
Other purposes	55,074	58,947	58,947	78,700
Unrestricted (deficit)	(26,158,918)	(29,985,431)	(37,230,309)	(39,777,235)
Total governmental activities net position	<u>\$ (10,569,478)</u>	<u>\$ (16,581,707)</u>	<u>\$ (24,638,584)</u>	<u>\$ (26,900,167)</u>
Business-type activities				
Net investment in capital assets	\$ 72,557	\$ 71,481	\$ 92,128	\$ 112,772
Unrestricted (deficit)	(1,068,332)	(933,884)	(570,456)	(729,093)
Total business-type activities net position	<u>\$ (995,775)</u>	<u>\$ (862,403)</u>	<u>\$ (478,328)</u>	<u>\$ (616,321)</u>
Primary government				
Net investment in capital assets	\$ 10,879,965	\$ 8,646,651	\$ 5,083,231	\$ 9,085,273
Restricted	4,782,032	4,828,554	7,600,622	3,904,567
Unrestricted (deficit)	(27,227,250)	(30,919,315)	(37,800,765)	(40,506,328)
Total primary government net assets	<u>\$ (11,565,253)</u>	<u>\$ (17,444,110)</u>	<u>\$ (25,116,912)</u>	<u>\$ (27,516,488)</u>

- (1) New terminology in accordance with GASB Statement No. 63 which was implemented in 2013.
Amounts for 2012 and 2011 have been restated to reflect the implementation of GASB Statement No. 65.
- (2) The School District implemented GASB Statement No. 68 and 71 in 2015.
Amounts for 2014 have been restated to reflect the implementation of these statements.
- (3) The School District implemented GASB Statement No. 75 in 2018.
Amounts for 2017 have been restated to reflect the implementation of this statement.

Source: School District financial records.

2015	2014 (2)	2013	2012 (1)	2011 (1)	2010
\$ 14,505,172	\$ 13,374,772	\$ 12,447,702	\$ 10,730,358	\$ 10,433,900	\$ 9,932,221
265,409	271,535	278,760	13,255	222,013	302,009
4,247,132	4,254,129	4,102,707	4,704,206	4,408,397	4,603,138
-	-	-	-	-	-
70,437	19,284	5,793	172	12,390	-
-	-	138,903	402,272	31,010	-
306,497	369,271	333,151	324,294	257,623	-
-	-	-	-	-	567,528
83,006	3,137	168	168	50,168	-
(38,255,325)	(41,774,501)	10,276,624	12,025,567	10,546,096	9,095,228
<u>\$ (18,777,672)</u>	<u>\$ (23,482,373)</u>	<u>\$ 27,583,808</u>	<u>\$ 28,200,292</u>	<u>\$ 25,961,597</u>	<u>\$ 24,500,124</u>
\$ 282,553	\$ 303,635	\$ 332,514	\$ 361,594	\$ 390,757	\$ 419,840
(1,251,595)	(1,203,402)	119,828	21,041	112,236	98,998
<u>\$ (969,042)</u>	<u>\$ (899,767)</u>	<u>\$ 452,342</u>	<u>\$ 382,635</u>	<u>\$ 502,993</u>	<u>\$ 518,838</u>
\$ 14,787,725	\$ 13,678,407	\$ 12,780,216	\$ 11,512,795	\$ 10,824,657	\$ 10,352,061
4,972,481	4,917,356	4,859,482	5,444,367	4,981,601	5,472,675
(39,506,920)	(42,977,903)	10,396,452	12,046,608	10,658,332	9,194,226
<u>\$ (19,746,714)</u>	<u>\$ (24,382,140)</u>	<u>\$ 28,036,150</u>	<u>\$ 29,003,770</u>	<u>\$ 26,464,590</u>	<u>\$ 25,018,962</u>

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

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016 (1)</u>
Expenses				
Governmental activities:				
Instruction:				
Regular	\$ 14,894,657	\$ 7,646,607	\$ 17,356,884	\$ 15,341,661
Special	5,806,578	4,019,505	5,851,894	4,661,158
Vocational	98,594	45,979	223,147	193,915
Other instructional	624,842	577,881	655,874	658,436
Support services:				
Pupil	1,999,792	1,333,836	2,533,325	2,494,672
Instructional staff	1,731,750	955,406	2,428,467	2,281,487
Board of education	87,779	88,576	55,549	141,100
Administration	2,682,742	1,448,156	3,059,109	2,936,438
Fiscal	1,323,644	899,146	1,281,656	1,095,551
Business	356,419	127,219	81,300	42,944
Operations and maintenance	3,699,099	2,744,063	5,149,226	3,752,274
Pupil transportation	2,747,931	1,785,167	3,128,753	2,625,309
Central	157,232	10,772	8,817	36,683
Operation of non-instructional services	97,561	140,776	255,902	220,175
Extracurricular activities	1,479,414	1,000,393	1,739,537	1,615,127
Interest and fiscal charges	1,249,029	1,589,061	1,666,600	1,172,312
Total governmental activities expenses	<u>39,037,063</u>	<u>24,412,543</u>	<u>45,476,040</u>	<u>39,269,242</u>
Business-type activities:				
Food services	973,768	981,862	1,114,395	956,171
Uniform school supplies	323,252	142,422	167,446	138,940
Kindergarten fees	-	-	-	-
Adult education	215,761	178,491	220,527	169,220
Total business-type activities	<u>1,512,781</u>	<u>1,302,775</u>	<u>1,502,368</u>	<u>1,264,331</u>
Total primary government expenses	<u>40,549,844</u>	<u>25,715,318</u>	<u>46,978,408</u>	<u>40,533,573</u>

	2015	2014	2013	2012	2011	2010
\$	15,512,319	\$ 16,391,724	\$ 16,375,043	\$ 16,625,219	\$ 16,493,789	\$ 15,953,102
	4,608,502	4,122,352	4,217,000	3,907,785	4,204,140	4,174,608
	268,312	193,593	137,649	149,673	161,233	146,682
	603,260	541,401	563,386	527,141	575,753	510,965
	2,232,423	2,344,469	2,433,085	2,383,930	2,539,465	2,491,893
	1,952,922	1,679,853	1,204,051	1,334,882	1,272,173	1,104,241
	57,682	49,258	45,287	77,522	42,834	55,185
	2,819,604	2,822,807	2,834,396	2,752,700	2,725,919	2,794,093
	1,085,992	1,137,710	1,086,914	1,071,883	1,032,472	990,759
	45,081	42,719	20,513	68,479	38,411	49,653
	3,656,927	3,727,751	3,983,705	3,951,623	3,938,563	3,642,583
	2,602,077	2,557,405	2,699,879	2,635,235	2,649,205	2,537,276
	39,064	30,087	500,334	35,565	32,085	35,527
	218,255	112,184	184,551	153,554	143,730	148,235
	1,706,149	1,538,986	1,460,454	1,551,945	1,526,057	1,459,442
	1,187,671	1,289,316	1,434,993	1,616,742	2,059,380	2,112,420
	<u>38,596,240</u>	<u>38,581,615</u>	<u>39,181,240</u>	<u>38,843,878</u>	<u>39,435,209</u>	<u>38,206,664</u>
	962,766	1,035,956	1,076,166	1,183,761	1,154,868	1,126,629
	147,308	152,008	142,267	166,103	145,880	156,670
	311,506	345,302	263,334	346,097	317,659	308,319
	155,516	164,438	146,349	136,352	113,858	94,785
	<u>1,577,096</u>	<u>1,697,704</u>	<u>1,628,116</u>	<u>1,832,313</u>	<u>1,732,265</u>	<u>1,686,403</u>
	<u>40,173,336</u>	<u>40,279,319</u>	<u>40,809,356</u>	<u>40,676,191</u>	<u>41,167,474</u>	<u>39,893,067</u>

