



Dave Yost • Auditor of State

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

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**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FEDERAL GRANTOR Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE					
Passed Through Ohio Department of Education					
Child Nutrition Cluster:					
Non-Cash Assistance (Food Distribution):					
National School Lunch Program	10.555		\$290,181		\$290,181
Cash Assistance:					
School Breakfast Program	10.553	\$223,977		\$223,977	
National School Lunch Program	10.555	1,212,070		1,212,070	
National School Lunch Program - Incentive		34,275		34,275	
Total National School Lunch Program		<u>1,246,345</u>		<u>1,246,345</u>	
Total Child Nutrition Cluster		<u>1,470,322</u>	<u>290,181</u>	<u>1,470,322</u>	<u>290,181</u>
Child and Adult Care Food Program	10.558	21,342		21,342	
Total U.S. Department of Agriculture		<u>1,491,664</u>	<u>290,181</u>	<u>1,491,664</u>	<u>290,181</u>
U.S. DEPARTMENT OF EDUCATION					
Passed Through Ohio Department of Education					
Adult Education - Basic Grants to States	84.002	174,891		115,948	
Title I, Part A Cluster:					
Title I Grants to Local Educational Agencies	84.010	1,287,038		1,249,442	
ARRA - Title I Grants to Local Educational Agencies	84.389	5,100			
Total Title I, Part A Cluster		<u>1,292,138</u>		<u>1,249,442</u>	
Special Educational Cluster (IDEA):					
Special Education Grants to States	84.027	1,611,953		1,595,870	
Special Education Preschool Grants	84.173	6,061		8,291	
Total Special Education Cluster (IDEA)		<u>1,618,014</u>		<u>1,604,161</u>	
Even Start State Educational Agencies	84.213	21,369		24,049	
Educational Technology State Grants	84.318	6,614			
English Language Acquisition State Grants	84.365	33,663		32,980	
Improving Teacher Quality State Grants	84.367	118,478		210,366	
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants	84.395	169,719		178,816	
Passed Through Centerville City School District					
Career and Technical Education - Basic Grants to States	84.048	94,277		86,127	
Total U.S. Department of Education		<u>3,529,163</u>		<u>3,501,889</u>	
Total		<u>\$5,020,827</u>	<u>\$290,181</u>	<u>\$4,993,553</u>	<u>\$290,181</u>

The accompanying notes are an integral part of this schedule.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Kettering City School District's (the District's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER AND CHILD AND ADULT CARE FOOD PROGRAM

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE C – ADULT EDUCATION – BASIC GRANTS TO STATES

The District commingles cash receipts from the Ohio Department of Education and the State of Ohio for the Adult Education – Basic Grants to States. When reporting expenditures on this Schedule, the District assumes it expends monies on a first-in, first-out basis.

NOTE D – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

NOTE E - MATCHING REQUIREMENTS

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Kettering City School District
Montgomery County
3750 Far Hills Avenue
Kettering, Ohio 45429

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kettering City School District, Montgomery County, (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 23, 2013, wherein we noted that the District implemented provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

December 23, 2013



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Kettering City School District
Montgomery County
3750 Far Hills Avenue
Kettering, Ohio 45429

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Kettering City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Kettering City School District's major federal programs for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Kettering City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

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

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Kettering City School District (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated December 23, 2013, wherein we noted the District adopted the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. We conducted our audit to opine on the District's basic financial statements. The accompanying Schedule of Federal Awards Receipts and Expenditures presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule 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 schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

Columbus, Ohio

December 23, 2013

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**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	<p>Child Nutrition Cluster: National School Lunch Program: CFDA #10.555 School Breakfast Program: CFDA #10.553</p> <p>Special Education Cluster Special Education Grants to States: CFDA #84.027 Special Education Preschool Grants: CFDA #84.173</p> <p>ARRA – State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants: CFDA #84.395</p>
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Dave Yost • Auditor of State

Independent Auditor's Report on Applying Agreed-Upon Procedure

Kettering City School District
Montgomery County
3750 Far Hills Avenue
Kettering, Ohio 45429

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Kettering City School District (the District) has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on June 12, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

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

Dave Yost
Auditor of State

December 23, 2013

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Kettering City School District
Montgomery County, Ohio



Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2013



KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO



Trixia Apiado, 12th Grade

**Comprehensive Annual
Financial Report**

of the

Kettering City School District

Montgomery County, Ohio

for the

Fiscal Year Ended June 30, 2013

Prepared by:

Mr. Steven G. Clark

Treasurer

KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO



Aubrey Hodapp, 12th Grade

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
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**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**



Sierra Bechtolt, 12th Grade

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

Introductory Section

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**



Joanna Fadel, 12th Grade



Kettering City School District

3750 Far Hills Avenue
Kettering, Ohio 45429

Treasurer's Office: phone (937) 499-1409

fax (937)-499-1467

December 23, 2013

TO THE CITIZENS AND BOARD OF EDUCATION OF THE KETTERING CITY SCHOOL DISTRICT:

We are pleased to present the nineteenth Comprehensive Annual Financial Report (CAFR) of the Kettering City School District (the District) for the fiscal year ended June 30, 2013. This report was prepared by the Treasurer's Office, and includes the unmodified opinion of our independent auditors, The Ohio Auditor of State. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. The CAFR conforms to generally accepted accounting principles (GAAP) applicable to government entities.

The Management's Discussion and Analysis (MD&A) provides a narrative introduction, overview and analysis to accompany the basic financial statements. This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the Independent Auditor's Report.

Copies of this report will be widely distributed throughout the District. A copy will be sent to all school buildings, the Chamber of Commerce, major taxpayers, the Public Library, Moody's and Standard and Poor's financial rating services, banks, and any other interested parties.

This report includes all funds of the District. The District provides a full range of traditional and non-traditional educational programs and services. These include elementary and secondary curriculum offerings at the general, college preparatory and vocational levels; a broad range of co-curricular and extra curricular activities; adult and community education offerings; special education programs and facilities and community recreation facilities.

In addition to providing these general activities, the District receives pass-thru State funds, which are distributed to private and parochial schools located within the District boundaries. The private school served by the Kettering City School District is the Montessori Center of South Dayton. The parochial schools served by the Kettering City School District are St. Albert the Great Elementary School, St. Charles Borromeo Elementary School, Ascension Elementary School and Archbishop Alter High School. While these organizations share operational and service similarity with the District, each is a separate and distinct entity. Because of their independent nature, none of these organizations' financial statements are included in this report. The District has no component units.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

LETTER OF TRANSMITTAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

HISTORY AND BACKGROUND

The 2013 school year marked the 170th year of existence for the Van Buren/Kettering City School District. Van Buren Township was established on June 26, 1841, through separation from Dayton. The township was at first divided into small one-room district schools (#1, #6, #9, #10, #11 and #12) and later into Carrmonte, Pasadena, and Fairmont elementary districts. Oakwood and Belmont were originally part of Van Buren Township. Oakwood formed its own district in 1926. Later, the Belmont area was annexed to Dayton.

Kettering City, the third largest public school district in the greater Dayton metropolitan area, lies south of Dayton and Oakwood, north of Centerville/Washington Township and west of Greene County. The City of Kettering and part of the City of Moraine fall under the jurisdiction of the school district.

Three names have been associated with the current Kettering City School District; Van Buren, Kettering and Moraine.

Van Buren Township was named for President Martin Van Buren. In 1803, Montgomery County was created, and four townships were formed. Dayton Township included the area now known as Kettering. Van Buren Township separated from Dayton in 1841 and remained a separate township with its own schools until 1952, when residents voted to become the Village of Kettering.

In 1954, Dayton proposed annexing the Delco facilities. The earlier annexation of Belmont did not sit well with Van Buren Township. Not wanting further erosion of the township, Van Buren countered, applied for, and was granted exempted village status, the last time such status was given in Ohio. Then Superintendent Dwight L. Barnes and Assistant Superintendent J. E. Prass spearheaded this move. The exempted village status precluded the proposed Delco annexation by Dayton and secured the area for Van Buren/Kettering.

A special census conducted in 1954-55 verified that the township had more than 10,000 residents, and in 1955, the township became the City of Kettering.

The City of Kettering and hence the Kettering City School District were named in honor of Charles F. Kettering, the noted inventor of the automobile self-starter and holder of more than 150 patents. Together with Edward A. Deeds, Mr. Kettering formed a partnership in 1909, known as the "Barn Gang" since they, and other engineers, worked in Deeds' barn. The partnership developed into the Dayton Engineering Laboratories Company (DELCO), with Deeds as President and Kettering as Vice-President. In 1916, DELCO was sold to General Motors. During World War I, Deeds and Kettering organized the Dayton Wright Airplane Company and invented "The Bug" a remote-controlled, unmanned aircraft. The war ended before "The Bug" could be used. Charles F. Kettering's other accomplishments included work with leaded gasoline, Freon refrigeration, diesel locomotion, and quick-drying car paint.

Kettering was a very civic-minded man, directing both his efforts and funds into the Sloan-Kettering Institute for Cancer Research, the Kettering Foundation, which works to strengthen the public role in government, educational and science policy, and the Miami Conservancy District, instrumental in flood control.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

LETTER OF TRANSMITTAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Moraine took its name from the pre-historic glacier, which deposited vast amounts of sand and gravel over the terrain. Because of concern over police and fire departments services, the west Moraine section voted to become a separate township in 1953. They became a village in 1957 and a city in 1965. Throughout this period, Moraine has retained its ties to the Kettering City School District.

The Kettering City School District currently has a population of about 62,470 and covers 21.3 square miles. The City of Moraine has 6,307 residents and encompasses 9.22 square miles of which approximately 2.9 are within the Kettering City School District.

The official opening enrollment of the District was 7,128 enrolled in eight elementary schools, two middle schools and one high school during the 2012-13 school year; enrollment increased to 7,265 students during fiscal year 2013. Other facilities operated by the District include a maintenance building, a transportation building, and the Central Office Building that had been a high school and junior high school previously. The Central Office Building also houses the District's alternative high school program.

On September 15, 1998 the Kettering City School District Board of Education passed a resolution to change the name of the District from the Kettering-Moraine City School District to the Kettering City School District effective July 1, 1998.

ORGANIZATION OF THE DISTRICT

The Board of Education of the Kettering City School District is a five member body politic and corporate, as defined by Section 3313.02, Ohio Revised Code. The Board serves as the taxing authority, contracting body, policy maker, and ensures that all other general laws of the State of Ohio are followed in the expenditure of the District's tax dollar, and approves the annual appropriation resolution and tax budget.

The Board members on June 30, 2013 were as follows:

George H. Bayless
James S. Trent
Julie A. Gilmore
Lori E. Simms
James T. Ambrose

The Superintendent is the chief executive officer of the District, responsible directly to the Board for all operations. Dr. James Schoenlein was appointed as Superintendent effective August 1, 2011.

The Treasurer/CFO is the chief financial officer of the District, responsible directly to the Board for maintaining all financial records, issuing all payments, maintaining custody of all District funds and assets, and investing idle funds as specified by Ohio Law. Steven G. Clark was appointed Treasurer effective January 3, 2000.

ECONOMIC CONDITION AND OUTLOOK

Economic Condition and Outlook (Kettering)

The economic environment for Kettering's business community continued to be one of relative stability during 2013.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

LETTER OF TRANSMITTAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

According to the City of Kettering, although the City has been negatively impacted by the decline in employment in the area, the overall effect was diminished due to the diversity of the employment base. Kettering's business base ranges from some major employers headquartered in Kettering to many midsize companies specializing in technology or professional services and smaller, family-owned businesses. Kettering's largest employers include Kettering Medical Center (KMC), G.E. Money, and Reynolds & Reynolds Co. KMC employs 3,570 people and continued to work on a master plan that includes additional growth on vacant land across the street from the main campus. Reynolds & Reynolds Co., a fortune 1000 company based in Dayton since 1866, continues to employ 1,150 people at its Miami Valley Research Park campus. G.E. Money employs 1,470 people and has plans to invest \$1.5 million for improvements in their facility at the Kettering Business Park (KBP).

According to City of Kettering, the City is about 95% developed, therefore a primary focus of economic development in the City is on the redevelopment of underutilized sites. The residential portion of the redevelopment of Kettering Pointe, formerly Van Buren Shopping Center, continued during 2012. The housing portion includes 35 lots, of which 18 have been built or are under construction. The retail portion of the site is complete and fully leased with 10 retail sites, a post office, and WesBanco Bank. Phase 3 of Madison's Grant, a Ryan Homes housing development, continued during 2012. Sixteen single family homes were completed during 2012. Madison's Grant will include 154 new is homes when the development is complete.

Economic Condition and Outlook (Moraine)

According to the City of Moraine, the City's local economy is showing an improvement over the decline from the past several years. In 2012 the former General Motors Assembly plant was bought by the Industrial Realty Group (IRG). The City had been working diligently to ensure the building would be preserved to allow for more rapid repurposing of that entire site. The site currently has over 380 acres and over 4 million square feet of building space. During the year, there are several businesses that have moved into the facility. Heidelberg Distributing has relocated to the City and has renovated the former Cooper Tire facility. According to local news sources, the City is also seeking a \$700,000 Montgomery County development grant for a \$250 million project employing up to 800 people at the former General Motors Assembly plant. The project would use 1.4 million square feet of the plant and require 500 parking spaces, according to the application for a county ED/GE (Economic Development/Government Equity) grant.

According to the City of Moraine, the opening of exit 47 of Interstate 75 (I-75) was a long awaited event. The reconstruction of the exit has been in progress for over 5 years, both in planning and construction. The redevelopment allows for substantially easier access to both northbound and southbound I-75. This will be an advantage for those businesses in Moraine and an added incentive to draw more business into the City. The Oak Pointe neighborhood saw continued growth in 2012 as Ryan Homes continues to aggressively market the property. They offer a variety of home designs suited to the development. In 2012, Ryan built an additional 25 homes, nearly tripling the size of the subdivision. With more homes under construction and more home sales anticipated, the City looks forward to working with Ryan Homes in 2013 and beyond.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

LETTER OF TRANSMITTAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Ryan Homes was founded in 1948 in Pittsburgh, Pennsylvania, to provide housing in the post World War II economy. In the 64 years since, Ryan has constructed more than 300,000 homes. With operations in 23 metropolitan areas spanning 13 states, Ryan Homes is one of the nation's most prolific home builders.