(Continued)

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

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS - (Continued)
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016 (1)</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Instruction:				
Regular	\$ 626,694	\$ 726,413	\$ 638,968	\$ 235,773
Special	454,074	447,425	268,922	-
Support services:				
Pupil	115,987	171,923	-	-
Instructional staff	1,244	6,764	-	-
Operations and maintenance	60	1,104	-	-
Extracurricular activities	479,752	571,191	535,075	713,033
Operating grants and contributions:				
Instruction:				
Regular	55,456	89,698	50,447	49,462
Special	494,362	496,425	353,591	243,276
Vocational	819	819	-	-
Support services:				
Pupil	284,170	222,034	200,299	172,323
Instructional staff	2,563	24,324	59,629	410,703
Administration	121,531	126,731	144,405	202,484
Operations and maintenance	44,147	106,575	-	-
Pupil transportation	153,047	96,056	-	-
Operation of non-instructional services	20,329	14,287	558	1,371
Extracurricular activities	37,117	64,586	-	83,484
Capital grants and contributions:				
Support services:				
Operations and maintenance	-	-	-	-
Extracurricular activities	-	42,200	-	-
Interest and fiscal charges	-	-	-	-
Total governmental program revenues	<u>2,891,352</u>	<u>3,208,555</u>	<u>2,251,894</u>	<u>2,111,909</u>
Business-type activities:				
Charges for services:				
Food service	772,340	704,181	772,352	752,908
Uniform school supplies	214,873	197,975	200,661	152,559
Kindergarten fees	-	-	-	-
Adult Education	460	250	304	300
Operating grants and contributions:				
Food service	193,154	160,124	133,735	110,074
Total business-type activities program revenues	<u>1,180,827</u>	<u>1,062,530</u>	<u>1,107,052</u>	<u>1,015,841</u>
Total primary government program revenue	<u>4,072,179</u>	<u>4,271,085</u>	<u>3,358,946</u>	<u>3,127,750</u>
Net (Expense)/Revenue				
Governmental activities	(36,145,711)	(21,203,988)	(43,224,146)	(37,157,333)
Business-type activities	(331,954)	(240,245)	(395,316)	(248,490)
Total primary government net expense	<u>(36,477,665)</u>	<u>(21,444,233)</u>	<u>(43,619,462)</u>	<u>(37,405,823)</u>

	2015	2014	2013	2012	2011	2010
\$	247,222	\$ 233,357	\$ 21,610	\$ 117,888	\$ 109,572	\$ 60,694
	-	-	4,671	53,440	52,137	93,119
	-	-	-	-	-	-
	-	-	-	-	3,599	1,133
	-	-	-	-	-	-
	645,615	786,496	637,685	731,086	702,608	725,804
	139,562	99,108	90,874	826,501	440,120	361,534
	-	592,939	424,357	388,997	499,874	1,046,486
	147,412	-	-	-	-	-
	177,880	146,474	208,842	218,554	189,700	227,131
	279,235	29,665	92,187	82,745	90,158	15,129
	210,248	171,141	209,074	221,799	220,500	185,549
	10,000	10,000	-	-	-	4,898
	-	-	322	-	14,738	22,810
	-	-	-	-	15,407	20,652
	46,266	113,603	112,739	106,955	52,181	71,629
	-	4,311	635,568	467,050	336,475	175,500
	-	-	-	-	34,300	111,287
	-	-	15,834	15,000	15,000	-
	<u>1,903,440</u>	<u>2,187,094</u>	<u>2,453,763</u>	<u>3,230,015</u>	<u>2,776,369</u>	<u>3,123,355</u>
	715,705	746,508	839,596	923,226	883,407	895,390
	153,608	163,599	145,649	150,073	162,912	163,130
	308,991	217,276	365,032	294,677	307,374	255,289
	254	340	-	-	-	-
	<u>168,196</u>	<u>195,674</u>	<u>200,338</u>	<u>213,367</u>	<u>237,038</u>	<u>190,910</u>
	<u>1,346,754</u>	<u>1,323,397</u>	<u>1,550,615</u>	<u>1,581,343</u>	<u>1,590,731</u>	<u>1,504,719</u>
	<u>3,250,194</u>	<u>3,510,491</u>	<u>4,004,378</u>	<u>4,811,358</u>	<u>4,367,100</u>	<u>4,628,074</u>
	(36,692,800)	(36,394,521)	(36,727,477)	(35,613,863)	(36,658,840)	(35,083,309)
	(230,342)	(374,307)	(77,501)	(250,970)	(141,534)	(181,684)
	<u>(36,923,142)</u>	<u>(36,768,828)</u>	<u>(36,804,978)</u>	<u>(35,864,833)</u>	<u>(36,800,374)</u>	<u>(35,264,993)</u>

(Continued)

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

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS - (Continued)
(ACCRUAL BASIS OF ACCOUNTING)

General Revenues and Other Changes in Net Position	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016 (1)</u>
Governmental activities:				
Property taxes levied for:				
General purposes	\$ 29,305,685	\$ 29,580,085	\$ 30,882,765	\$ 24,227,596
Debt service	3,373,600	3,244,684	3,510,202	2,692,461
Payments in lieu of taxes	996,926	-	-	-
Grants and entitlements not restricted to specific programs	7,814,950	8,321,337	10,940,199	9,493,456
Investment earnings	463,391	93,508	32,896	101,034
Miscellaneous	203,388	40,877	471,313	263,344
Transfers	-	(98,446)	(351,646)	-
Total governmental activities	<u>42,157,940</u>	<u>41,182,045</u>	<u>45,485,729</u>	<u>36,777,891</u>
Business-type activities:				
Investment earnings	-	-	-	-
Miscellaneous	198,582	182,465	181,663	174,030
Transfers	-	98,446	351,646	-
Total business-type activities	<u>198,582</u>	<u>280,911</u>	<u>533,309</u>	<u>174,030</u>
Total primary government	<u>42,356,522</u>	<u>41,462,956</u>	<u>46,019,038</u>	<u>36,951,921</u>
Change in Net Position				
Governmental activities	6,012,229	19,978,057	2,261,583	(379,442)
Business-type activities	<u>(133,372)</u>	<u>40,666</u>	<u>137,993</u>	<u>(74,460)</u>
Total primary government	<u>5,878,857</u>	<u>20,018,723</u>	<u>2,399,576</u>	<u>(453,902)</u>

Source: School District financial records.