EMPLOYEE RELATIONS

The Board employs 1,002 full-time and part-time employees (including non-teaching personnel). Of the Board's current employees, 582 are certificated by the Ohio Department of Education serving as classroom teachers, education specialists and administrators, all of whom have at least a bachelor's degree. The starting salary for a teacher with bachelor's degree for the period beginning August 1, 2012 was \$35,484. The maximum teacher salary in 2012-2013 for a doctorate degree was \$90,839 with 28 years longevity.

Five hundred thirty-nine (539) of the Board's certificated teachers and educational specialists are members of the Kettering Education Association ("KEA"), which is a labor organization affiliated with the Ohio Education Association. The current contract between the Board and the Association became effective on May 3, 2011 and expires on May 2, 2014.

Two hundred fifty-six (256) of the Board's classified employees are members of the Ohio Association of Public School Employees ("OAPSE") which is a labor organization affiliated with the American Federation of State, County and Municipal Employees ("AFSME"). The current contract between the Board and OAPSE became effective on August 1, 2012 and expires on July 31, 2014.

These agreements marked a continuation of the historical turn in labor relations between the District, KEA, and OAPSE. The collaborative interest-based bargaining approach that involves the exchange of ideas, concerns and mutual problem solving to improve the instruction of students and to address the needs of the District in a cooperative manner was used.

MAJOR INITIATIVES

For the Year...and the Future...

Putting the Common Core State Standards (CCSS) into practice in time for the Next Generation of Assessments (NGA) is the District's major focus for the 2013-14 and 2014-15 school years. We have laid the groundwork for this huge undertaking over the past two years through our comprehensive professional development plan and we are looking forward to being part of Partnership for Assessment of Readiness for College and Careers (PARCC) field testing in spring 2014 in preparation for on-line assessments in 2015.

Over the next two years, we will work toward the following goals for professional development:

- Continuing to support the full implementation of the Common Core State Standards and Ohio New Learning Standards.
- Providing teachers with the resources they need to teach students to be knowledgeable problem solvers.
- Training teachers and students on using technology to enhance their learning.
- Training teachers to focus their instruction on challenging content that develops students' skills which will prepare them to compete in the 21st Century global economy.
- Implementing the Ohio Teacher Evaluation System (OTES) to assist teachers in refining their teaching skills while focusing on student growth.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

LETTER OF TRANSMITTAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

We are confident that we will be ready for the NGA because we have great people doing great work, we have a plan, and we are implementing that plan to make the necessary changes to curriculum, instruction, assessment, digital materials, and professional development. We have great resources in the district, including outstanding teaching and support staff, highly skilled principals, and parents who value education.

Preparing our students to be ready to meet the challenges of the world is a team effort that promotes collaboration, creativity, perseverance and achievement. We are committed to giving our students the skills needed to be able to analyze and solve problems, communicate effectively and think creatively. These skills will prepare our students to be life-long learners and allow our students to successfully compete in a global economy.

FINANCIAL INFORMATION

Internal Controls

The Treasurer/CFO of the District is responsible for establishing internal controls designed to ensure that the assets of the District are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The Management Team is responsible for assisting with the implementation of the established internal controls. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of cost and benefit requires estimates and judgments by management. Management believes the internal controls adequately meet the objective.

Budgetary Controls

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 certificate of estimated resources and the appropriations 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 primary level of budgetary control imposed by the District (the level at which expenditures cannot legally exceed the appropriated amount) is established at the broad object level (first level) for the general fund and at the fund level for all other funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts at year-end are carried forward to succeeding years and are not re-appropriated.

Independent Audit

The State of Ohio requires an annual audit by either the Auditor of State or by an independent public accounting firm. The Auditor of State performed the audit for the fiscal year ended June 30, 2013. The auditor's report on the District's basic financial statements, combining statements, and individual fund statements and schedules is included in the financial section of this Comprehensive Annual Financial Report.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

LETTER OF TRANSMITTAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Kettering City School District for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the eighteenth consecutive year that the government has achieved this prestigious award. 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 our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

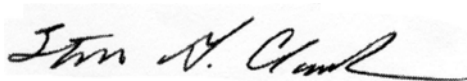
The Association of School Business Officials (ASBO) of the United States and Canada awarded a Certificate of Excellence in Financial Reporting to the Kettering City School District for its comprehensive annual financial report for the year ended June 30, 2012. This award certifies that a Comprehensive Annual Financial Report substantially conforms to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials. This award is granted only after an extensive review of the report by an expert panel of certified public accountants and practicing school business officials.

A Certificate of Excellence is valid for a period of one year only. The Kettering City School District has received a Certificate of Excellence for eighteen consecutive years. We believe our current report continues to meet the Certificate of Excellence Program's requirements, and we are submitting it to ASBO to determine its eligibility for another certificate.

Acknowledgments

The preparation of this nineteenth Comprehensive Annual Financial Report would not have been possible without the cooperation and support of the entire staff of the Treasurer's Office. Sincere appreciation is extended to Nicole Marshall, Assistant Treasurer, for her exceptional individual effort and dedication to this achievement. A special thanks to Director of Business Services - Kenneth Lackey and the Business Services staff, Director of Student Services - James Justice, Director of Technology Services - Debbie LeValley, Director of Instructional Services - Druann Miller, the Montgomery County Auditor's Office, the Kettering City Finance Department, the Moraine City Finance Department, and the State Auditor's Office for their special support. Also, special thanks to Julian & Grube, Inc. and staff for assistance in the preparation of this financial report.

Sincerely,



Mr. Steven G. Clark, CFO
Treasurer



Dr. James Schoenlein
Superintendent

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

PRINCIPAL OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Elected Officials

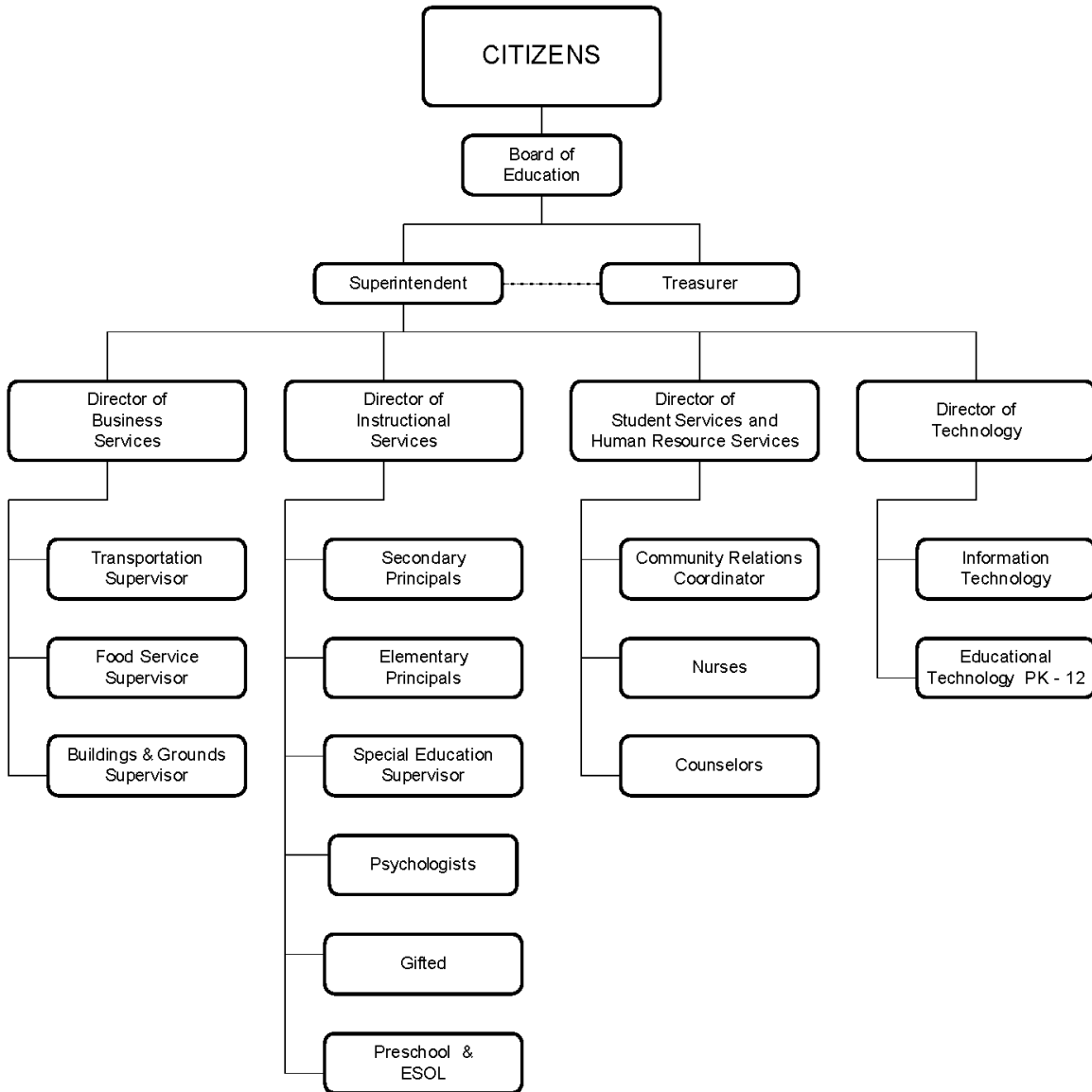
President - Board of Education Mr. George H. Bayless
Vice President - Board of Education..... Mr. James S. Trent
Board of Education Member..... Ms. Julie A. Gilmore
Board of Education Member..... Ms. Lori E. Simms
Board of Education Member..... Mr. James T. Ambrose

Appointed Officials

Superintendent Dr. James Schoenlein
Treasurer/Chief Financial Officer Mr. Steven G. Clark
Director - Student Services Mr. James Justice
Director - Human Resources Mr. James Justice
Director - Business Services Mr. Kenneth Lackey
Director - Technology Services Ms. Debbie LeValley
Director - Curriculum and Instruction Ms. Druann Miller

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**ORGANIZATIONAL CHART
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

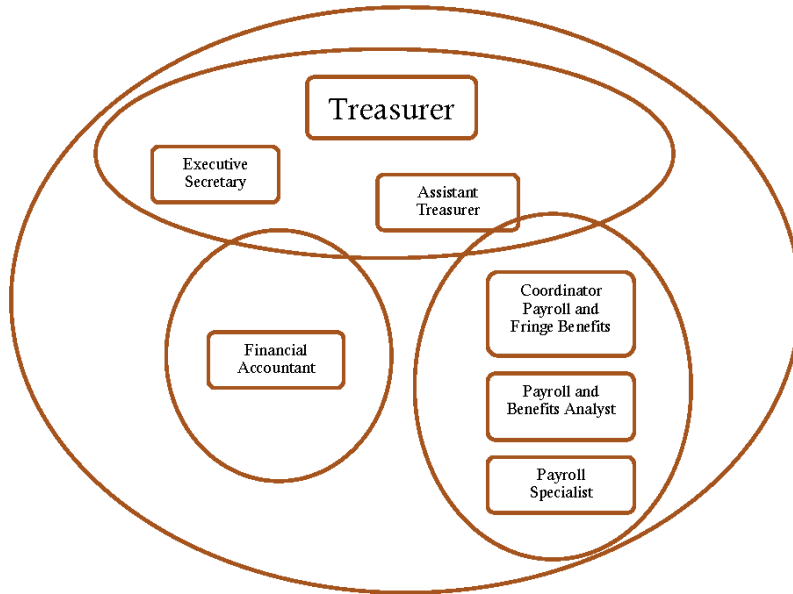


**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

OFFICE OF THE TREASURER
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Team Organization

Treasurer/Chief Financial Officer	Steven G. Clark
Assistant Treasurer.....	Nicole Marshall
Coordinator - Payroll and Fringe Benefits	Jill E. Lopez
Payroll and Benefits Analyst	Denise Lay
Executive Secretary	Carol S. Trospen
Payroll Specialist	Vicki McCloud
Financial Accountant	Robin Keogh



**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2012



Government Finance Officers Association

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

Presented to

**Kettering City School District
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL
CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

Kettering City School District

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2012*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, appearing to read 'Ron McCulley'.

Ron McCulley, CPPB, RSBO
President

A handwritten signature in black ink, appearing to read 'John D. Musso'.

John D. Musso, CAE, RSBA
Executive Director

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

Financial Section

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**



Shea Morgan, 11th Grade



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Kettering City School District
Montgomery County
3750 Far Hills Avenue
Kettering, Ohio 45429

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kettering City School District, Montgomery County, Ohio (the District), as of and for the year ended June 30, 2013, 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 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.

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402
Phone: 937-285-6677 or 800-443-9274 Fax: 937-285-6688

www.ohioauditor.gov

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Kettering City School District, Montgomery County, Ohio, as of June 30, 2013, 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.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended June 30, 2013, the District adopted the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

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* 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 these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules 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, these statements and schedules are 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 have also issued our report dated December 23, 2013, 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.