(1) Amounts have been restated to combine Kindergarten fees business type into governmental activity general fund.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 27,715,003	\$ 24,663,106	\$ 23,927,071	\$ 25,194,039	\$ 24,215,991	\$ 22,563,573
3,364,843	3,060,189	2,944,792	3,170,271	2,973,053	2,968,176
-	-	-	-	-	-
10,199,220	9,507,776	9,184,941	9,733,171	10,817,773	10,449,515
45,506	27,123	16,605	40,881	61,275	65,671
72,929	94,022	43,622	135,039	52,221	173,096
-	-	(6,038)	-	-	-
<u>41,397,501</u>	<u>37,352,216</u>	<u>36,110,993</u>	<u>38,273,401</u>	<u>38,120,313</u>	<u>36,220,031</u>
-	-	127	1,018	1,131	1,260
161,067	173,671	141,043	129,594	124,558	100,508
-	-	6,038	-	-	-
<u>161,067</u>	<u>173,671</u>	<u>147,208</u>	<u>130,612</u>	<u>125,689</u>	<u>101,768</u>
<u>41,558,568</u>	<u>37,525,887</u>	<u>36,258,201</u>	<u>38,404,013</u>	<u>38,246,002</u>	<u>36,321,799</u>
4,704,701	957,695	(616,484)	2,659,538	1,461,473	1,136,722
(69,275)	(200,636)	69,707	(120,358)	(15,845)	(79,916)
<u>4,635,426</u>	<u>757,059</u>	<u>(546,777)</u>	<u>2,539,180</u>	<u>1,445,628</u>	<u>1,056,806</u>

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

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016 (2)</u>
General Fund:				
Nonspendable	\$ 120,829	\$ 99,856	\$ 49,938	\$ 34,613
Assigned	2,142,748	286,089	2,877,476	2,539,314
Unassigned	<u>11,548,961</u>	<u>14,339,323</u>	<u>12,201,454</u>	<u>8,603,544</u>
Total general fund	<u>\$ 13,812,538</u>	<u>\$ 14,725,268</u>	<u>\$ 15,128,868</u>	<u>\$ 11,177,471</u>
All Other Governmental Funds:				
Nonspendable	98	-	-	-
Restricted	6,187,687	6,444,807	8,464,632	4,503,832
Committed	15,790	68,380	17,000	-
Unassigned (deficit)	<u>(76,216)</u>	<u>(61,075)</u>	<u>(66,935)</u>	<u>(2,177,494)</u>
Total all other governmental funds	<u>6,127,359</u>	<u>6,452,112</u>	<u>8,414,697</u>	<u>2,326,338</u>
Total governmental funds	<u>\$ 19,939,897</u>	<u>\$ 21,177,380</u>	<u>\$ 23,543,565</u>	<u>\$ 13,503,809</u>

Source: School District financial records.

(1) The School District implemented GASB Statement No. 54 in fiscal year 2011, which reclassified fund balances and some fund types into the general fund.

(2) Amounts have been restated to combine Kindergarten fees business type into governmental activity general fund.

2015	2014	2013	2012	2011 (1)	2010
\$ 59,879	\$ 100,332	\$ 91,067	\$ 91,796	\$ 81,761	\$ 96,935
4,921,589	4,799,994	7,910,954	8,626,626	3,679,132	1,328,475
8,145,332	6,280,505	3,114,981	3,961,414	6,410,492	6,928,325
<u>\$ 13,126,800</u>	<u>\$ 11,180,831</u>	<u>\$ 11,117,002</u>	<u>\$ 12,679,836</u>	<u>\$ 10,171,385</u>	<u>\$ 8,353,735</u>
-	-	-	-	-	-
7,995,181	5,063,764	5,226,959	5,633,437	5,332,388	5,640,652
182,678	223,804	265,505	-	-	-
(13,736)	(42,187)	(3,308)	(379,644)	(535,701)	(5)
<u>8,164,123</u>	<u>5,245,381</u>	<u>5,489,156</u>	<u>5,253,793</u>	<u>4,796,687</u>	<u>5,640,647</u>
<u>\$ 21,290,923</u>	<u>\$ 16,426,212</u>	<u>\$ 16,606,158</u>	<u>\$ 17,933,629</u>	<u>\$ 14,968,072</u>	<u>\$ 13,994,382</u>

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

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenues				
From local sources:				
Taxes	\$ 32,640,453	\$ 32,774,348	\$ 34,310,498	\$ 26,611,517
Payment in lieu of taxes	996,926	-	-	-
Tuition	1,080,768	1,173,838	907,891	266,047
Earnings on investments	473,401	159,759	132,129	101,034
Extracurricular	596,983	694,878	535,075	713,033
Rental income	60	1,104	-	-
Contributions and donations	121,458	137,420	-	-
Other local revenues	239,688	377,081	360,973	329,784
Intergovernmental	8,893,049	9,246,642	11,718,893	10,582,736
Total revenues	<u>45,042,786</u>	<u>44,565,070</u>	<u>47,965,459</u>	<u>38,604,151</u>
Expenditures				
Current:				
Instruction:				
Regular	15,665,321	15,295,525	15,359,038	14,545,654
Special	6,350,571	6,195,444	5,687,671	4,798,980
Vocational	114,991	111,233	214,951	196,846
Other	688,294	765,743	636,193	667,886
Support services:				
Pupil	2,255,688	2,227,949	2,465,125	2,463,055
Instructional staff	1,956,043	1,957,435	2,187,073	2,193,435
Board of education	90,483	100,515	54,378	141,015
Administration	3,081,467	3,052,945	2,976,560	2,959,273
Fiscal	1,390,816	1,201,434	1,260,624	1,106,465
Business	388,565	264,124	82,181	42,936
Operations and maintenance	3,715,028	3,825,655	3,559,298	3,472,536
Pupil transportation	2,792,747	2,652,270	2,711,299	2,365,540
Central	177,686	10,772	8,817	8,270
Operation of non-instructional services	79,787	232,886	240,723	225,821
Extracurricular activities	1,572,225	1,538,975	1,431,943	1,520,197
Facilities acquisition and construction	1,661,822	3,032,850	4,378,947	5,264,802
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	3,064,700	3,885,850	3,404,050	3,288,700
Interest and fiscal charges	1,234,035	1,178,506	1,088,608	1,129,854
Issuance Costs	-	30,250	502,406	-
Total expenditures	<u>46,280,269</u>	<u>47,560,361</u>	<u>48,249,885</u>	<u>46,391,265</u>
Excess (deficiency) of revenues over (under) expenditures	(1,237,483)	(2,995,291)	(284,426)	(7,787,114)
Other Financing Sources (Uses)				
Sale of capital assets	\$ -	\$ -	\$ 4,100	\$ -
Inception of captial lease	-	-	-	-
Insurance recovery	-	-	-	-
Proceeds from debt and refunded debt	-	1,237,146	10,000,000	-
Discounts of debt issued	-	-	(19,496)	-
Premiums on debt issued	-	30,816	691,224	-
Payment of refunding debt	-	-	-	-
Transfers in	126,000	171,500	9,826,038	113,930
Transfers out	(126,000)	(269,946)	(10,177,684)	(113,930)
Total other financing sources (uses)	<u>-</u>	<u>1,169,516</u>	<u>10,324,182</u>	<u>-</u>
Net change in fund balances	<u>\$ (1,237,483)</u>	<u>\$ (1,825,775)</u>	<u>\$ 10,039,756</u>	<u>\$ (7,787,114)</u>
Capital expenditures	1,602,048	2,743,440	2,894,411	4,972,805
Debt service principal and interest as a percentage of noncapital expenditures	9.6%	11.3%	9.9%	10.7%

Source: School District financial records.