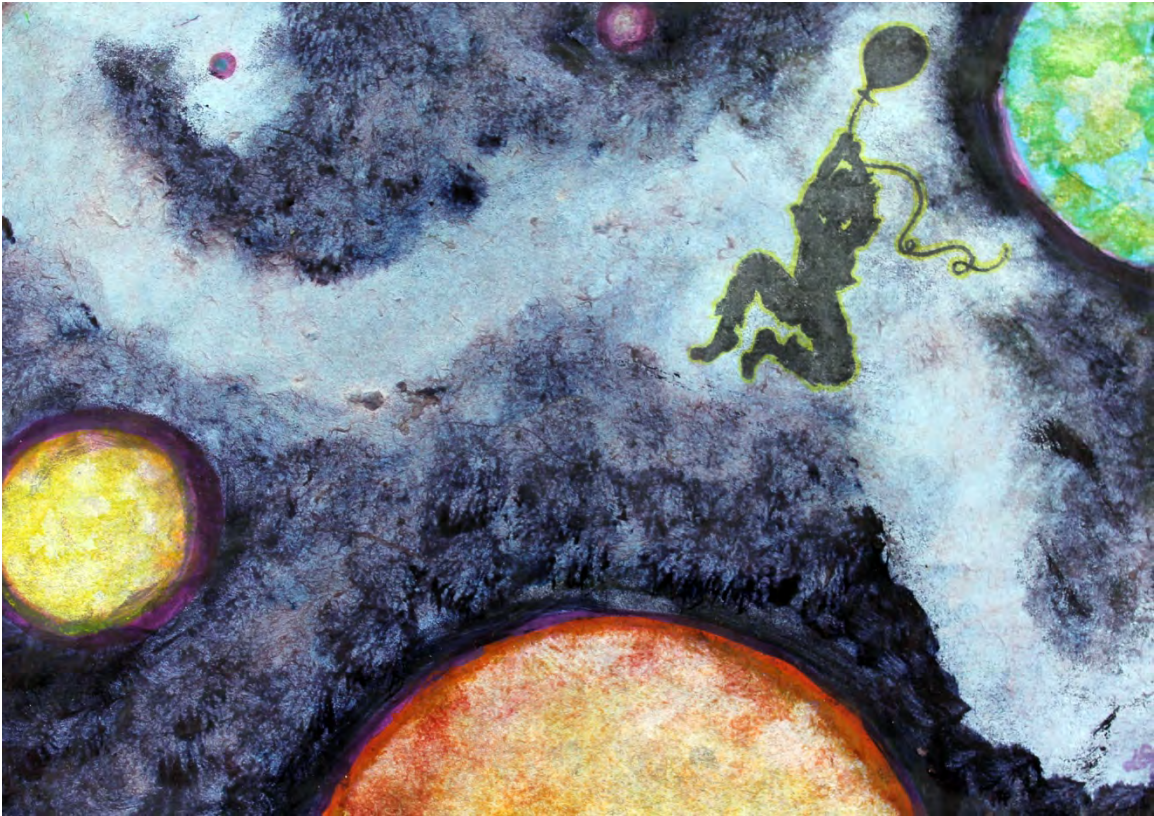
A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

December 23, 2013

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KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO



Libby Groll, 11th Grade

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

The management's discussion and analysis of the Kettering City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2013 are as follows:

- In total, net position of governmental activities decreased \$3,042,576 which represents a 10.29% decrease from restated net position at July 1, 2012, of \$29,561,088.
- General revenues accounted for \$82,264,224 in revenue or 85.90% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$13,504,056 or 14.10% of total revenues of \$95,768,280.
- The District had \$98,810,856 in expenses related to governmental activities; \$13,504,056 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$82,264,224 were inadequate to provide for these programs.
- The District's two major governmental funds are the general fund and the bond retirement fund. The general fund had \$79,071,028 in revenues and \$83,295,894 in expenditures and other financing uses. During fiscal year 2013, the general fund's fund balance decreased \$4,237,276 from a balance of \$7,101,139 to \$2,863,863.
- The bond retirement fund had \$23,474,024 in revenues and other financing sources and \$23,755,030 in expenditures and other financing uses. During fiscal year 2013, the bond retirement fund's fund balance decreased by \$281,006 from a balance of \$3,730,110 to a balance of \$3,449,104.

Using this Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader may understand the 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 District, presenting both an aggregate view of the 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 the reader how services were financed in the short-term, as well as what balances remain for future spending. The fund financial statements also present the District's most significant funds with all other, nonmajor funds presented in one aggregated column. In the case of the District, the general fund and the bond retirement fund are the most significant funds and are the only funds considered major funds.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this report contains the large number of funds utilized by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did the District perform financially during 2013?" 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 considers all of the current year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the 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 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 governmental activities include the District's programs and services, including instruction, support services, operations and maintenance, pupil transportation, extracurricular activities, and operation of non-instructional services.

The District's statement of net position and statement of activities can be found on pages 15 and 16 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 11. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions during the year; however, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the bond retirement fund.

Governmental Funds

Most of the 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 the modified accrual basis of accounting, which measures cash and all other financial resources that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the District's general government operations and the basic services that it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship between governmental activities (reported in the statement of net position and the statement of activities) and the governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 17 through 23 of this report.

Proprietary Funds

The District maintains proprietary funds. Internal service funds are an accounting device used to accumulate and allocate costs within the District. The District's internal service funds account for a self-funded dental care benefit program and a self-funded health insurance benefit program for employees of the District. The basic proprietary fund financial statements can be found on pages 24 through 26 of this report.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

Fiduciary Funds

The District acts in a trustee capacity as an agent for students, individuals, and other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities on page 27. These activities are excluded from the District's other financial statements because the assets of the fiduciary funds cannot be utilized by the 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 29-64 of this report.

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for 2013 and 2012. In accordance with GASB Statement No. 65, balances for fiscal year 2012 have been restated to exclude the unamortized bond issuance costs from assets and the District's net investment in capital assets at June 30, 2012, to reclassify property taxes levied for the next fiscal year from a liability to a deferred inflow of resources, and to reclassify unamortized deferred charges from the refunding of debt to be reported as a deferred outflow of resources rather than as a reduction of liabilities as previously reported.

	Net Position	
	Governmental Activities 2013	Restated Governmental Activities 2012
<u>Assets</u>		
Current and other assets	\$ 84,987,952	\$ 84,697,973
Capital assets, net	109,296,155	110,932,206
Total assets	194,284,107	195,630,179
<u>Deferred Outflows of Resources</u>	2,018,861	1,611,084
<u>Liabilities</u>		
Current liabilities	14,726,901	12,686,144
Long-term liabilities	98,799,952	101,959,822
Total liabilities	113,526,853	114,645,966
<u>Deferred Inflows of Resources</u>	56,257,603	53,034,209
<u>Net Position</u>		
Net investment in capital assets	21,078,401	19,433,829
Restricted	5,720,633	4,665,950
Unrestricted (deficit)	(280,522)	5,461,309
Total net position	\$ 26,518,512	\$ 29,561,088

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2013, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$26,518,512.

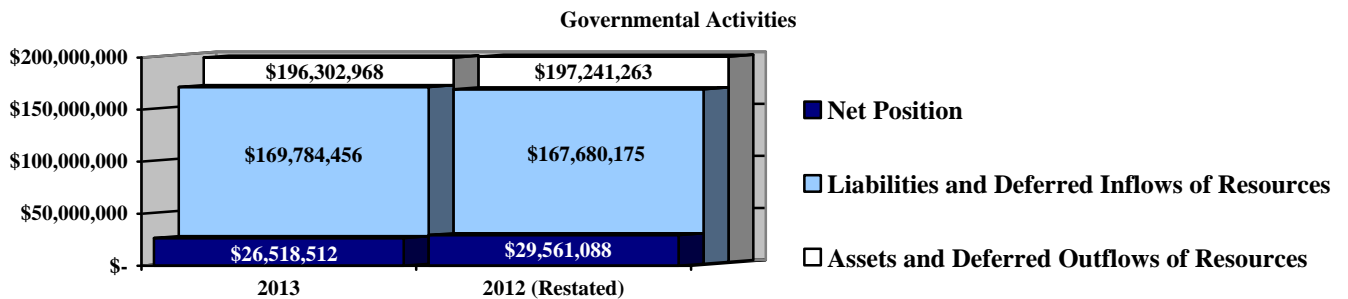
**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

At year-end, capital assets represented 56.26% of total assets. Capital assets include land, construction in progress, buildings and improvements, furniture, fixtures and equipment, and vehicles. The District's net investment in capital assets at June 30, 2013 was \$21,078,401. These capital assets are used to provide services to students and community members and are not available for future spending. Although the District's net investment in capital assets is reported net of debt related to the acquisition of these assets, 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.

A portion of the District's net position, \$5,720,633, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$280,522.

The graph below illustrates the District's assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position at June 30, 2013 and June 30, 2012. In accordance with GASB Statement No. 65, balances at June 30, 2012 have been restated to eliminate the capitalization of bond issuance costs and to reclassify unamortized deferred charges from the refunding of debt to be reported as a deferred outflow of resources rather than as a reduction of liabilities as previously reported.



Governmental Activities

Net position of the District's governmental activities decreased \$3,042,576. Total governmental expenses of \$98,810,856 were offset by program revenues of \$13,504,056 and general revenues of \$82,264,224. Program revenues supported 13.67% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from taxes, and grants and entitlements. These revenue sources represent 84.80% of total governmental revenue.

Overall, revenues of the governmental activities decreased 4.63%. The largest components of this decrease resulted from property taxes, which decreased 6.17%, and unrestricted grants and entitlements, which decreased 4.82%. Property tax revenues decreased as a result of a decrease in property tax receipts during the year, lower advances available to the District at year-end, and lower delinquent amounts due to the District at June 30, 2013; property tax collections on a budgetary-basis decreased \$1,067,939 from fiscal year 2012, while advances available to the District from Montgomery and Greene Counties totaled \$1,965,340 and \$3,641,708 at June 30, 2013 and June 30, 2012, respectively. The amount available as an advance can fluctuate based on the timing of property tax billings. Delinquent taxes not available to the District recognized as revenue on the statement of activities totaled \$2,237,943 at June 30, 2013, and \$3,523,228 at June 30, 2012.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$52,265,049 or 52.89% of total governmental expenses for fiscal year 2013.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

The table below shows the change in net position of the governmental activities for fiscal year 2013 and 2012. In accordance with GASB Statement No. 65, net position and interest and fiscal charges for 2012 have been restated to exclude the capitalization and amortization of bond issuance costs. Further, revenues been reclassified to disaggregate the net change in the fair market value (FMV) of investments from earnings on investments.

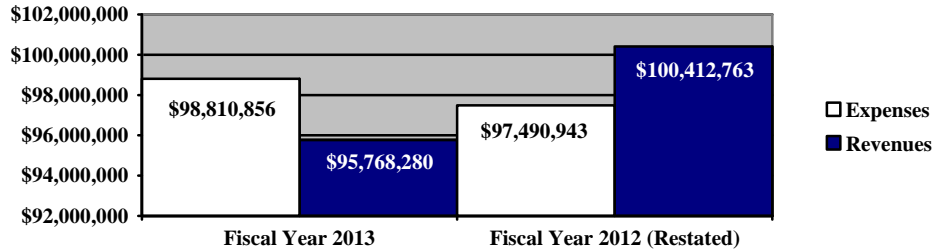
	Changes in Net Position - Governmental Activities		
	<u>2013</u>	<u>Restated 2012</u>	<u>Increase (Decrease)</u>
<u>Revenues</u>			
Program revenues:			
Charges for services and sales	\$ 4,287,356	\$ 4,172,793	\$ 114,563
Operating grants and contributions	9,216,700	9,245,334	(28,634)
General revenues:			
Property taxes	57,281,151	61,048,275	(3,767,124)
Payment in lieu of taxes	582,655	151,425	431,230
Grants and entitlements	23,933,755	25,145,742	(1,211,987)
Investment earnings	91,520	95,301	(3,781)
Net increase (decrease) in FMV of investments	(140,157)	21,193	(161,350)
Miscellaneous	<u>515,300</u>	<u>532,700</u>	<u>(17,400)</u>
Total revenues	<u>95,768,280</u>	<u>100,412,763</u>	<u>\$ (4,644,483)</u>
<u>Expenses</u>			
Program expenses:			
Instruction:			
Regular	35,679,782	34,695,073	\$ 984,709
Special	9,745,956	9,646,917	99,039
Vocational	2,765,023	2,711,654	53,369
Adult/Continuing	91,829	55,404	36,425
Other	3,982,459	3,462,802	519,657
Support services:			
Pupil	7,444,865	7,599,142	(154,277)
Instructional staff	6,052,370	6,118,959	(66,589)
Board of education	53,648	66,586	(12,938)
Administration	5,533,408	5,870,320	(336,912)
Fiscal	1,740,590	1,753,709	(13,119)
Business	489,754	657,346	(167,592)
Operations and maintenance	8,183,719	8,338,608	(154,889)
Pupil transportation	3,803,988	3,751,327	52,661
Central	1,800,269	1,830,592	(30,323)
Operation of non-instructional services	5,781,286	5,316,205	465,081
Extracurricular activities	1,522,424	1,574,598	(52,174)
Debt service:			
Interest and fiscal charges	3,861,797	4,041,701	(179,904)
Bond issuance costs	<u>277,689</u>	<u>-</u>	<u>277,689</u>
Total expenses	<u>98,810,856</u>	<u>97,490,943</u>	<u>\$ 1,319,913</u>
Change in net position	(3,042,576)	2,921,820	
Net position at beginning of year (restated)	<u>29,561,088</u>	<u>26,639,268</u>	
Net position at end of year	<u>\$ 26,518,512</u>	<u>\$ 29,561,088</u>	

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

The graph below presents the District's governmental activities revenues and expenses for fiscal year 2013 and 2012. Expenses for fiscal year 2012 have been restated to exclude the amortization of bond issuance costs

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and sales and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements.

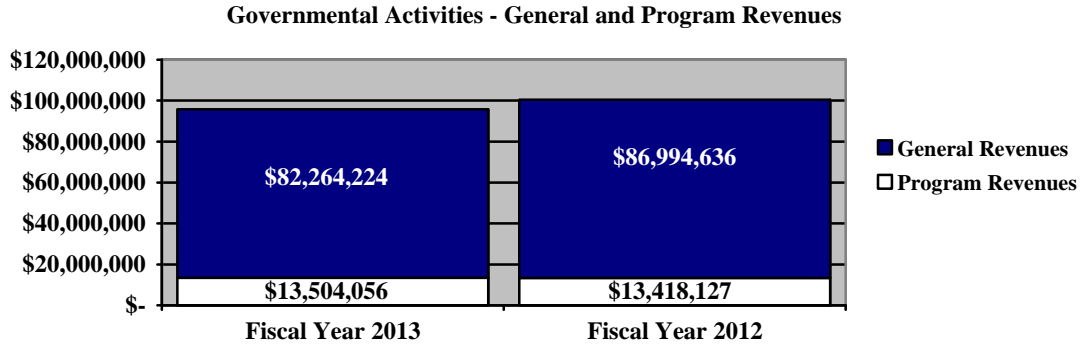
Governmental Activities

	Total Cost of Services 2013	Net Cost of Services 2013	Restated Total Cost of Services 2012	Restated Net Cost of Services 2012
Program expenses				
Instruction:				
Regular	\$ 35,679,782	\$ 34,585,712	\$ 34,695,073	\$ 33,558,358
Special	9,745,956	6,312,874	9,646,917	5,974,533
Vocational	2,765,023	2,410,914	2,711,654	2,357,190
Adult/continuing	91,829	8,094	55,404	(1,379)
Other	3,982,459	3,893,856	3,462,802	3,462,802
Support services:				
Pupil	7,444,865	6,777,951	7,599,142	6,886,789
Instructional staff	6,052,370	4,906,190	6,118,959	5,132,833
Board of education	53,648	53,607	66,586	66,586
Administration	5,533,408	5,214,130	5,870,320	5,576,177
Fiscal	1,740,590	1,740,590	1,753,709	1,753,709
Business	489,754	489,754	657,346	657,346
Operations and maintenance	8,183,719	8,015,558	8,338,608	8,297,420
Pupil transportation	3,803,988	3,507,759	3,751,327	3,675,126
Central	1,800,269	1,579,141	1,830,592	1,796,521
Operations of non-instructional services	5,781,286	612,664	5,316,205	(43,324)
Extracurricular activities	1,522,424	1,058,520	1,574,598	880,428
Debt service:				
Interest and fiscal charges	3,861,797	3,861,797	4,041,701	4,041,701
Bond issuance costs	277,689	277,689	-	-
Total expenses	\$ 98,810,856	\$ 85,306,800	\$ 97,490,943	\$ 84,072,816

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

The District's dependence upon tax and other general revenues for governmental activities is apparent, as 90.33% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 86.33%. The District's taxpayers and grants and entitlements received from the State of Ohio that are not restricted in use are by far the primary support for District's students. The graph below presents the District's governmental activities revenue for fiscal year 2013 and 2012.