	2015	2014	2013	2012	2011	2010
\$	31,011,220	\$ 27,848,508	\$ 27,392,647	\$ 27,895,350	\$ 27,159,405	\$ 25,332,808
	-	-	-	-	-	-
	247,222	233,357	26,281	171,328	161,709	153,813
	45,506	27,123	16,605	40,881	61,275	65,671
	645,615	786,462	637,226	720,946	700,616	726,937
	-	-	-	-	-	-
	-	-	-	-	-	-
	380,952	210,625	172,654	267,134	189,309	244,835
	10,936,036	10,501,910	11,016,060	12,056,422	12,307,241	12,552,381
	<u>43,266,551</u>	<u>39,607,985</u>	<u>39,261,473</u>	<u>41,152,061</u>	<u>40,579,555</u>	<u>39,076,445</u>
	15,102,791	15,006,450	15,066,301	14,894,818	15,124,003	15,085,933
	4,729,806	4,137,228	4,155,435	3,823,986	4,204,708	4,192,988
	272,518	191,505	134,025	143,895	159,802	148,356
	620,430	539,798	567,858	509,829	570,629	547,437
	2,277,626	2,316,488	2,453,961	2,340,502	2,525,031	2,522,365
	2,047,277	1,658,448	1,206,462	1,260,774	1,256,458	1,156,742
	57,871	49,177	44,847	77,082	42,396	54,749
	3,041,568	2,797,491	2,797,277	2,550,950	2,682,176	2,835,247
	1,101,648	1,122,444	1,091,259	1,050,369	1,025,788	1,013,879
	45,390	42,448	19,016	67,323	38,024	48,639
	3,587,332	3,525,470	3,542,643	3,413,159	3,586,035	3,882,822
	2,598,577	2,472,070	2,573,150	2,367,864	2,392,268	2,569,055
	10,651	-	443,303	7,152	3,751	7,264
	228,113	119,571	179,345	143,703	136,476	142,367
	1,489,544	1,461,705	1,391,941	1,449,185	1,425,784	1,469,854
	268,176	807,914	1,434,109	863,774	920,514	643,308
	-	-	-	-	-	275,000
	2,425,000	1,850,000	2,535,415	1,657,826	1,510,259	1,358,500
	1,158,429	1,689,724	1,315,863	1,580,662	2,011,800	2,061,692
	-	-	104,045	431,782	-	-
	<u>41,062,747</u>	<u>39,787,931</u>	<u>41,056,255</u>	<u>38,634,635</u>	<u>39,615,902</u>	<u>40,016,197</u>
	2,203,804	(179,946)	(1,794,782)	2,517,426	963,653	(939,752)
\$	-	\$ -	\$ 425,000	\$ -	\$ 47	\$ -
	2,660,907	-	-	-	-	275,000
	-	-	-	-	10,000	50,000
	-	-	2,680,000	36,970,000	-	-
	-	-	-	(100,953)	-	-
	-	-	57,727	3,071,774	-	-
	-	-	(2,689,378)	(39,492,690)	-	-
	79,350	142,330	102,770	140,377	111,815	116,585
	(79,350)	(142,330)	(108,808)	(140,377)	(111,815)	(116,585)
	<u>2,660,907</u>	<u>-</u>	<u>467,311</u>	<u>448,131</u>	<u>10,047</u>	<u>325,000</u>
\$	<u>4,864,711</u>	<u>(179,946)</u>	<u>(1,327,471)</u>	<u>2,965,557</u>	<u>973,700</u>	<u>(614,752)</u>
	123,348	667,790	1,116,496	728,257	682,960	1,535,186
	8.8%	9.0%	9.6%	8.5%	9.0%	8.9%

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

ASSESSED VALUATION AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS

Collection Year	Real Property (a)			Tangible Public Utility	
	Assessed Value		Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
	Residential/ Agricultural	Commercial/ Industrial/PU			
2019	\$ 708,542,140	\$ 95,747,280	\$ 2,297,969,771	\$ 16,831,340	\$ 19,126,523
2018	700,646,470	93,811,210	2,269,879,086	15,558,280	17,679,864
2017	671,387,260	92,550,230	2,182,678,543	14,997,060	17,042,114
2016	663,918,660	91,595,650	2,158,612,314	14,162,360	16,093,591
2015	657,768,660	91,330,170	2,140,282,371	13,504,910	15,346,489
2014	652,209,300	92,252,540	2,127,033,829	12,882,850	14,639,602
2013	648,353,410	93,505,230	2,119,596,114	11,777,350	13,383,352
2012	643,156,110	100,203,690	2,123,885,143	10,863,740	12,345,159
2011	661,664,930	109,615,330	2,203,657,886	10,243,870	11,640,761
2010	660,265,180	87,908,370	2,137,638,714	10,019,720	11,386,045

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

(1) This amount is calculated based on the following percentages:

Real estate is assessed at 35% of actual value.

Public utility personal is assessed at 88% of actual value.

For collection year 2010, capital assets and inventory for tangible personal property is phased-out.

For collection years 2008 and 2009, capital assets and inventory for tangible personal property is assessed at 6.25% of actual value.

For collection year 2007, capital assets and inventory for tangible personal property is assessed at 12.5% of actual value.

For collection year 2006, capital assets and inventory for tangible personal property was assessed at 18.75% of actual value.

For collection years 1998-2005, capital assets for tangible personal property was assessed at 25% of actual value.

For collection years 1998-2005, inventory for tangible personal property was assessed at 23% actual value.

Total

	Assessed Value	Estimated Actual Value	Total Direct Tax Rate	%
\$	821,120,760	\$ 2,317,096,294	90.33	35.44%
	810,015,960	2,287,558,950	90.33	35.41%
	778,934,550	2,199,720,657	90.59	35.41%
	769,676,670	2,174,705,905	90.64	35.39%
	762,603,740	2,155,628,860	86.43	35.38%
	757,344,690	2,141,673,431	86.65	35.36%
	753,635,990	2,132,979,466	86.48	35.33%
	754,223,540	2,136,230,302	86.69	35.31%
	781,524,130	2,215,298,647	86.27	35.28%
	758,193,270	2,149,024,759	86.46	35.28%

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

**DIRECT AND OVERLAPPING PROPERTY TAX RATES
(RATE PER \$1,000 OF ASSESSED VALUE)
LAST TEN YEARS**

Tax Year/ Collection Year	Voted Levies									
	Unvoted Levy	1976 Current Expense	1977 Current Expense	1979 Current Expense	1982 Current Expense	1987 Current Expense	1990 Current Expense	1992 Bond	1997 Current Expense	2002 Bond
2018/2019	4.50	30.50	7.50	5.50	3.50	5.90	8.30	-	6.90	3.64
2017/2018	4.50	30.50	7.50	5.50	3.50	5.90	8.30	-	6.90	3.64
2016/2017	4.50	30.50	7.50	5.50	3.50	5.90	8.30	0.50	6.90	4.10
2015/2016	4.50	30.50	7.50	5.50	3.50	5.90	8.30	0.67	6.90	3.98
2014/2015	4.50	30.50	7.50	5.50	3.50	5.90	8.30	0.73	6.90	3.71
2013/2014	4.50	30.50	7.50	5.50	3.50	5.90	8.30	0.84	6.90	3.82
2012/2013	4.50	30.50	7.50	5.50	3.50	5.90	8.30	0.79	6.90	3.70
2011/2012	4.50	30.50	7.50	5.50	3.50	5.90	8.30	0.78	6.90	3.92
2010/2011	4.50	30.50	7.50	5.50	3.50	5.90	8.30	0.71	6.90	3.57
2009/2010	4.50	30.50	7.50	5.50	3.50	5.90	8.30	0.80	6.90	3.67

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

(2) Bond Issue approved by voters in May 2015; tax not levied until January 2017.

Voted Levies

2005 Current Expense	2015 Current Expense	2017 Bond (2)	Total School Levy	County Levy	Other Levies (1)	Total Levy	Debt Service Included in Total Levy	
							School	Total
9.39	4.00	0.70	90.33	15.60	51.00	156.93	4.34	4.34
9.39	4.00	0.70	90.33	15.60	51.00	156.93	4.34	4.34
9.39	4.00	-	90.59	15.60	50.50	156.69	4.60	4.60
9.39	4.00	-	90.64	15.60	48.50	154.74	4.65	4.65
9.39	-	-	86.43	13.40	48.50	148.33	4.44	4.44
9.39	-	-	86.65	14.10	48.50	149.25	4.66	4.66
9.39	-	-	86.48	15.10	46.50	148.08	4.49	4.49
9.39	-	-	86.69	15.10	46.50	148.29	4.70	4.70
9.39	-	-	86.27	15.10	44.65	146.02	4.28	4.28
9.39	-	-	86.46	15.10	45.32	146.88	4.47	4.47

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

PRINCIPAL TAXPAYERS
REAL ESTATE TAX
DECEMBER 31, 2018 AND DECEMBER 31, 2009

December 31, 2018			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
South Franklin Circle	\$ 14,492,710	1	1.80%
Marketplace Associates, LLC	11,418,960	2	1.42%
Geauga Lake LLC.	3,601,840	3	0.45%
V&V Lakeshore Ltd.	3,434,350	4	0.43%
HD Development of Maryland Inc.	3,185,000	5	0.40%
Aurora Ohio Family, LLC	2,599,940	6	0.32%
Tanglewood Square	2,545,970	7	0.32%
Target Corporation	2,235,840	8	0.28%
McFarlands Corners Ltd.	1,780,210	9	0.22%
YAN Properties	1,580,460	10	0.20%
 Total	 \$ 46,875,280		 5.83%
 Total Real Estate Valuation	 \$ 804,289,420		

December 31, 2009			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
South Franklin Circle	\$ 22,845,550	1	3.05%
Bainbridge Shopping Center	14,014,720	2	1.87%
Bainbridge North Land Development	3,507,390	3	0.47%
Target Corporation	3,060,190	4	0.41%
Tanglewood Square	2,555,740	5	0.34%
Cedar Fair	2,407,590	6	0.32%
HD Development of Maryland Inc.	2,296,950	7	0.31%
422 Company, Ltd.	2,158,420	8	0.29%
McFarland Commons	2,049,250	9	0.27%
Bainbridge Associates, Ltd.	1,621,070	10	0.22%
 Total	 \$ 56,516,870		 7.55%
 Total Real Estate Valuation	 \$ 748,173,550		

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

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

PRINCIPAL PROPERTY TAX PAYERS
PUBLIC UTILITY PROPERTY TAX
DECEMBER 31, 2018 AND DECEMBER 31, 2009

December 31, 2018			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Public Utility Assessed Value
Cleveland Electric Illuminating Co.	\$ 10,965,800	1	65.15%
American Transmission Systems Inc.	3,147,550	2	18.70%
East Ohio Gas Company	1,101,570	3	6.54%
Orwell Trumbell	608,000	4	3.61%
Ohio Edison	395,900	5	2.35%
Aqua Ohio Inc.	384,890	6	2.29%
Orwell Natural Gas	227,630	7	1.35%
 Total	 \$ 16,831,340		 100.00%
 Total Public Utility Assessed Valuation	 \$ 16,831,340		

December 31, 2009			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Public Utility Assessed Value
Cleveland Electric Illuminating Company	\$ 8,062,220	1	80.46%
American Transmission	755,430	2	7.54%
East Ohio Gas Company	503,860	3	5.03%
Ohio Edison	287,750	4	2.87%
Orwell Natural Gas	210,730	5	2.10%
 Total	 \$ 9,819,990		 98.00%
 Total Public Utility Assessed Valuation	 \$ 10,019,720		

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

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

PROPERTY TAX LEVIES AND COLLECTIONS (1)
LAST TEN FISCAL YEARS

Tax Year/ Collection Year (2)	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Total Tax Levy	Delinquent Tax Collections (3)	Total Tax Collection	Total Collection As a Percent of Total Levy
2018	\$ 37,781,270	\$ 35,317,975	93.48%	\$ 729,935	36,047,910	95.41%
2017	37,611,430	35,773,662	95.11%	932,923	36,706,585	97.59%
2016	35,151,359	34,191,756	97.27%	683,941	34,875,697	99.22%
2015	33,419,104	30,950,116	92.61%	617,465	31,567,581	94.46%
2014	31,497,560	27,194,365	86.34%	809,812	28,004,177	88.91%
2013	31,091,657	30,063,540	96.69%	577,265	30,640,805	98.55%
2012	31,154,942	30,174,915	96.85%	1,000,639	31,175,554	100.07%
2011	30,965,158	29,687,257	95.87%	749,496	30,436,753	98.29%
2010	29,996,303	29,169,087	97.24%	907,289	30,076,376	100.27%
2009	29,882,033	28,722,629	96.12%	951,047	29,673,676	99.30%

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
GEOUGA COUNTY, OHIO**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2019

<u>Governmental Unit</u>	<u>Net General Tax Supported Debt</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Direct Debt of Kenston Local School District:			
General obligation Bonds (Net)	\$ 38,031,539	100.00%	\$ 38,031,539
	<u>38,031,539</u>		<u>38,031,539</u>
Overlapping debt:			
Geauga County Library District	23,615,000	27.65%	6,529,548
Auburn Career Center Joint Vocational School District	4,455,000	17.17%	764,924
Geauga County	4,504,000	25.52%	1,149,421
Total overlapping debt	<u>32,574,000</u>		<u>8,443,893</u>
 Total direct and overlapping debt	 <u>\$ 70,605,539</u>		 <u>\$ 46,475,432</u>

Note: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the District's taxable assessed value that is within the subdivision's boundaries and dividing it by the District's total taxable assessed value. Net general tax supported debt includes accreted interest on capital appreciation bonds but excludes unamortized bond premiums, discounts and deferred losses on refundings.

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

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Estimated Actual Value of Taxable Property (2)	General Bonded Debt Outstanding	Resources Available to Pay Principal (3)	Net General Bonded Debt Outstanding	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt per Capita
2019	\$ 17,351	\$ 2,317,096,294	\$ 38,031,539	\$ 2,084,898	\$ 40,116,437	1.73%	\$ 2,312
2018	17,351	2,287,558,950	40,383,822	2,061,407	42,445,229	1.86%	2,446
2017	17,351	2,199,720,657	42,341,312	3,273,997	39,067,315	1.78%	2,252
2016	17,351	2,174,705,905	49,476,407	3,330,058	46,146,349	2.12%	2,660
2015	17,351	2,155,628,860	37,524,492	4,247,132	33,277,360	1.54%	1,918
2014	17,351	2,141,673,431	38,013,469	4,254,129	33,759,340	1.58%	1,946
2013	17,351	2,132,979,466	40,258,579	4,102,707	36,155,872	1.70%	2,084
2012	17,351	2,136,230,302	42,125,014	5,063,148	37,061,866	1.73%	2,136
2011	17,351	2,215,298,647	43,311,869	4,759,184	38,552,685	1.74%	2,222
2010	17,351	2,149,024,759	45,032,264	4,913,880	40,118,384	1.87%	2,312

Source: (1) U.S. Census Bureau - 2010 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.

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

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Fiscal Year	Voted Debt Limit	Total Debt Applicable to Limit (1)	Debt Service Available Balance	Net Debt Applicable to Limit	Voted Legal Debt Margin
2019	\$ 73,900,868	\$ 34,100,000	\$ 2,840,350	\$ 31,259,650	\$ 42,641,218
2018	72,901,436	36,270,000	3,483,936	32,786,064	40,115,372
2017	70,104,110	39,375,000	4,155,007	35,219,993	34,884,117
2016	69,270,900	46,980,000	4,008,827	42,971,173	26,299,727
2015	68,634,337	34,995,000	4,770,521	30,224,479	38,409,858
2014	68,161,022	37,420,000	4,624,341	32,795,659	35,365,363
2013	67,827,239	39,270,000	4,735,689	34,534,311	33,292,928
2012	67,880,119	41,615,000	5,063,148	36,551,852	31,328,267
2011	70,337,172	43,210,000	4,759,184	38,450,816	31,886,356
2010	68,237,394	44,698,500	4,913,880	39,784,620	28,452,774

Source: Office of the Auditor, Geauga County, Ohio and School District Financial Records.