The District's Funds

The District's governmental funds, as presented on the balance sheet on page 17, reported a combined fund balance of \$7,944,252, which is lower than last year's total of \$12,623,676. The schedule below shows fund balances at June 30, 2013 and June 30, 2012 and the net changes in fund balances during fiscal year 2013.

	Fund Balance June 30, 2013	Fund Balance June 30, 2012	Decrease	Percentage Change
General fund	\$ 2,863,863	\$ 7,101,139	\$ (4,237,276)	(59.67) %
Bond retirement fund	3,449,104	3,730,110	(281,006)	(7.53) %
Nonmajor governmental funds	1,631,285	1,792,427	(161,142)	(8.99) %
Total	<u>\$ 7,944,252</u>	<u>\$ 12,623,676</u>	<u>\$ (4,679,424)</u>	(37.07) %

General Fund

The table that follows shows the revenues of the general fund for fiscal years 2013 and 2012. Revenues for the fiscal year ended June 30, 2012 have been reclassified to disaggregate the net increase in the fair market value (FMV) of the District's investments during fiscal year 2012 to be reported separately from investment earnings.

Revenues	2013 Amount	2012 Amount	Increase/ (Decrease)	Percentage Change
Taxes	\$ 51,651,202	\$ 53,984,620	\$ (2,333,418)	(4.32) %
Payment in lieu of taxes	582,655	151,425	431,230	284.78 %
Tuition	857,163	655,281	201,882	30.81 %
Earnings on investments	77,648	92,430	(14,782)	(15.99) %
Net increase (decrease) in FMV of investments	(140,157)	21,193	(161,350)	(761.34) %
Extracurricular activities	305,910	295,571	10,339	3.50 %
Intergovernmental	24,434,510	25,842,381	(1,407,871)	(5.45) %
Other	1,302,097	1,263,267	38,830	3.07 %
Total	<u>\$ 79,071,028</u>	<u>\$ 82,306,168</u>	<u>\$ (3,235,140)</u>	(3.93) %

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

Expenditures and other financing uses of the general fund exceeded revenues by \$4,224,866. Overall, revenues in the general fund decreased 3.93%. The largest components of this decrease resulted from property taxes, which decreased 4.32%, and intergovernmental revenues, which decreased 5.45%. Property tax revenues in the general fund decreased as a result of a decrease in property tax receipts during the year and lower advances available to the District at year-end; advances available to the District from Montgomery and Greene Counties totaled \$1,723,141 and \$3,192,121 at June 30, 2013 and June 30, 2012, respectively. A \$431,230 increase in payment in lieu of taxes revenue from additional tax incremental financing agreements partially offset this reduction. Lower intergovernmental revenues resulted from a 19.79% reduction in tangible personal property tax loss reimbursement payments made to the District from the state of Ohio.

Tuition revenue increased 30.81%; while the District recognized increased tuition revenue from both students and payments from other Districts during 2013, the largest increase in tuition revenues consisted of tuition reimbursements received through the state foundation for students with disabilities. Earnings on investments decreased 15.99 percent during 2013 due to lower effective interest rates earned on the District's pooled deposits and investments during the year. The District also recognized a net decrease in the fair market value of its investments of \$140,157 during 2013, as opposed to fiscal year 2012 in which the District recognized a net increase in the fair market value of its overall federal agency security, commercial paper, negotiable certificate of deposit, STAR Ohio, and US government money market investment holdings of \$21,193. Student fees supporting extracurricular activities remained consistent with fiscal year 2012, while other revenues increased 3.07%.

The table that follows displays the expenditures of the general fund for fiscal years 2013 and 2012:

Expenditures	2013 Amount	2012 Amount	Increase/ (Decrease)	Percentage Change
Instruction:				
Regular	\$ 34,519,663	\$ 33,127,035	\$ 1,392,628	4.20 %
Special	8,107,951	7,487,759	620,192	8.28 %
Vocational	2,618,174	2,539,882	78,292	3.08 %
Other	3,893,197	3,457,867	435,330	12.59 %
Supporting services:				
Pupil	6,989,518	6,878,609	110,909	1.61 %
Instruction staff	5,040,042	5,074,323	(34,281)	(0.68) %
Board of education	53,047	66,561	(13,514)	(20.30) %
Administration	5,145,798	5,304,318	(158,520)	(2.99) %
Fiscal	1,660,128	1,669,655	(9,527)	(0.57) %
Business	519,095	521,438	(2,343)	(0.45) %
Operations and maintenance	7,815,140	8,031,222	(216,082)	(2.69) %
Pupil transportation	3,571,236	3,549,626	21,610	0.61 %
Central	1,671,663	1,787,753	(116,090)	(6.49) %
Operation of non-instructional services	478,715	512,820	(34,105)	(6.65) %
Extracurricular activities	994,153	989,044	5,109	0.52 %
Facilities acquisition and construction	204,874	29,512	175,362	594.21 %
Debt service:				
Principal retirement	-	172,361	(172,361)	(100.00) %
Interest & fiscal charges	-	5,092	(5,092)	(100.00) %
Total	<u>\$ 83,282,394</u>	<u>\$ 81,204,877</u>	<u>\$ 2,077,517</u>	2.56 %

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

Expenditures of the general fund increased \$2,077,517 or 2.56%. Among the District's instructional services, an increase in expenditures for regular instruction included additional expenditures during fiscal year 2013 for textbooks and computer equipment, while special instruction increased 8.28%, primarily due to salaries and benefits earned by employees during fiscal year 2013. Other instruction increased \$435,330, or 12.59%, because of higher costs incurred for student intervention services and services rendered by the Jefferson and Montgomery County Educational Service Centers.

Total support services expenditures of the general fund decreased \$417,838. Spending for administration decreased due in part to lower professional and legal services purchased during 2013 and a reduction in operating lease payments for leased equipment utilized by the District's administration, while lower prices for gas and electric utilities and a decrease in purchased services for repairs and maintenance contributed to a \$216,082 decrease in operations and maintenance expenditures. Further, a reduction in spending for central support services resulted in part from reduced equipment purchases during fiscal year 2013.

Expenditures for operation of non-instructional services decreased 6.65% due to lower spending for employee salaries and materials purchases supporting the District's before and after school child care programs. Meanwhile, facilities acquisition and construction expenditures increased \$175,362 due to a security construction project in progress as of June 30, 2013 and various noncapitalized building repair projects throughout the District's facilities. The District's general fund recognized no debt service expenditures during fiscal year, whereas during fiscal year 2012 the District made payments to retire a capital lease obligation for computer equipment.

At June 30, 2013, the general fund had a balance of \$2,863,863. Of this amount, \$221,889 is not in spendable form. The remaining balance of \$2,641,974 has been assigned for future use by the District.

Bond Retirement Fund

During fiscal year 2013, the bond retirement fund accounted for the issuances of the District's 2012 School Improvement Refunding and 2012 Taxable School Improvement Refunding general obligation bonds to refund portions of the District's outstanding 2003 School Improvement and 2005 School Improvement Refunding general obligation bonds, respectively. As a result of these transactions, the District recognized refunding bond proceeds and premiums totaling \$16,203,532 and incurred \$277,689 in bond issuance costs. Payments made from the debt service fund to refunded bonds escrow agents totaled \$16,247,473; this total will be held in escrow to satisfy future debt service requirements on the bonds refunded during the year.

In total, the bond retirement fund recognized \$23,474,024 in revenues and other financing sources and \$23,755,030 in expenditures and other financing uses during fiscal year 2013. During fiscal year 2013, the bond retirement fund's fund balance decreased by \$281,006 from a balance of \$3,730,110 to a balance of \$3,449,104. This entire amount is restricted for debt service.

General Fund Budgeting Highlights

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

During the course of fiscal year 2013, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$74,712,289 and final budgeted revenues and other financing sources were \$77,544,825. Actual revenues and other financing sources for fiscal year 2013 were \$79,643,253; this represents a \$2,098,428 increase over final budgeted revenues.

General fund original appropriations and other financing uses totaled \$82,395,506 and final appropriations and other financing uses totaled \$82,303,200. The actual budget basis expenditures and other financing uses for fiscal year 2013 totaled \$81,543,694, which is lower than the final budget appropriations by \$759,506.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2013, the District had \$109,296,155 invested in land, construction in progress, buildings and improvements, furniture, fixtures and equipment, and vehicles. This entire amount is reported in the District's governmental activities. The following table shows the District's net capital asset balances for 2013 and 2012.

Capital Assets at June 30 (Net of Depreciation) - Governmental Activities

	2013	2012
Land	\$ 461,616	\$ 466,616
Construction in progress	168,500	-
Building and improvements	105,415,260	107,108,937
Furniture, fixtures, and equipment	798,270	931,439
Vehicles	2,452,509	2,425,214
Total	\$ 109,296,155	\$ 110,932,206

The overall decrease in capital assets of \$1,636,051 is due to depreciation expense of \$2,063,872 and disposals with a net book value of \$187,966 exceeding capital asset additions of \$615,787. See Note 10 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

The following table summarizes the District's long term debt outstanding at June 30, 2013. The balance of general obligation bonds at June 30, 2012, has been restated to exclude \$1,611,084 in unamortized deferred charges on refunding transactions, reclassified to be reported as a deferred outflow of resources in accordance with GASB Statement No. 65, and to disaggregate unamortized premiums on bond issuances.

Outstanding Debt at June 30 - Governmental Activities

	2013	2012 (Restated)
General obligation bonds	\$ 85,869,349	\$ 88,929,693
Unamortized premiums on bonds	4,845,446	4,663,829
Total	\$ 90,714,795	\$ 93,593,522

At June 30, 2013, the District had \$85,869,349 in general obligation bonds outstanding, including current interest bonds, capital appreciation bonds, and accreted interest. Of this total, \$3,738,427 is due within one year and \$82,130,922 is due in greater than one year. See Note 11 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

The District is financially sound, although not overly affluent. The District relies on property tax revenues and state foundation funds to provide the resources necessary to support and maintain educational programs

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Steven G. Clark, Treasurer, 3750 Far Hills Avenue, Kettering, Ohio 45429.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2013

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and investments	\$ 21,648,511
Cash with fiscal agent	17,976
Receivables:	
Property taxes	60,706,589
Accounts	78,377
Accrued interest	16,257
Intergovernmental	2,241,862
Prepayments	129,444
Materials and supplies inventory	148,936
Capital assets:	
Nondepreciable capital assets	630,116
Depreciable capital assets, net	<u>108,666,039</u>
Capital assets, net	<u>109,296,155</u>
Total assets	<u>194,284,107</u>
 Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	<u>2,018,861</u>
Total deferred outflows of resources	<u>2,018,861</u>
 Liabilities:	
Accounts payable	761,788
Accrued wages and benefits payable	10,405,332
Pension obligation payable	1,605,600
Intergovernmental payable	653,344
Accrued interest payable	303,861
Claims payable	979,000
Matured bonds payable	17,976
Long-term liabilities:	
Due within one year	4,409,299
Due in more than one year	<u>94,390,653</u>
Total liabilities	<u>113,526,853</u>
 Deferred inflows of resources:	
Property taxes levied for the next fiscal year	<u>56,257,603</u>
Total deferred inflows of resources	<u>56,257,603</u>
 Net position:	
Net investment in capital assets	21,078,401
Restricted for:	
Capital projects	742,890
Debt service	2,880,116
Permanent fund:	
Expendable	1,216
Nonexpendable	12,801
Locally funded programs	20,312
State funded programs	30,354
Federally funded programs	1,075,191
Student activities	209,881
Other purposes	747,872
Unrestricted (deficit)	<u>(280,522)</u>
Total net position	<u>\$ 26,518,512</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	
Governmental activities:				
Instruction:				
Regular	\$ 35,679,782	\$ 963,092	\$ 130,978	\$ (34,585,712)
Special	9,745,956	174,734	3,258,348	(6,312,874)
Vocational	2,765,023	50,520	303,589	(2,410,914)
Adult/continuing	91,829	-	83,735	(8,094)
Other	3,982,459	-	88,603	(3,893,856)
Support services:				
Pupil	7,444,865	257,003	409,911	(6,777,951)
Instructional staff	6,052,370	182,229	963,951	(4,906,190)
Board of education	53,648	-	41	(53,607)
Administration	5,533,408	29,939	289,339	(5,214,130)
Fiscal	1,740,590	-	-	(1,740,590)
Business	489,754	-	-	(489,754)
Operations and maintenance	8,183,719	151,458	16,703	(8,015,558)
Pupil transportation	3,803,988	42,356	253,873	(3,507,759)
Central	1,800,269	2,180	218,948	(1,579,141)
Operation of non-instructional services	5,781,286	1,977,126	3,191,496	(612,664)
Extracurricular activities	1,522,424	456,719	7,185	(1,058,520)
Debt service:				
Interest and fiscal charges	3,861,797	-	-	(3,861,797)
Bond issuance costs	277,689	-	-	(277,689)
Total governmental activities	\$ 98,810,856	\$ 4,287,356	\$ 9,216,700	(85,306,800)
General revenues:				
Property taxes levied for:				
General purposes				50,493,711
Debt service				6,223,673
Capital outlay				563,767
Payment in lieu of taxes				582,655
Grants and entitlements not restricted to specific programs				23,933,755
Investment earnings				91,520
Net decrease in fair market value of investments				(140,157)
Miscellaneous				515,300
Total general revenues				82,264,224
Change in net position				(3,042,576)
Net position at beginning of year (restated)				29,561,088
Net position at end of year				\$ 26,518,512