Note: Ohio Bond Law sets a limit of 9% for voted debt and 1/10 of 1% for unvoted debt. House Bill 530 became effective on March 30, 2006, which excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.

Legal Debt Margin as a Percentage of Debt Limit	Unvoted Debt Limit	Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit
57.70%	\$ 821,121	100.00%
55.03%	810,016	100.00%
49.76%	778,935	100.00%
37.97%	769,677	100.00%
55.96%	762,604	100.00%
51.89%	757,345	100.00%
49.08%	753,636	100.00%
46.15%	754,224	100.00%
45.33%	781,524	100.00%
41.70%	758,193	100.00%

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

**RATIOS 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				
2019	\$ 38,031,539	\$ -	\$ 38,031,539	1.64%	4.98%	\$ 2,192
2018	40,383,822	807,307	41,191,129	1.80%	5.40%	2,376
2017	42,341,312	1,588,157	43,929,469	2.00%	5.75%	2,532
2016	49,476,407	2,087,207	51,563,614	2.37%	6.75%	2,972
2015	37,524,492	2,660,907	40,185,399	1.86%	5.26%	2,316
2014	38,013,469	-	38,013,469	1.77%	4.98%	2,191
2013	40,258,579	-	40,258,579	1.89%	5.27%	2,320
2012	42,125,014	190,415	42,315,429	1.98%	5.54%	2,439
2011	43,311,869	253,241	43,565,110	1.97%	5.71%	2,511
2010	45,032,264	275,000	45,307,264	2.11%	5.93%	2,611

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
GEOUGA COUNTY, OHIO**

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Year	Bainbridge Township Population (1)	Auburn Township Population (1)	Total Personal Income (2)	Per Capita Personal Income (1)	Geauga County Unemployment Rate (3)
2019	10,908	6,443	\$ 763,409,298	\$ 43,998	4.0%
2018	10,908	6,443	763,409,298	43,998	5.2%
2017	10,908	6,443	763,409,298	43,998	5.4%
2016	10,908	6,443	763,409,298	43,998	4.1%
2015	10,908	6,443	763,409,298	43,998	5.4%
2014	10,908	6,443	763,409,298	43,998	6.2%
2013	10,908	6,443	763,409,298	43,998	6.3%
2012	10,908	6,443	763,409,298	43,998	6.1%
2011	10,908	6,443	763,409,298	43,998	6.6%
2010	10,908	6,443	763,409,298	43,998	7.3%

Sources: (1) U.S. Census Bureau - 2010 Census
(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
GEOUGA COUNTY, OHIO**

PRINCIPAL EMPLOYERS
DECEMBER 31, 2018 AND DECEMBER 31, 2009

Employer	December 31, 2018		
	Number of Employees (1)	Rank	Percentage of Total City Employment
Kenston Local School District	365	1	4.90%
Stock Equipment Company, Inc.	240	2	3.22%
Stock Fairfield Corporation	170	3	2.28%
South Franklin Circle	140	4	1.88%
Medhurst Mason Contractors Inc.	115	5	1.54%
Rural/ Metro Corporation Bainbridge Twp	110	6	1.48%
Modern Logistics Inc.	105	7	1.41%
Triad Metals	100	8	1.34%
Chagrin Valley Athletic Club	100	9	1.34%
Mar-Bal, Inc.	93	10	1.25%
Total	1,538		20.64%
Total Employment within the School District (2)	7,451		

Employer	December 31, 2009		
	Number of Employees (1)	Rank	Percentage of Total City Employment
Johnsonite, Inc.	450	1	6.04%
Kenston Local School District	317	2	4.25%
Stock Equipment Company, Inc.	240	3	3.22%
Heinen's Inc.	233	4	3.13%
Mar-Bal, Inc.	128	5	1.72%
Township of Bainbridge	122	6	1.64%
Medhurst Mason Contractors Inc.	115	7	1.54%
Chagrin Valley Athletic Club	100	8	1.34%
Kmart Corporation	75	9	1.01%
Giant Eagle Inc.	74	10	0.99%
Total	1,854		24.88%
Total Employment within the School District (2)	7,451		

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

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

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

**BUILDING STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Kenston High School				
Constructed in	2006	2006	2006	2006
Total Building Square Footage	222,067	222,067	222,067	222,067
Enrollment Grades	9-12	9-12	9-12	9-12
Student Capacity	1,200	1,200	1,200	1,200
Regular Instruction Classroom	73	73	73	73
Regular Instruction Teachers	57.00	57.36	53.00	58.61
Special Instruction Teachers	7.00	7.00	7.00	7.00
Kenston Middle School				
Constructed in	1956	1956	1956	1956
Total Building Square Footage	146,415	146,415	146,415	146,415
Enrollment Grades	6-8	6-8	6-8	6-8
Student Capacity	855	855	855	855
Regular Instruction Classroom	40	40	40	40
Regular Instruction Teachers	36.57	39.07	36.00	41.25
Special Instruction Teachers	7.00	7.00	8.00	8.00
Vocational Instruction Teachers	-	-	2.00	-
Kenston Intermediate School				
Constructed in	1967	1967	1967	1967
Total Building Square Footage	90,356	90,356	90,356	90,356
Enrollment Grades	4-5	4-5	4-5	4-5
Student Capacity	616	616	616	616
Regular Instruction Classroom	38	38	38	38
Regular Instruction Teachers	20.00	21.00	18.00	21.82
Special Instruction Teachers	4.00	4.00	6.00	6.00
Vocational Instruction Teachers	-	-	2.00	2.00
Timmons Elementary School				
Constructed in	1994	1994	1994	1994
Total Building Square Footage	92,100	92,100	92,100	92,100
Enrollment Grades	K-3	K-3	K-3	K-3
Student Capacity	900	900	900	900
Regular Instruction Classroom	38	38	38	38
Regular Instruction Teachers	37.00	37.00	30.00	35.00
Special Instruction Teachers	6.00	-	4.00	4.00
Vocational Instruction Teachers	-	4.00	1.00	1.00
Gardner Early Learning Center (3)				
Constructed in	1962	1962	1962	1962
Total Building Square Footage	42,063	42,063	42,063	42,063
Enrollment Grades	N/A	N/A	N/A	N/A
Student Capacity	N/A	N/A	N/A	N/A
Regular Instruction Classroom	N/A	N/A	N/A	N/A
Regular Instruction Teachers	N/A	N/A	N/A	N/A
Special Instruction Teachers	N/A	N/A	N/A	N/A

Source: Information provided by the Kenston Local School District.

- (1) During fiscal year 2010, the School District changed the report used to classify teachers.
- (2) 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.
- (3) This building is currently not utilized by the School District.