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and investments	\$ 12,595,025	\$ 3,198,758	\$ 2,633,352	\$ 18,427,135
Cash with fiscal agent.	-	17,976	-	17,976
Receivables:				
Property taxes.	53,621,623	6,492,016	592,950	60,706,589
Accounts	75,968	-	2,409	78,377
Accrued interest.	16,257	-	-	16,257
Intergovernmental.	550,049	-	1,691,813	2,241,862
Prepayments.	122,859	-	6,585	129,444
Materials and supplies inventory	99,030	-	49,906	148,936
Due from other funds	38,279	-	-	38,279
Total assets	<u>\$ 67,119,090</u>	<u>\$ 9,708,750</u>	<u>\$ 4,977,015</u>	<u>\$ 81,804,855</u>
Liabilities:				
Accounts payable	\$ 530,327	\$ -	\$ 231,461	\$ 761,788
Accrued wages and benefits payable	9,580,113	-	825,219	10,405,332
Intergovernmental payable	626,431	-	26,913	653,344
Pension obligation payable	1,482,319	-	123,281	1,605,600
Due to other funds	-	-	38,279	38,279
Matured bonds payable.	-	17,976	-	17,976
Total liabilities	<u>12,219,190</u>	<u>17,976</u>	<u>1,245,153</u>	<u>13,482,319</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	49,678,863	6,028,617	550,123	56,257,603
Delinquent property tax revenue not available.	2,004,434	213,053	20,456	2,237,943
Accrued interest not available	11,551	-	-	11,551
Intergovernmental revenue not available.	219,062	-	1,529,998	1,749,060
Miscellaneous revenue not available.	122,127	-	-	122,127
Total deferred inflows of resources.	<u>52,036,037</u>	<u>6,241,670</u>	<u>2,100,577</u>	<u>60,378,284</u>
Fund balances:				
Nonspendable.	221,889	-	69,292	291,181
Restricted.	-	3,449,104	1,973,395	5,422,499
Committed	-	-	20,682	20,682
Assigned	2,641,974	-	-	2,641,974
Unassigned (deficit)	-	-	(432,084)	(432,084)
Total fund balances.	<u>2,863,863</u>	<u>3,449,104</u>	<u>1,631,285</u>	<u>7,944,252</u>
Total liabilities, deferred inflows of resources, and fund balances.	<u>\$ 67,119,090</u>	<u>\$ 9,708,750</u>	<u>\$ 4,977,015</u>	<u>\$ 81,804,855</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2013

Total governmental fund balances		\$	7,944,252
<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.			109,296,155
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows of resources in the funds.			
Property taxes receivable	\$	2,237,943	
Accrued interest receivable		11,551	
Intergovernmental receivable		1,871,187	
Total		4,120,681	4,120,681
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 funds are included in the governmental activities on the statement of net position.			2,242,376
Unamortized premiums on bonds issued are not recognized in the funds.			(4,845,446)
Unamortized deferred charges on refundings are not recognized in the funds.			2,018,861
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(303,861)
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		(85,869,349)	
Compensated absences		(8,085,157)	
Total		(93,954,506)	(93,954,506)
Net position of governmental activities		\$	26,518,512

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO



Scott Nichols, 12th Grade

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Property taxes	\$ 51,651,202	\$ 6,340,405	\$ 574,829	\$ 58,566,436
Payment in lieu of taxes	582,655	-	-	582,655
Tuition	857,163	-	434,110	1,291,273
Transportation fees	42,356	-	-	42,356
Earnings on investments	77,648	-	4,912	82,560
Net decrease in fair market value of investments	(140,157)	-	-	(140,157)
Charges for services	-	-	1,487,003	1,487,003
Extracurricular	305,910	-	392,333	698,243
Classroom materials and fees	158,212	-	-	158,212
Rental income	136,758	-	-	136,758
Contributions and donations	78,386	-	12,159	90,545
Contract services	471,443	-	2,068	473,511
Other local revenues	414,942	-	147,463	562,405
Intergovernmental - state	24,432,157	930,087	1,694,008	27,056,252
Intergovernmental - federal	2,353	-	5,437,354	5,439,707
Total revenues	<u>79,071,028</u>	<u>7,270,492</u>	<u>10,186,239</u>	<u>96,527,759</u>
Expenditures:				
Current:				
Instruction:				
Regular	34,519,663	-	227,750	34,747,413
Special	8,107,951	-	1,730,704	9,838,655
Vocational	2,618,174	-	73,370	2,691,544
Adult/continuing	-	-	82,493	82,493
Other	3,893,197	-	90,297	3,983,494
Support services:				
Pupil	6,989,518	-	491,849	7,481,367
Instructional staff	5,040,042	-	1,081,989	6,122,031
Board of education	53,047	-	601	53,648
Administration	5,145,798	-	272,910	5,418,708
Fiscal	1,660,128	78,338	13,870	1,752,336
Business	519,095	-	-	519,095
Operations and maintenance	7,815,140	-	321,982	8,137,122
Pupil transportation	3,571,236	-	239,484	3,810,720
Central	1,671,663	-	108,737	1,780,400
Operation of non-instructional services	478,715	-	5,257,709	5,736,424
Extracurricular activities	994,153	-	370,378	1,364,531
Facilities acquisition and construction	204,874	-	4,800	209,674
Debt service:				
Principal retirement	-	3,538,464	-	3,538,464
Interest and fiscal charges	-	3,613,066	-	3,613,066
Bond issuance costs	-	277,689	-	277,689
Total expenditures	<u>83,282,394</u>	<u>7,507,557</u>	<u>10,368,923</u>	<u>101,158,874</u>

(Continued)

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013 (CONTINUED)

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Excess of expenditures over revenues.	\$ (4,211,366)	\$ (237,065)	\$ (182,684)	\$ (4,631,115)
Other financing sources (uses):				
Issuance of refunding bonds	-	14,979,940	-	14,979,940
Premium on refunding bonds	-	1,223,592	-	1,223,592
Payment to refunded bonds escrow agent	-	(16,247,473)	-	(16,247,473)
Sale of assets.	-	-	6,000	6,000
Transfers in	-	-	13,500	13,500
Transfers (out)	(13,500)	-	-	(13,500)
Total other financing sources (uses)	(13,500)	(43,941)	19,500	(37,941)
Net change in fund balances	(4,224,866)	(281,006)	(163,184)	(4,669,056)
Fund balances at beginning of year	7,101,139	3,730,110	1,792,427	12,623,676
Increase (decrease) in reserve for inventory . . .	(12,410)	-	2,042	(10,368)
Fund balances at end of year.	\$ 2,863,863	\$ 3,449,104	\$ 1,631,285	\$ 7,944,252

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY 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, 2013

Net change in fund balances of governmental funds	\$	(4,669,056)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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	\$ 615,787	
Current year depreciation	(2,063,872)	
Total		(1,448,085)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(187,966)
Governmental funds report expenditures for inventory when purchased; however, in the statement of activities, they are reported as an expense when consumed.		
		(10,368)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Property taxes	(1,285,285)	
Earnings on investments	11,551	
Intergovernmental	513,844	
Miscellaneous	122,127	
Total		(637,763)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		3,538,464
The issuances of bonds are recorded as other financing sources in the governmental funds; however, the issuances are not reported in the statement of activities as they increase long-term liabilities on the statement of net position.		
		(14,979,940)
Payments to refunded bond escrow agents for the retirement of bonds is reported as an other financing use in the governmental funds; however, these payments reduce long-term liabilities on the statement of net position. Deferred charges related to bond refundings are amortized over the term of the issuance in the statement of activities. The following refunding transactions occurred in the current period:		
Bonds refunded	14,980,000	
Premium on bonds refunded	668,413	
Deferred charges on refunding transactions	599,060	
Total		16,247,473
Premiums on bond issuances are reported as an other financing source in the governmental funds but are amortized over the term of the issuance on the statement of activities.		
		(1,223,592)
In the statement of activities interest is accrued on outstanding bonds, whereas 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	47,170	
Accreted interest on capital appreciation bonds	(478,180)	
Amortization of bond premiums	373,562	
Amortization of deferred charges	(191,283)	
Total		(248,731)
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.		
		281,143
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		295,845
Change in net position of governmental activities	\$	(3,042,576)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY 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, 2013

	<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	\$ 48,961,690	\$ 50,817,954	\$ 53,067,954	\$ 2,250,000
Payment in lieu of taxes.	609,546	632,655	582,655	(50,000)
Tuition.	1,056,315	1,096,363	856,363	(240,000)
Transportation fees	51,804	53,768	43,768	(10,000)
Earnings on investments	79,614	82,632	72,371	(10,261)
Extracurricular	91,281	94,742	49,742	(45,000)
Classroom materials and fees.	7,659	7,949	7,948	(5,001)
Rental income.	179,613	186,423	136,423	(50,000)
Contract services	24,209	25,127	15,127	(10,000)
Other local revenues	410,723	426,295	376,296	(49,999)
Intergovernmental - state	23,225,197	24,105,724	24,432,157	326,433
Total revenues	<u>74,697,651</u>	<u>77,529,632</u>	<u>79,635,804</u>	<u>2,106,172</u>
Expenditures:				
Current:				
Instruction:				
Regular	34,175,047	33,853,915	33,828,049	25,866
Special	7,502,960	7,475,075	7,426,778	48,297
Vocational	2,542,509	2,518,746	2,516,694	2,052
Other	3,607,669	3,619,333	3,571,038	48,295
Support services:				
Pupil	6,833,177	6,782,243	6,763,796	18,447
Instructional staff	5,373,105	5,341,972	5,318,549	23,423
Board of education.	53,581	60,821	53,037	7,784
Administration.	5,078,382	5,313,358	5,026,818	286,540
Fiscal	1,682,179	1,779,691	1,665,099	114,592
Business	531,042	535,418	525,650	9,768
Operations and maintenance.	8,216,769	8,207,155	8,133,340	73,815
Pupil transportation	3,617,393	3,588,265	3,580,664	7,601
Central	1,844,251	1,863,681	1,825,525	38,156
Operation of non-instructional services	67,296	95,492	66,613	28,879
Extracurricular activities.	1,012,815	1,009,282	1,002,531	6,751
Facilities acquisition and construction	228,331	229,753	226,013	3,740
Total expenditures	<u>82,366,506</u>	<u>82,274,200</u>	<u>81,530,194</u>	<u>744,006</u>
Excess of expenditures over revenues	<u>(7,668,855)</u>	<u>(4,744,568)</u>	<u>(1,894,390)</u>	<u>2,850,178</u>
Other financing sources (uses):				
Refund of prior year's expenditures.	14,638	15,193	7,449	(7,744)
Refund of prior year's receipts	(1,000)	(1,000)	-	1,000
Transfers (out).	(28,000)	(28,000)	(13,500)	14,500
Total other financing sources (uses)	<u>(14,362)</u>	<u>(13,807)</u>	<u>(6,051)</u>	<u>7,756</u>
Net change in fund balance	(7,683,217)	(4,758,375)	(1,900,441)	2,857,934
Fund balance at beginning of year	12,151,741	12,151,741	12,151,741	-
Prior year encumbrances appropriated	1,019,284	1,019,284	1,019,284	-
Fund balance at end of year	\$ 5,487,808	\$ 8,412,650	\$ 11,270,584	\$ 2,857,934

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	<u>Governmental Activities - Internal Service Funds</u>
Assets:	
Current assets:	
Equity in pooled cash and investments	\$ 3,221,376
Total assets.	<u>3,221,376</u>
Liabilities:	
Current liabilities:	
Claims payable	<u>979,000</u>
Total liabilities	<u>979,000</u>
Net position:	
Unrestricted	<u>2,242,376</u>
Total net position.	<u>\$ 2,242,376</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Governmental Activities - Internal Service Funds
Operating revenues:	
Charges for services	\$ 12,175,897
Total operating revenues.	<u>12,175,897</u>
Operating expenses:	
Purchased services.	1,350,682
Claims expense	10,529,423
Total operating expenses	<u>11,880,105</u>
Operating income.	<u>295,792</u>
Nonoperating revenues:	
Interest revenue	53
Total nonoperating revenues	<u>53</u>
Change in net position	295,845
Net position at beginning of year.	<u>1,946,531</u>
Net position at end of year	<u>\$ 2,242,376</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Governmental Activities - Internal Service Funds</u>
Cash flows from operating activities:	
Cash received from charges for services	\$ 12,175,897
Cash payments for purchased services	(1,350,682)
Cash payments for claims	<u>(10,617,279)</u>
Net cash provided by operating activities	<u>207,936</u>
Cash flows from investing activities:	
Interest received	<u>53</u>
Net cash provided by investing activities	<u>53</u>
Net increase in cash and investments	207,989
Cash and investments at beginning of year	<u>3,013,387</u>
Cash and investments at end of year	<u><u>\$ 3,221,376</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 295,792
Changes in liabilities:	
(Decrease) in claims payable	<u>(87,856)</u>
Net cash provided by operating activities	<u><u>\$ 207,936</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2013

	Agency
Assets:	
Equity in pooled cash and investments	\$ 327,248
Accounts receivable	552
	\$ 327,800
	\$ 327,800
Liabilities:	
Accounts payable	\$ 6,131
Intergovernmental payable	1,521
Due to students	154,818
Due to others	141,498
Claims payable	23,832
	\$ 327,800
	\$ 327,800

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**



Marie Bertolo, 12th Grade

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Kettering City School District (the "District") was originally chartered in 1841 by the Ohio State Legislature. In 1853 State laws were enacted to create local Boards of Education. Today, the District operates under current 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.

The District operates under a locally elected five-member Board form of government and provides educational services in accordance with the constitution and laws of the State of Ohio and as required federal agencies. This Board controls the District's instructional and support facilities staffed by 420 classified personnel and 582 certificated teaching and administrative personnel to provide services to students and other community members. The District currently operates eight elementary schools, two middle schools (grades 6-8), and one comprehensive high school (grades 9-12).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the 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 District's significant accounting policies are described below.

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of 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 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 District. For the District, this includes student instruction (regular, special education, vocational, adult/continuing, and other), student guidance, extracurricular activities, food service, pupil transportation, and care and upkeep of grounds and buildings.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the 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 District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the 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 District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

The following organizations are described due to their relationships to the District:

JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Dayton Educational Computer Association - The District is a member of the Metropolitan Dayton Educational Computer Association (MDECA), which is a computer consortium of area school districts sharing computer resources. MDECA is an association of public school districts in a geographical area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative instructional functions among member districts. The Board of MDECA consists of one representative from each of the participating members. Each member pays an annual membership fee plus any other fees for services performed by the consortium. During fiscal year 2013, the School District paid \$45,040 to MDECA for services. To obtain financial information, write to the Metropolitan Dayton Educational Computer Association, Dean Reineke, who serves as Executive Director, 225 Linwood Street, Dayton, Ohio 45405.

Southwestern Ohio Instructional Technology Association - The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under Section 1702.01 of the Ohio Revised Code. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs.

The Board of Trustees is comprised of twenty-one representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e. Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. All superintendents except for those from educational service centers vote on the representatives after the nominating committee nominates individuals to run.

One at-large non-public representative is elected by the non-public school SOITA members in the State assigned SOITA service area. One at-large higher education representative is elected by higher education SOITA members from within the State assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net position is to be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the general fund and amounted to \$3,350 during fiscal year 2013. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Frank DePalma, who serves as Interim Director, 150 East Sixth Street, Franklin, Ohio 45005.

PUBLIC ENTITY RISK POOL

Southwestern Ohio Educational Purchasing Council - The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing council made up of over 139 schools in 18 counties. The purpose of the council is to obtain prices for quality merchandise and services commonly used by schools. All members are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the members. Any member withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. During fiscal year 2013, the District paid \$6,596 to the SOEPC for membership. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, Director, 303 Corporate Center Drive Suite 208, Vandalia, Ohio 45377.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

B. Fund Accounting

The 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 District's major governmental funds:

General fund - The general fund is the general operating fund of the District and is used to account for all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond retirement fund - This fund is used for the accumulation of resources that are restricted, committed, or assigned for payment of general obligation bond principal and interest from governmental resources.

Other governmental funds of the 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

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The following is a description of the District's internal service funds:

Internal service funds - The internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District on a cost-reimbursement basis. The dental insurance and health insurance funds are internal service funds of the District, and account for the premiums and claims payments applicable to the employee dental and health plans, respectively.

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 District under a trust agreement for individuals, private organizations or other governments and therefore not available to support the District's own programs. The District has no trust funds.

The District's agency funds account for various student-managed activity programs, deposits to be utilized for background checks, and for the employees' cafeteria benefits plan. The agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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 District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid the “doubling up” of revenues and expenses.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the 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 which are not classified as program revenues are presented as general revenues of the District.

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

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by fund type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

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

Like the government-wide financial statements, the proprietary fund financial statements are accounted for on a flow of economic resources measurement focus. With this 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 revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operation. The principal operating revenues of the District’s internal service funds are charges for services. Operating expenses for the internal service funds include claims and purchased services expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

Fiduciary funds generally are reported using the economic resources measurement focus; however, 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.

Revenues - Exchange and Nonexchange 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 District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, payment in lieu of taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 5). Revenue from payment in lieu of taxes, 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 District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the 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, interest, transportation fees, tuition, rental income, grants, student fees, and other local revenues.

Deferred Inflows of Resources and Deferred Outflows of Resources - A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows of resources. Grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2013 and not collected during the available period are recorded as deferred inflows of resources on the governmental fund financial statements.

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

On an accrual basis of accounting, unamortized deferred charges on debt refunding (the difference between the reacquisition price and the carrying amount of the refunded obligation) is reported as a deferred outflow of resources.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a corresponding amount reported as intergovernmental 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. Budgetary Process

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 appropriation resolution are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control is at the object level for the general fund and the fund level for all other funds of the District. Supplemental budgetary modifications at or above this level may only be made by resolution of the Board of Education.

1. 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 County Budget Commission for rate determination. Montgomery County has waived this requirement for the District.
2. Estimated Resources - Prior to April 1, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported as the final budgeted amount on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2013.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

3. Appropriations - A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 through September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 through June 30. The appropriation resolution establishes spending controls at the fund level except for the general fund which is budgeted at the object level. The appropriation resolution may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by management. During the year, several supplemental appropriations were necessary to budget the use of contingency funds. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the statement of revenues, expenditures, and changes in fund balance - budget and actual are provided on the financial statement basis to provide a comparison of actual results to the final budget, including all amendments and modifications.
4. Encumbrances - As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities.
5. Lapsing of Appropriations - At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be re-appropriated.
6. Budgetary Basis of Accounting - The District's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. Encumbrances are recorded as the equivalent of expenditures (budgetary basis) as opposed to a restricted, committed, or assigned designation of fund balance (GAAP basis).

F. Cash and Investments

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

During fiscal year 2013, the District's investments included commercial paper, federal agency securities, negotiable certificates of deposit, U.S. government money market mutual funds, and the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for non-participating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price at which the investment could be sold on June 30, 2013.

**KETTERING CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

Under existing Ohio statutes, 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 2013 totaled \$77,648, which includes \$27,821 assigned from other District funds.

For presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the 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 District's investments at year end is provided in Note 4.

G. Inventory

On government-wide financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their fair market value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the purchase method on the fund statements and using the consumption method on the government wide financial statements.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds, which indicates that it does not constitute available spendable resources even though it is a component of current assets. Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Capital Assets

General capital assets are those assets specifically related to governmental activities. 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.

The original costs of governmental activities capital assets have been determined by identifying historical costs. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates are determined by indexing estimated current costs to the estimated year of acquisition.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$2,500. 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 life are not. Interest incurred during the construction of capital assets is also capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	80 years
Furniture, fixtures, and equipment and vehicles	5 - 20 years

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

I. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

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

J. Bond Issuance Costs, Bond Premiums and Discounts, and Accounting Gain or Loss

On both the government-wide financial statements and the fund financial statements, bond issuance costs are recognized in the period in which they are incurred.

On the government-wide financial statements, bond premiums and discounts are amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds and bond discounts are presented as a reduction to the face amount of the bonds. On the governmental fund financial statements, bond premiums and discounts are recognized in the period in which these items are incurred. The reconciliation between the face value of bonds and the amount reported on the statement of net position is presented in Note 11.

For current and advance refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the refunded debt is amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining term of the old debt or the term of the new debt, whichever is shorter, and is presented on the statement of net position as a deferred inflow of resources or a deferred outflow of resources.

K. 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. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2013, 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 for employees expected to become eligible to retire in the future, all employees with at least 20 years of service, regardless of age, and employees with at least five years of service who are of at least sixty years of age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2013 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

Compensated absences accumulated by governmental fund type employees are reported as an expense when earned in the government-wide financial statements. For governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not recorded.

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

L. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. These 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. It also includes the long-term amount of loans receivable in the general fund.

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted 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 District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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 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.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

M. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. 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 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 District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes, includes amounts restricted for food service operations and the special trust fund (a nonmajor governmental fund).

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

N. Pensions and Postemployment Benefits

The District’s provision for employee pensions and postemployment benefits is made through payments to cost-sharing, multiple-employer public employee retirement plans. A liability is recorded for such obligations when the related payroll is accrued and the obligation is incurred. See Notes 13 and 14 for detail on the funding of the public employee retirement plans and the District’s required contributions for pensions and postemployment benefits.

O. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet 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.

At the fiscal year end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is nonspendable on the fund financial statements by an amount equal to the carrying value of the assets.

P. Interfund Balances

On fund financial statements, receivables and payables resulting from cash deficits among the governmental activities are classified as amounts “due to/from other funds”. These amounts are eliminated in the governmental activities column on the statement of net position.

Q. Interfund Activity

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 the governmental funds and as an adjustment to net position following nonoperating revenues/expenses in the proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund activity between governmental funds is eliminated in the statement of activities.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

R. Private/Parochial Schools

The Archbishop Alter High School, Ascension Elementary School, Montessori Center of South Dayton, St. Albert the Great Elementary School, and St. Charles Borromeo Elementary School are private and parochial schools that operate within the District's boundaries. Current State legislation provides funding to these private and parochial schools. Funds are received and disbursed on behalf of the private and parochial schools by the Treasurer of the District, as is directed by these institutions. The fiduciary responsibility of the District for these monies is reflected in a nonmajor governmental fund for financial reporting purposes.

S. Estimates

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

T. 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 type of transaction occurred during fiscal year 2013.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2013, the District has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", and GASB Statement No. 66, "Technical Corrections - 2012".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the District.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the District.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 Financial Accounting Standards Board and American Institute of Certified Public Accountants pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the District.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the District's financial statements to incorporate the concepts of net position, deferred outflows of resources, and deferred inflows of resources.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The implementation of GASB Statement No. 65 affected the District's financial statements to present unamortized deferred charges on refunding transactions as a deferred outflow of resources rather than as a reduction of liabilities as previously reported, to present property taxes levied for the subsequent fiscal year and receivable amounts on the governmental fund financial statements not available to finance current period expenditures as deferred inflows of resources rather than as liabilities as previously reported, and to recognize debt issuance costs in the periods in which they are incurred rather than as an amortization over the term of the related debt issuance.

The implementation of GASB Statement No. 65 had the following effect on net position at July 1, 2012:

	Governmental Activities
Net assets as previously reported	\$ 30,258,661
Removal of unamortized bond issuance costs	(697,573)
Net position at July 1, 2012	\$ 29,561,088

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the District.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2013 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Public school preschool	\$ 13,539
Other state funds	4,931
Adult basic education	7,527
Race to the top	24,548
IDEA Part B	239,087
Bilingual education	643
Even start program	47,956
Title I	87,536
Preschool grant	3,763

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

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the 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 District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and 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;

**KETTERING CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent 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 items in (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 (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the 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 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 resending the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash with Fiscal Agent

At June 30, 2013, \$17,976 was on deposit in the District's debt service clearing account. This amount is not part of the District's internal investment pool and has been excluded from the total amount of deposits reported below. The balance of this account is reported on the financial statements as "cash with fiscal agent".

B. Deposits with Financial Institutions

At June 30, 2013, the carrying amount of all District deposits was \$4,754,134. Based on the criteria described in GASB Statement No. 40, "*Deposits and Investment Risk Disclosures*", as of June 30, 2013, \$4,615,775 of the District's bank balance of \$5,115,775 was exposed to custodial risk as discussed below, while \$500,000 was covered by the FDIC.

**KETTERING CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits that are not FDIC insured. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of state statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

C. Investments

The District's investments at June 30, 2013, were as follows:

Investment type	Fair Value	Investment Maturity				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Commercial paper	\$ 354,478	\$ 354,478	\$ -	\$ -	\$ -	\$ -
FFCB	1,671,392	-	-	-	-	1,671,392
FHLB	1,806,032	125,036	-	-	409,752	1,271,244
FHLB discount note	209,947	209,947	-	-	-	-
FHLMC	848,296	-	-	-	599,438	248,858
FNMA	3,961,260	1,000,210	-	-	-	2,961,050
Negotiable certificates of deposit	3,270,473	150,168	-	903,221	-	2,217,084
STAR Ohio	4,420,156	4,420,156	-	-	-	-
US government money market	679,591	679,591	-	-	-	-
Total	<u>\$ 17,221,625</u>	<u>\$ 6,939,586</u>	<u>\$ -</u>	<u>\$ 903,221</u>	<u>\$ 1,009,190</u>	<u>\$ 8,369,628</u>

At June 30, 2013, the weighted average yield to maturity of the District's investments is 2.02 years.

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

Credit Risk: STAR Ohio and the U.S. government money market carry ratings of AAAM 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 District's federal agency securities were rated Aaa by Moody's Investor Services and AA+ by Standard and Poor's. The District's commercial paper account and negotiable certificates of deposit were not rated.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the 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 District's federal agency securities 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 District's name. The negotiable certificates of deposit are not exposed to custodial credit risk as they are insured by the FDIC in their full amounts. The District has no investment policy dealing with investment custodial risk beyond the requirements of State statute.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The District 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 District at June 30, 2013:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Commercial paper	\$ 354,478	2.06
FFCB	1,671,392	9.70
FHLB	1,806,032	10.49
FHLB discount note	209,947	1.22
FHLMC	848,296	4.93
FNMA	3,961,260	22.99
Negotiable certificates of deposit	3,270,473	19.00
STAR Ohio	4,420,156	25.67
US government money market	679,591	3.94
Total	<u>\$ 17,221,625</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 on the statement of net position as of June 30, 2013:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 4,754,134
Investments	17,221,625
Cash with fiscal agent	<u>17,976</u>
Total	<u>\$ 21,993,735</u>
<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 21,666,487
Agency funds	<u>327,248</u>
Total	<u>\$ 21,993,735</u>

NOTE 5 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the 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 2013 represent the collection of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market 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 2013 represent the collection of calendar year 2012 taxes. Public utility real and personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012, 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.

**KETTERING CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 5 - PROPERTY TAXES - (Continued)

The District receives property taxes from Montgomery and Greene Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available as an advance at June 30, 2013 was \$1,723,141 in the general fund, \$222,314 in the bond retirement fund, and \$19,885 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available as an advance at June 30, 2012 was \$3,192,121 in the general fund, \$412,767 in the bond retirement fund, and \$36,820 in the permanent improvement fund (a nonmajor governmental 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, 2013 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 a deferred inflow of resources.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis, except for delinquent amounts collected by the County Auditors and made available to the District within sixty days of year-end, delinquent property taxes have been recorded as a deferred inflow of resources.

The assessed values upon which the fiscal year 2013 taxes were collected are as follows:

	2012 Second Half Collections		2013 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	\$ 1,169,058,260	93.53	\$ 1,172,169,030	91.94
Public utility personal	80,829,600	6.47	102,770,980	8.06
Total	\$ 1,249,887,860	100.00	\$ 1,274,940,010	100.00
Tax rate per \$1,000 of assessed valuation	\$78.00		\$78.00	

NOTE 6 - PAYMENT IN LIEU OF TAXES

The District has entered into tax incremental financing agreements with local companies. These companies were granted reductions or exemptions from property tax obligations to encourage economic development in the area; however, as part of these agreements, the companies make payments in lieu of taxes to the District to compensate the District for its portion of the reduction in property tax receipts. On the governmental fund financial statements, payment in lieu of taxes receipts totaled \$582,655 in the general fund during fiscal year 2013.

**KETTERING CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 7 - RECEIVABLES

Receivables at June 30, 2013 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:

Governmental activities:	
Property taxes	\$ 60,706,589
Accounts	78,377
Accrued interest	16,257
Intergovernmental	<u>2,241,862</u>
Total	<u>\$ 63,043,085</u>

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

NOTE 8 - INTERFUND TRANSFERS

Following is a summary of transfers in and out for all funds at June 30, 2013:

Fund	Transfers in	Transfers out
General fund	\$ -	\$ 13,500
Nonmajor governmental funds	<u>13,500</u>	<u>-</u>
Total	<u>\$ 13,500</u>	<u>\$ 13,500</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated on the statement of activities.

NOTE 9 - INTERFUND BALANCES

Interfund balances at June 30, 2013, as reported on the fund financial statements, consist of the following amounts due to/from other funds.