2015	2014	2013	2012 (2)	2011	2010 (1)
2006	2006	2006	2006	2006	2006
222,067	222,067	222,067	222,067	222,067	222,067
9-12	9-12	9-12	9-12	9-12	9-12
1,200	1,200	1,200	1,200	1,200	1,200
73	73	73	73	73	73
70.00	70.00	70.00	N/A	66.82	68.01
-	-	-	-	-	-
1956	1956	1956	1956	1956	1956
146,415	146,415	146,415	146,415	146,415	146,415
6-8	6-8	6-8	6-8	6-8	6-8
855	855	855	855	855	855
40	40	40	40	40	40
52.00	52.00	47.00	N/A	50.93	51.93
-	-	-	-	-	0.15
-	-	-	-	-	-
1967	1967	1967	1967	1967	1967
90,356	90,356	90,356	90,356	90,356	90,356
4-5	4-5	4-5	4-5	4-5	4-5
616	616	616	616	616	616
38	38	38	38	38	38
29.00	29.00	28.00	N/A	27.58	29.33
-	-	-	-	-	-
-	-	-	-	-	-
1994	1994	1994	1994	1994	1994
92,100	92,100	92,100	90,893	90,893	90,893
K-3	K-3	K-3	1-3	1-3	1-3
900	900	900	700	700	700
38	38	38	34	34	34
43.00	43.00	40.00	N/A	37.40	39.60
-	-	-	-	-	-
2.00	2.00	2.00	-	-	-
1962	1962	1962	1962	1962	1962
42,063	42,063	42,063	42,063	42,063	42,063
N/A	N/A	N/A	Pre-K - K	Pre-K - K	Pre-K - K
N/A	N/A	N/A	363	363	363
N/A	N/A	N/A	24	24	24
N/A	N/A	N/A	N/A	9.94	10.44
N/A	N/A	N/A	-	-	-

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

COST PER PUPIL
LAST TEN FISCAL YEARS

Year	Student Enrollment		General Government (2)		Governmental Activities	
	Average Enrollment (1)	Percentage Change	Total Expenditures	Cost Per Pupil	Total Expenses	Cost Per Pupil
2019	2,654	-2.07%	\$ 41,981,534	\$ 15,818	\$ 39,037,063	\$ 14,709
2018	2,710	0.37%	42,465,755	15,670	24,412,543	9,008
2017	2,700	-3.47%	43,254,821	16,020	45,476,040	16,843
2016	2,797	-7.08%	41,976,221	15,008	39,269,242	14,040
2015	3,010	-2.15%	37,479,318	12,452	38,596,240	12,823
2014	3,076	-0.65%	36,248,207	11,784	38,581,615	12,543
2013	3,096	4.14%	37,100,932	11,984	39,181,240	12,655
2012	2,973	-5.35%	34,964,365	11,761	38,843,878	13,066
2011	3,141	0.80%	36,093,843	11,491	39,435,209	12,555
2010	3,116	-0.76%	36,596,005	11,745	38,206,664	12,261

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
GEAUGA COUNTY, OHIO**

ENROLLMENT STATISTICS
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Elementary Schools (1)</u>	<u>Middle School</u>	<u>Senior High School</u>	<u>Total</u>
2019	1,107	609	938	2,654
2018	1,093	644	973	2,710
2017	1,140	665	973	2,778
2016 (2)	1,132	691	974	2,797
2015	1,189	760	1,061	3,010
2014	1,260	761	1,055	3,076
2013 (2)	1,282	761	1,053	3,096
2012 (2)	1,233	744	996	2,973
2011	1,327	751	1,063	3,141
2010	1,340	747	1,029	3,116

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
GEAUGA COUNTY, OHIO**

FULL-TIME EQUIVALENT TEACHERS BY EDUCATION
LAST TEN FISCAL YEARS

Year	Bachelor's			Master's			PhD	Total
	Degree	Degree +15	Degree +30	Degree	Degree +15	Degree +30		
2019	1.00	2.00	23.00	75.00	50.00	44.00	2.00	197.00
2018	2.00	2.00	25.00	77.00	51.00	40.00	2.00	199.00
2017	2.00	4.00	29.00	79.00	52.00	38.00	2.00	206.00
2016	3.00	2.00	32.00	84.00	45.00	37.00	2.00	205.00
2015	3.00	2.00	34.00	86.00	43.00	35.00	2.00	205.00
2014	2.00	4.00	32.00	90.00	40.00	31.00	1.00	200.00
2013	2.00	5.00	36.00	97.00	40.00	34.00	2.00	216.00
2012	1.00	1.00	35.00	90.50	37.00	33.50	1.00	199.00
2011	2.00	1.00	41.50	79.00	35.00	32.50	1.00	192.00
2010	1.00	1.00	39.50	84.50	35.00	29.50	1.00	191.50

Source: Kenston Local School District Payroll Department.

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

AVERAGE NUMBER OF STUDENTS PER TEACHER
LAST TEN FISCAL YEARS

Year	Kenston Average	State Average
2019	17.5	N/A
2018 (1)	17.4	N/A
2017	25.0	N/A
2016	25.0	N/A
2015	25.0	25.0
2014	25.0	25.0
2013	N/A	N/A
2012	N/A	N/A
2011	N/A	N/A
2010	N/A	N/A

Source: Ohio Department of Education, EMIS Reports.

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

(1) Calculation for 2018 was adjusted to reflect a more accurate representation of the average number of students per teacher ratio.

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

ATTENDANCE AND GRADUATION RATES
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Kenston Attendance Rate</u>	<u>State Average</u>	<u>Kenston Graduation Rate</u>	<u>State Average</u>
2019	95.8%	N/A	97.6%	85.9%
2018	96.1%	N/A	97.2%	83.5%
2017	95.0%	N/A	96.4%	83.6%
2016	96.5%	N/A	95.7%	83.0%
2015	N/A	N/A	98.0%	N/A
2014	97.0%	N/A	94.0%	82.2%
2013	>95%	94.2%	95.9%	81.3%
2012	>95%	94.5%	99.6%	84.4%
2011	96.5%	94.5%	99.1%	84.3%
2010	96.6%	94.3%	98.7%	83.0%

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

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

SAT COMPOSITE SCORES
LAST TEN FISCAL YEARS

School Year	Number of Test Takers	Number of Seniors	Percent of Students	Kenston Verbal	Ohio Verbal	National Verbal	Kenston Math	Ohio Math	National Math
2019	214	261	82%	555	N/A	531	575	N/A	528
2018	245	245	100%	563	N/A	536	569	N/A	531
2017	89	255	35%	599	N/A	538	585	N/A	533
2016	112	247	45%	586	N/A	510	602	N/A	510
2015	116	251	46%	547	N/A	495	551	N/A	511
2014	151	255	59%	537	555	496	553	562	514
2013	162	257	63%	540	548	496	549	556	514
2012	183	260	70%	525	543	496	534	552	514
2011	181	261	69%	541	539	497	551	545	514
2010	141	224	63%	530	538	501	540	548	516

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

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

ACT COMPOSITE SCORES
LAST TEN FISCAL 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>
2019	195	261	75%	25.1	20.0	20.7
2018	205	248	82%	24.9	20.3	20.8
2017	227	255	89%	24.1	22.0	21.0
2016	221	247	89%	24.3	22.0	20.8
2015	360	251	143%	23.7	22.0	21.1
2014	345	255	135%	23.7	21.8	21.1
2013	196	257	76%	23.7	21.8	20.9
2012	225	260	87%	23.9	21.8	21.1
2011	211	261	81%	24.4	21.8	21.1
2010	168	224	75%	23.5	21.8	20.5

Source: High School Guidance Office, Kenston Local School District.