Fund	Due from other funds	Due to other funds
General fund	\$ 38,279	\$ -
Nonmajor governmental funds	<u>-</u>	<u>38,279</u>
Total	<u>\$ 38,279</u>	<u>\$ 38,279</u>

The primary purpose of amounts due to/from other funds is to cover negative cash balances at fiscal year-end. The interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the statement of net position.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 10 - CAPITAL ASSETS

Capital asset activity for fiscal year 2013 is as follows:

Governmental activities:	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
<i>Capital assets not being depreciated:</i>				
Land	\$ 466,616	\$ -	\$ (5,000)	\$ 461,616
Construction in progress	<u>-</u>	<u>168,500</u>	<u>-</u>	<u>168,500</u>
Total capital assets not being depreciated	<u>466,616</u>	<u>168,500</u>	<u>(5,000)</u>	<u>630,116</u>
<i>Capital assets being depreciated:</i>				
Building and improvements	136,196,566	6,620	-	136,203,186
Furniture, fixtures, and equipment	4,068,328	184,642	(407,131)	3,845,839
Vehicles	<u>4,474,055</u>	<u>256,025</u>	<u>(130,537)</u>	<u>4,599,543</u>
Total capital assets being depreciated	<u>144,738,949</u>	<u>447,287</u>	<u>(537,668)</u>	<u>144,648,568</u>
<i>Less: accumulated depreciation:</i>				
Building and improvements	(29,087,629)	(1,700,297)	-	(30,787,926)
Furniture, fixtures, and equipment	(3,136,889)	(140,487)	229,807	(3,047,569)
Vehicles	<u>(2,048,841)</u>	<u>(223,088)</u>	<u>124,895</u>	<u>(2,147,034)</u>
Total accumulated depreciation	<u>(34,273,359)</u>	<u>(2,063,872)</u>	<u>354,702</u>	<u>(35,982,529)</u>
Governmental activities capital assets, net	<u>\$ 110,932,206</u>	<u>\$ (1,448,085)</u>	<u>\$ (187,966)</u>	<u>\$ 109,296,155</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 1,086,540
Special	37,522
Vocational	63,771
Support services:	
Pupil	9,268
Instructional staff	57,142
Administration	155,085
Fiscal	525
Operations and maintenance	78,342
Pupil transportation	230,142
Central	12,081
Operation of non-instructional services	149,045
Extracurricular activities	<u>184,409</u>
Total depreciation expense	<u>\$ 2,063,872</u>

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 11 - LONG-TERM OBLIGATIONS

A. The activity of the long-term obligations of the District's governmental activities for the fiscal year ended June 30, 2013, is as follows:

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013	Amount Due Within One Year
Governmental activities:					
General obligation bonds:					
2002 Energy Conservation	\$ 404,703	\$ -	\$ (93,464)	\$ 311,239	\$ 98,427
2003 School Improvement	12,800,000	-	(10,410,000)	2,390,000	2,390,000
2004 School Improvement	785,000	-	(385,000)	400,000	400,000
2005 School Improvement Refunding	8,955,000	-	(7,550,000)	1,405,000	685,000
2006 School Improvement Refunding	9,499,994	188,994	(40,000)	9,648,988	40,000
2007 School Improvement Refunding	56,484,996	227,700	(40,000)	56,672,696	45,000
2012 School Improvement Refunding	-	8,145,071	-	8,145,071	-
2012 Taxable School Improvement Refunding	-	6,896,355	-	6,896,355	80,000
Total general obligation bonds	88,929,693	15,458,120	(18,518,464)	85,869,349	3,738,427
Compensated Absences	8,366,300	929,243	(1,210,386)	8,085,157	670,872
Total governmental activities long-term debt	<u>\$ 97,295,993</u>	<u>\$ 16,387,363</u>	<u>\$ (19,728,850)</u>	93,954,506	<u>\$ 4,409,299</u>
Add: Unamortized premiums on bonds				4,845,446	
Total long-term liabilities reported on the statement of net position				<u>\$ 98,799,952</u>	

B. Compensated Absences

Compensated absences will be paid from the fund from which employees' salaries are paid. These include the general fund and the following nonmajor governmental funds: the food service fund, the pathfinder/preschool fund, the special enterprise fund, the auxiliary services fund, the adult basic education fund, the race to the top fund, the EESA Title VI-B fund, the even start program fund, and the Title I fund.

C. General Obligation Bonds

At June 30, 2013, the District had eight outstanding general obligation bond issuances. These bonds were used to finance the construction and/or renovation of the District's buildings, to finance renovations to reduce the District's energy consumption, and to advance refund previous issuances. These general obligation bonds are direct obligations of the District for which its full faith, credit, and resources are pledged and payable from taxes levied on all taxable property in the District. Payments of principal and interest related to these bonds are recorded as expenditures of the bond retirement fund.

**KETTERING CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

The following is a schedule of activity of the District's general obligation bonds:

	Balance 6/30/12	Additions	Reductions	Balance 6/30/13
General obligation bonds:				
2002 Energy Conservation Current interest bonds	\$ 404,703	\$ -	\$ (93,464)	\$ 311,239
2003 School Improvement Current interest bonds	12,800,000	-	(10,410,000)	2,390,000
2004 School Improvement Current interest bonds	785,000	-	(385,000)	400,000
2005 School Improvement Refunding Current interest bonds	8,955,000	-	(7,550,000)	1,405,000
2006 School Improvement Refunding Current interest bonds	9,470,000	-	(40,000)	9,430,000
Capital appreciation bonds	29,994	-	-	29,994
Accreted interest	-	188,994	-	188,994
Total 2006 School Improvement Refunding	9,499,994	188,994	(40,000)	9,648,988
2007 School Improvement Refunding Current interest bonds	56,350,000	-	(40,000)	56,310,000
Capital appreciation bonds	134,996	-	-	134,996
Accreted interest	-	227,700	-	227,700
Total 2007 School Improvement Refunding	56,484,996	227,700	(40,000)	56,672,696
2012 School Improvement Refunding Current interest bonds	-	7,740,000	-	7,740,000
Capital appreciation bonds	-	354,954	-	354,954
Accreted interest	-	50,117	-	50,117
Total 2012 School Improvement Refunding	-	8,145,071	-	8,145,071
2012 Taxable School Improvement Refunding Current interest bonds	-	6,785,000	-	6,785,000
Capital appreciation bonds	-	99,986	-	99,986
Accreted interest	-	11,369	-	11,369
Total 2012 Taxable School Improvement Refunding	-	6,896,355	-	6,896,355
Total general obligation bonds	<u>\$ 88,929,693</u>	<u>\$ 15,458,120</u>	<u>\$ (18,518,464)</u>	<u>\$ 85,869,349</u>

**KETTERING CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

2002 Energy Conservation - On June 1, 2001, the District issued \$1,200,000 in 2002 Energy Conservation general obligation bonds to finance renovations in fiscal year 2002 that would significantly reduce the energy consumption of the District's facilities. The issue is composed of current interest bonds bearing an interest rate of 5.31% with a final maturity at December 1, 2015.

The current interest term bonds are due December 1, 2015 and are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Fiscal Year	Principal Amount to be Redeemed
2014	\$ 98,427
2015	103,654

Remaining principal on the current interest term bonds of \$109,158 is payable at maturity on December 1, 2015. Sinking fund payments made during 2013 amounted to \$93,464 and are reflected as principal payments of the bond retirement fund.

2003 School Improvement - On March 27, 2003, the District issued 2003 School Improvement general obligation bonds. Proceeds of \$87,400,000 from the issuance were used to finance new construction and renovations at each of the District's twelve school buildings.

The original issue was comprised of current interest serial bonds, par value \$72,060,000, and current interest term bonds, par value \$15,340,000. Interest rates on the current interest serial bonds ranged from 2.0% to 5.0% with interest payments due on June 1 and December 1 of each year until final maturity at December 1, 2027. Interest rates on the current interest term bonds ranged from 4.5% to 5.0% until maturity on December 1, 2030.

Portions of the 2003 School Improvement general obligation bonds were refunded during fiscal years 2007 and 2013 by the District's 2006 School Improvement Refunding general obligation bonds, 2007 School Improvement Refunding general obligation bonds, and 2012 School Improvement Refunding general obligation bonds. The 2006 School Improvement Refunding general obligation bonds refunded \$585,000 in current interest serial bonds and \$9,055,000 in current interest term bonds. The 2007 School Improvement Refunding general obligation bonds refunded \$42,965,000 in current interest serial bonds and \$2,995,000 in current interest term bonds. The 2012 School Improvement Refunding general obligation bonds refunded \$4,805,000 in current interest serial bonds and \$3,290,000 in current interest term bonds for a total of \$8,095,000.

Principal payments made during 2013 amounted to \$2,315,000 and were paid from the bond retirement fund; principal remaining to be paid by the District on the unrefunded portion of the 2003 School Improvement general obligation bonds is \$2,390,000 at June 30, 2013; this balance consists of two principal amounts maturing on December 1, 2013 at interest rates of 3.5% and 5.0%.

2004 School Improvement - On April 29, 2004, the District issued 2004 School Improvement general obligation bonds. Proceeds of \$14,999,997 from the issuance were used to finance new construction and renovations at each of the District's twelve school buildings.

**KETTERING CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 11 - LONG-TERM DEBT OBLIGATIONS - (Continued)

The original issue was comprised of current interest serial bonds, par value \$3,025,000, current interest term bonds, par value \$11,800,000, and capital appreciation bonds, par value \$174,997. Interest rates on the current interest serial bonds ranged from 2.0% to 4.0% with interest payments due on June 1 and December 1 of each year until final maturity at December 1, 2012. Interest rates on the current interest term bonds range from 4.0% to 5.0% until final maturity at December 1, 2031.

The capital appreciation bonds matured on December 1, 2007 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date at a stated approximate yield to maturity of 2.61%. The accreted value at maturity for the capital appreciation bonds was \$335,000.

On March 8, 2007, \$11,400,000 of the 2004 School Improvement general obligation current interest term bonds was refunded by the District's 2007 School Improvement Refunding general obligation bonds. Principal payments on the 2004 School Improvement general obligation bonds made during 2013 amounted to \$385,000 and were paid from the bond retirement fund.

The outstanding balance of the 2004 School Improvement general obligation bonds at June 30, 2013 consists of current interest term bonds, par value \$400,000. The original maturity of the current interest term bonds is December 1, 2015; however, the current interest term bonds are subject to mandatory sinking fund redemption at a redemption price of 100% of the \$400,000 in principal to be redeemed, plus accrued interest until redemption at December 1, 2013. This balance has therefore been presented as due within one year.

2005 School Improvement Refunding - On October 7, 2004, the District issued 2005 School Improvement Refunding general obligation bonds to advance refund the District's 1994 School Improvement general obligation bonds. The issuance proceeds of \$12,149,989 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt, the outstanding balance of which totaled \$11,740,000 at June 30, 2013, is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

The original issue was comprised of current interest serial refunding bonds, par value \$8,325,000, current interest term refunding bonds, par value \$3,450,000, and capital appreciation refunding bonds, par value \$374,989. Interest rates on the current interest serial bonds ranged from 2.5% to 5.0% with interest payments due on June 1 and December 1 of each year until final maturity at December 1, 2020. The current interest term refunding bonds bore an interest rate of 5.0% with maturity dates of December 1, 2019 and December 1, 2022.

The capital appreciation refunding bonds matured on December 1, 2011 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date at a stated approximate yield to maturity of 3.53%. The accreted value at maturity for the capital appreciation bonds was \$640,000.

On November 27, 2012, \$3,435,000 in current interest serial refunding bonds and \$3,450,000 in current interest term refunding bonds were refunded by the District's 2012 Taxable School Improvement Refunding general obligation bonds. Principal payments on the 2005 School Improvement Refunding general obligation bonds made during 2013 amounted to \$665,000 and were paid from the bond retirement fund; principal remaining to be paid by the District on the unrefunded portion of the current interest serial bonds is \$1,405,000 at June 30, 2013. Interest rates on the remaining, unrefunded bonds range from 3.35% to 4.5% with interest payments due on June 1 and December 1 of each year until final maturity at December 1, 2014.

**KETTERING CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

2006 School Improvement Refunding - On November 2, 2006, the District issued 2006 School Improvement Refunding general obligation bonds to advance refund \$9,640,000 of the District's 2003 School Improvement general obligation bonds. The issuance proceeds of \$9,639,994 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt, the outstanding balance of which totaled \$9,640,000 at June 30, 2013, is considered defeased (in-substance) and, accordingly, has been removed from the statement of net position.

The original issue was comprised of current interest serial refunding bonds, par value \$5,520,000, current interest term refunding bonds, par value \$4,090,000, and capital appreciation refunding bonds, par value \$29,994. Interest payments on the current interest serial refunding bonds are due on June 1 and December 1 of each year until final maturity at December 1, 2020; the current interest serial refunding bonds maturing through December 1, 2015 bear an interest rate of 4.0%, and the current interest serial refunding bonds maturing on December 1, 2029 and 2030 bear an interest rate of 4.375%. The current interest term refunding bonds bear an interest rate of 4.15% with a final stated maturity at December 1, 2028. Debt service payments are made from the bond retirement fund.

The capital appreciation refunding bonds mature on December 1, 2016 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date at a stated approximate yield to maturity of 4.05%. The accreted value at maturity for the capital appreciation bonds is \$630,000. Total accreted interest of \$188,994 has been included in the statement of net position.

The current interest term refunding bonds due December 1, 2028 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Fiscal Year	Principal Amount to be Redeemed	Fiscal Year	Principal Amount to be Redeemed
2018	\$ 15,000	2024	\$ 20,000
2019	15,000	2025	20,000
2020	20,000	2026	25,000
2021	20,000	2027	25,000
2022	20,000	2028	25,000
2023	20,000		

Remaining principal on the current interest term refunding bonds of \$3,865,000 is payable at maturity on December 1, 2028.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,702,469. This amount is amortized as a deferred outflow of resources over the remaining term of the refunded debt, which is equal to the term of the new debt issued.

2007 School Improvement Refunding - On March 8, 2007, the District issued 2007 School Improvement Refunding general obligation bonds to advance refund a portion of the District's 2003 School Improvement general obligation bonds (principal \$45,960,000) and a portion of the District's 2004 School Improvement general obligation bonds (principal \$11,400,000). The issuance proceeds of \$57,359,996 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt, the outstanding balance of which totaled \$57,360,000 at June 30, 2013, is considered defeased (in-substance) and, accordingly, has been removed from the statement of net position.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

The original issue was comprised of current interest serial refunding bonds, par value \$27,775,000, current interest term refunding bonds, par value \$29,450,000, and capital appreciation refunding bonds, par value \$134,996. Interest payments on the current interest serial refunding bonds are due on June 1 and December 1 of each year until final maturity at December 1, 2022; current interest serial refunding bonds maturing through December 1, 2015 bear an interest rate of 4.0%, current interest serial refunding bonds maturing December 1, 2016 and 2017 bear an interest rate of 5.0%, and current interest serial refunding bonds maturing on December 1, 2018 through 2022 bear an interest rate of 4.75%. The current interest refunding term bonds mature on December 1, 2025 and December 1, 2031 and bear interest rates of 4.25% and 5.25%, respectively. Debt service payments are made from the bond retirement fund.