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

SCHOOL DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Regular Instruction						
Elementary Classroom Teachers	47.00	47.00	42.00	48.82	54.00	54.00
Middle School Classroom Teachers	28.07	30.32	36.00	29.50	40.00	40.00
High School Classroom Teachers	50.75	51.50	53.00	48.97	53.00	53.00
Districtwide Classroom Teachers	-	-	-	-	-	-
Specials - Art, Music, Health and Physical Ed.	21.75	20.61	23.00	24.39	22.00	22.00
Special Instruction						
Elementary Classroom Teachers	7.00	8.00	10.00	10.00	8.00	8.00
Gifted Education Teachers	5.00	5.00	5.00	5.00	3.00	2.00
Middle School Classroom Teachers	7.00	8.00	8.00	8.00	8.00	8.00
High School Classroom Teachers	7.00	7.00	7.00	7.00	4.00	4.00
Vocational Instruction						
High School Classroom Teachers	-	-	-	-	-	-
Other Instruction						
Elementary Tutors	4.44	4.44	4.44	6.44	5.00	6.00
Middle School Tutors	1.71	1.71	1.71	1.71	2.00	2.00
High School Tutors	1.00	1.00	1.00	1.00	1.00	1.00
Districtwide Tutors	1.00	0.60	1.00	-	-	-
Pupil Support Services						
Guidance Counselors	6.00	6.00	7.00	7.00	7.00	7.00
Speech and Language Pathologists	4.36	4.34	3.33	3.32	4.00	4.00
Nurse	3.87	3.91	4.16	3.12	4.00	4.00
Non-Teaching Support Staff Elementary	9.00	8.00	9.84	10.00	19.00	19.00
Non-Teaching Support Staff Middle School	4.00	4.00	3.00	3.00	7.00	7.00
Non-Teaching Support Staff High School	5.00	5.00	5.00	4.00	13.00	13.00
Non-Teaching Support Staff Districtwide	3.00	-	-	-	3.00	3.00
Instructional Support Services						
Librarian	-	1.00	1.00	1.00	1.00	1.00
Technology	2.00	3.00	5.00	4.00	3.00	3.00
Non-Teaching Support Staff Elementary-Aides	6.94	6.93	8.50	7.61	12.00	12.00
Non-Teaching Support Staff Middle School	2.72	3.76	3.21	2.21	4.00	4.00
Non-Teaching Support Staff High School	4.57	4.57	4.10	3.55	4.00	4.00
Non-Teaching Support Staff Central	-	-	-	-	-	-
Administrators, Supervisors and Support Staff						
Elementary	9.88	9.88	9.44	7.00	3.00	4.00
Middle School	5.38	5.38	5.38	5.00	2.00	2.00
High School	10.75	10.75	9.82	9.38	3.00	3.00
Central Office	15.81	13.81	10.81	7.00	3.00	3.00
Other	-	-	2.00	-	-	-
Business						
Districtwide	-	-	N/A	N/A	N/A	N/A
Fiscal						
Treasurer's Office	5.00	5.00	5.00	5.00	5.00	4.00
Operations and Maintenance of Plant Services						
Custodial Department	24.26	23.63	24.15	28.79	24.00	25.00
Maintenance Department	7.00	8.00	7.01	7.00	5.00	5.00
Pupil Transportation						
Bus Drivers	32.08	34.08	30.05	45.00	44.00	45.00
Bus Aides	4.35	4.35	4.36	4.01	6.00	7.00
Mechanics	3.00	3.00	3.00	2.00	3.00	3.00
Transportation Support Staff	1.35	1.35	2.00	2.00	2.00	2.00
Central						
Community Relations	1.00	1.00	1.00	1.00	1.00	1.00
Food Service Program						
Elementary Cooks	2.93	4.01	4.57	4.57	9.00	9.00
Middle School Cooks	3.92	4.30	4.33	4.33	6.00	6.00
High School Cooks	4.54	5.26	5.26	5.26	7.00	7.00
Totals:	<u>364.43</u>	<u>369.49</u>	<u>374.47</u>	<u>376.98</u>	<u>404.00</u>	<u>407.00</u>

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

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.

<u>2013 (3)</u>	<u>2012 (3)</u>	<u>2011 (2)</u>	<u>2010 (2)</u>
N/A	N/A	74.92	79.37
N/A	N/A	50.93	51.93
N/A	N/A	66.82	68.01
N/A	N/A	1.75	2.75
N/A	N/A	-	-
N/A	N/A	-	-
N/A	N/A	-	-
N/A	N/A	-	0.15
N/A	N/A	0.15	-
N/A	N/A	-	-
N/A	N/A	7.94	8.55
N/A	N/A	0.71	0.71
N/A	N/A	3.00	2.00
N/A	N/A	0.74	0.74
N/A	N/A	5.00	7.25
N/A	N/A	14.31	14.10
N/A	N/A	4.92	4.92
N/A	N/A	9.75	5.45
N/A	N/A	3.76	1.76
N/A	N/A	3.82	4.61
N/A	N/A	3.80	3.10
N/A	N/A	5.36	5.21
N/A	N/A	-	-
N/A	N/A	6.00	5.00
N/A	N/A	0.50	1.50
N/A	N/A	1.50	1.50
N/A	N/A	2.00	3.00
N/A	N/A	14.64	12.88
N/A	N/A	5.88	6.88
N/A	N/A	10.51	11.01
N/A	N/A	14.19	12.25
N/A	N/A	3.00	2.00
N/A	N/A	5.00	2.00
N/A	N/A	1.00	5.00
N/A	N/A	30.24	29.51
N/A	N/A	5.00	5.00
N/A	N/A	26.49	24.24
N/A	N/A	1.98	1.98
N/A	N/A	3.00	3.00
N/A	N/A	-	2.44
N/A	N/A	-	0.50
N/A	N/A	4.68	5.12
N/A	N/A	4.51	4.51
N/A	N/A	5.69	5.69
<u>-</u>	<u>-</u>	<u>403.49</u>	<u>405.62</u>

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

CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016 (1)</u>
Land	\$ 1,321,516	\$ 1,207,191	\$ 1,207,191	\$ 1,207,191
Land improvements	6,068,115	6,217,711	5,843,875	3,786,280
Buildings and improvements	36,242,786	35,724,452	36,105,939	35,253,065
Furniture, fixtures and equipment	462,784	584,064	690,937	725,674
Vehicles	2,202,819	2,375,882	2,640,111	2,786,790
Construction in progress	171,699	989,212	-	1,826,222
 Total Governmental Activities Capital Assets, net	 <u>\$ 46,469,719</u>	 <u>\$ 47,098,512</u>	 <u>\$ 46,488,053</u>	 <u>\$ 45,585,222</u>

Source: School District financial records.

Note: Amounts above are presented net of accumulated depreciation.

(1) Amounts have been restated.

2015	2014	2013	2012	2011	2010
\$ 1,207,191	\$ 1,207,191	\$ 1,207,191	\$ 1,207,191	\$ 1,207,191	\$ 1,207,191
1,020,959	1,116,252	1,179,589	1,271,128	1,373,765	760,363
46,564,347	45,371,146	46,209,066	47,482,030	48,760,169	50,051,982
704,923	760,854	826,437	939,377	858,673	939,914
121,075	175,320	259,267	415,427	612,568	836,001
-	2,410,462	2,410,735	1,730,634	1,186,644	1,213,969
<u>\$ 49,618,495</u>	<u>\$ 51,041,225</u>	<u>\$ 52,092,285</u>	<u>\$ 53,045,787</u>	<u>\$ 53,999,010</u>	<u>\$ 55,009,420</u>

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

FREE OR REDUCED LUNCH PROGRAM PERCENTAGES
LAST TEN SCHOOL 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
2019	2,794	205	7.34%	48	1.72%
2018	3,297	242	7.34%	62	1.88%
2017	3,297	242	7.34%	62	1.88%
2016	2,797	158	5.65%	59	2.11%
2015	3,050	244	8.00%	56	1.84%
2014	3,113	246	7.90%	94	3.02%
2013	3,143	316	10.05%	110	3.50%
2012	3,214	291	9.05%	110	3.42%
2011	3,191	287	8.99%	108	3.38%
2010	3,168	251	7.92%	94	2.97%

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

Total Students Applicable for the Free and Reduced Lunch Program	Total Percentage of Applicable Students for the Free and Reduced Lunch Programs
253	9.06%
304	9.22%
304	9.22%
217	7.76%
300	9.84%
340	10.92%
426	13.55%
401	12.48%
395	12.38%
345	10.89%

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