The capital appreciation refunding bonds mature on December 1, 2014 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date at a stated approximate yield to maturity of 4.05%. The accreted value at maturity for the capital appreciation bonds is \$460,000. Total accreted interest of \$227,700 has been included in the statement of net position.

The current interest term refunding bonds are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows.

Current interest term refunding bonds (\$13,245,000) maturing on December 1, 2025:

<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2024	\$ 4,005,000
2025	4,445,000

Remaining principal on the current interest term refunding bonds due December 1, 2025 is of \$4,795,000 is payable at maturity.

Current interest term refunding bonds (\$16,205,000) maturing on December 1, 2031:

<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2027	\$ 4,990,000
2028	4,895,000
2029	770,000
2030	810,000
2031	3,845,000

Remaining principal on the current interest term refunding bonds due December 1, 2031 is of \$895,000 is payable at maturity.

The reacquisition price exceeded the net carrying amount of the old debt by \$702,120. This amount is amortized as a deferred outflow of resources over the remaining term of the refunded debt, which is equal to the term of the new debt issued.

**KETTERING CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

2012 School Improvement Refunding - On October 10, 2012, the District issued 2012 School Improvement Refunding general obligation bonds to advance refund an \$8,095,000 portion of the District's 2003 School Improvement general obligation bonds. The issuance proceeds of \$8,094,954 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt, the outstanding balance of which totaled \$8,095,000 at June 30, 2013, is considered defeased (in-substance) and, accordingly, has been removed from the statement of net position.

The issue is comprised of current interest serial refunding bonds, par value \$7,740,000, and capital appreciation refunding bonds, par value \$354,954. Interest rates on the current interest serial refunding bonds range from 2.0% to 4.0% with interest payments due on June 1 and December 1 of each year until final maturity at December 1, 2030. Debt service payments are made from the bond retirement fund.

The capital appreciation refunding bonds mature on December 1, 2014 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date at a stated approximate yield to maturity of 0.83%. The accreted value at maturity for the capital appreciation bonds is \$550,000. Total accreted interest of \$50,117 has been included in the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$63,192. This amount is amortized as a deferred outflow of resources over the remaining term of the refunded debt, which is equal to the term of the new debt issued. The advance refunding was undertaken to reduce combined total debt service payments through December 1, 2030 by \$1,140,041 and resulted in an economic gain of \$893,881.

2012 Taxable School Improvement Refunding - On November 27, 2012, the District issued 2012 Taxable School Improvement Refunding general obligation bonds to advance refund a \$6,885,000 portion of the District's 2005 School Improvement Refunding general obligation bonds. The issuance proceeds of \$6,884,986 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt, the balance of which totaled \$6,885,000 at June 30, 2013, is considered defeased (in-substance) and, accordingly, has been removed from the statement of net position.

The issue is comprised of current interest serial refunding bonds, par value \$6,785,000, and capital appreciation refunding bonds, par value \$99,986. Interest payments on the current interest serial refunding bonds are due on June 1 and December 1 of each year until final maturity at December 1, 2022; current interest serial refunding bonds maturing through December 1, 2013 and 2014 bear interest rates of 0.7% and 0.8%, respectively, and current interest serial refunding bonds maturing December 1, 2015 through 2022 bear an interest rate of 3.0%. Debt service payments are made from the bond retirement fund.

The capital appreciation refunding bonds mature on December 1, 2020 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date at a stated approximate yield to maturity of 2.7%. The accreted value at maturity for the capital appreciation bonds is \$540,000. Total accreted interest of \$11,369 has been included in the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$535,868. This amount is amortized as a deferred outflow of resources over the remaining term of the refunded debt, which is equal to the term of the new debt issued. The advance refunding was undertaken to reduce combined total debt service payments through December 1, 2022 by \$650,338 and resulted in an economic gain of \$440,479.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

D. Debt Service Requirements

The following is a summary of the future debt service requirements to maturity for the District's general obligation bonds:

Year Ended	Current Interest Serial/Term Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 3,738,427	\$ 3,648,733	\$ 7,387,160	\$ -	\$ -	\$ -
2015	2,953,654	3,506,558	6,460,212	489,950	520,050	1,010,000
2016	4,079,158	3,371,309	7,450,467	-	-	-
2017	3,500,000	3,212,288	6,712,288	29,994	600,006	630,000
2018	4,300,000	3,041,359	7,341,359	-	-	-
2019 - 2023	23,420,000	12,254,578	35,674,578	99,986	440,014	540,000
2024 - 2028	24,170,000	7,119,521	31,289,521	-	-	-
2029 - 2032	18,610,000	1,373,347	19,983,347	-	-	-
Total	<u>\$ 84,771,239</u>	<u>\$ 37,527,693</u>	<u>\$ 122,298,932</u>	<u>\$ 619,930</u>	<u>\$ 1,560,070</u>	<u>\$ 2,180,000</u>

E. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the 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 District. The assessed valuation used in determining the 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 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, 2013, are a voted debt margin of \$33,113,775 (including available funds of \$3,449,104), an unvoted debt margin of \$1,274,940, and an energy conservation debt margin of \$11,163,221.

NOTE 12 - RISK MANAGEMENT

A. Property and Liability Insurance

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2013, the District contracted with Ohio Casualty through Brower Insurance Agency for general liability insurance with a \$1,000,000 per occurrence limit and a \$2,000,000 aggregate. Property is protected by Ohio Casualty through Brower Insurance Agency and holds a \$5,000 occurrence deductible.

The District's vehicles are insured under a policy by Ohio Casualty through Brower Insurance Agency which carries a \$500 deductible and a \$1,000,000 combined single limit on any accident.

The District has earthquake (\$5,000,000 limit) and flood (\$5,000,000 limit) insurance with Ohio Casualty through Brower Insurance Agency. The District also has a \$10,000,000 limit umbrella policy with Ohio Casualty through Brower Insurance Agency.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 12 - RISK MANAGEMENT - (Continued)

Settled claims have not exceeded insurance coverage during the last three years, and there have been no significant reductions in insurance coverage during the fiscal year.

B. Workers' Compensation

The District pays the Ohio Bureau of Workers' Compensation a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

C. Employee Benefits

The District provides life insurance and accidental death and dismemberment insurance to most employees through Sun Life Insurance Company.

The District offers a Section 125 Plan for employee liabilities arising in connection with the Employee Benefits Self-Insurance Program. This program is also accounted for as an agency fund. The District records liabilities for the Employee Self-Insurance Fund for incurred but not reported claims, which represent employee out-of-pocket expenses processed but not paid.

The District is self-insured for employee dental care benefits and health insurance benefits. The dental program is administered by CoreSource, which provides claims review and processing services. The health program is administered by United Health Care, which provides claims review and processing services. Both of the self-insurance programs are accounted for in the District's internal service funds. Claims incurred but not reported within the District's self-insurance internal service funds were \$84,000 for dental care benefits and \$895,000 for health insurance benefits. The District has adopted Governmental Accounting Standards Board Statement No. 30, "*Risk Financing Omnibus*", and the claims liabilities and the claims incurred but not reported have been calculated in accordance with the criteria contained therein.

The claims activity of the District's dental care self-insurance program for fiscal years 2013 and 2012 are as follows:

Fiscal Year	Beginning Balance	Claims & Changes in Estimates	Claims Payments	Ending Balance
2013	\$ 245,856	\$ 787,966	\$ (949,822)	\$ 84,000
2012	246,766	992,663	(993,573)	245,856

The claims activity of the District's health insurance benefits self-insurance program for fiscal years 2013 and 2012 are as follows:

Fiscal Year	Beginning Balance	Claims & Changes in Estimates	Claims Payments	Ending Balance
2013	\$ 821,000	\$ 9,741,457	\$ (9,667,457)	\$ 895,000
2012	923,000	8,835,077	(8,937,077)	821,000

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 13 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "*Employers/Audit Resources*".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2013, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012, and 2011 were \$1,676,741, \$1,634,176, and \$1,500,371, respectively; 81.46 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. A liability for the unpaid contributions at June 30, 2013 has been reported in pension obligation payable.

B. State Teachers Retirement System of Ohio

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. 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 DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 13 - PENSION PLANS - (Continued)

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor 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 - For fiscal year 2013, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012, and 2011 were \$5,220,173, \$5,379,603, and \$5,446,974, respectively; 84.12 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. A liability for the unpaid contributions at June 30, 2013 has been reported in pension obligation payable. Contributions to the DC and Combined Plans for fiscal year 2013 were \$226,614 made by the District and \$161,867 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2013, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2013, 0.16 percent of covered payroll was allocated 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 according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the actuarially determined amount was \$20,525.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2013, 2012, and 2011 were \$210,577, \$71,161, and \$371,652, respectively; 81.46 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. A liability for the unpaid contributions at June 30, 2013 has been reported in pension obligation payable.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$94,717, \$97,038, and \$96,552, respectively; 81.46 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. A liability for the unpaid contributions at June 30, 2013 has been reported in pension obligation payable.

B. State Teachers Retirement System of Ohio

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org, under "Publications" or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$401,552, \$413,816, and \$418,998, respectively; 84.12 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. A liability for the unpaid contributions at June 30, 2013 has been reported in pension obligation payable.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 15 - FUND BALANCE

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

<u>Fund balance</u>	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:				
Materials and supplies inventory	\$ 99,030	\$ -	\$ 49,906	\$ 148,936
Prepayments	122,859	-	6,585	129,444
Endowments	-	-	12,801	12,801
Total nonspendable	<u>221,889</u>	<u>-</u>	<u>69,292</u>	<u>291,181</u>
Restricted:				
Food service operations	-	-	734,363	734,363
Endowments	-	-	1,216	1,216
Capital improvements	-	-	722,434	722,434
Non-public schools	-	-	31,833	31,833
Targeted academic assistance	-	-	54,345	54,345
Vocational education	-	-	65,604	65,604
Extracurricular activities	-	-	209,881	209,881
Debt service	-	3,449,104	-	3,449,104
Other purposes	-	-	153,719	153,719
Total restricted	<u>-</u>	<u>3,449,104</u>	<u>1,973,395</u>	<u>5,422,499</u>
Committed:				
Capital improvements	-	-	20,682	20,682
Total committed	<u>-</u>	<u>-</u>	<u>20,682</u>	<u>20,682</u>
Assigned:				
Student instruction	206,533	-	-	206,533
Student and staff support	648,235	-	-	648,235
School supplies	42,781	-	-	42,781
Facilities acquisition and construction	18,966	-	-	18,966
Subsequent year appropriations	1,704,612	-	-	1,704,612
Other purposes	20,847	-	-	20,847
Total assigned	<u>2,641,974</u>	<u>-</u>	<u>-</u>	<u>2,641,974</u>
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>(432,084)</u>	<u>(432,084)</u>
Total fund balances	<u>\$ 2,863,863</u>	<u>\$ 3,449,104</u>	<u>\$ 1,631,285</u>	<u>\$ 7,944,252</u>

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 16 - CONTINGENCIES

A. Grants

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, any such disallowed claims will not have a material, adverse effect on the overall financial condition of the District at June 30, 2013.

B. Litigation

The District is not a party to any legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects as of June 30, 2013.

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenues, 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 an assigned or committed portion of available fund balance for outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 17 - 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	\$ (1,900,441)
Net adjustment for revenue accruals	(1,519,118)
Net adjustment for expenditure accruals	(1,781,726)
Net adjustment for other sources	(7,449)
Funds budgeted elsewhere	(77,068)
Adjustment for encumbrances	<u>1,060,936</u>
GAAP basis	<u>\$ (4,224,866)</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. These include the uniform school supplies fund, the rotary special services fund, the public school support fund, and the special enterprise fund.

NOTE 18 - SET-ASIDES

The 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.

During fiscal years 1998 and 2003, the District issued \$104,000,000 in capital related school improvement bonds. These proceeds may be used to reduce capital acquisition to zero in future years. The District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$104,000,000 at June 30, 2013.

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, 2012	\$ -
Current year set-aside requirement	1,257,579
Current year qualifying expenditures	(959,100)
Current year offsets	<u>(666,256)</u>
Total	<u>\$ (367,777)</u>
Balance carried forward to fiscal year 2014	<u>\$ -</u>

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 18 - SET-ASIDES - (Continued)

Although the District had offsets and qualifying disbursements during the year that reduced the capital improvements set-aside amount to below zero, the excess of current year offsets and qualifying disbursements over the set-aside requirement may not be used to reduce the set-aside requirements of future years. This negative amount is therefore not presented as being carried forward to the next fiscal year.

NOTE 19 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. To the extent of available balances, encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 649,235
Nonmajor governmental funds	<u>245,570</u>
Total	<u>\$ 894,805</u>

NOTE 20 - SUBSEQUENT EVENTS

On August 22, 2013, the District issued \$413,000 in 2013 School Building Improvement general obligation bonds to finance new construction and renovations of the District's facilities. The bonds bear an interest rate of 1.78% with a final maturity on December 1, 2018.

On November 7, 2013, the District issued \$2,410,000 in 2013 Energy Conservation Improvement general obligation bonds to finance the cost of energy conservation measures to be undertaken throughout the District. Interest rates on the bonds range from 1.25% to 4.0% with a final stated maturity at December 1, 2028.

*Combining and Individual Fund
Statements and Schedules*

The following combining statements and schedules include the major and nonmajor governmental funds, internal service funds, and agency funds.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**



Abby Bostic, 12th Grade

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

Major Funds

General Fund

The general fund is the general operating fund of the District and is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio. The general fund's activities include, but are not limited to, instruction, support services, operations and maintenance, pupil transportation, and operation of non-instructional services.

Bond Retirement Fund

The bond retirement fund used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of general obligation bond principal and interest from governmental resources.

Nonmajor Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable or nonexpendable trusts, or amounts restricted, committed, or assigned to expenditure for the purposes of debt service or capital projects) that are legally restricted to expenditure for specified purposes or committed for specified purposes by formal resolution by the Board of Education. The title of each special revenue fund is descriptive of the activities accounted for therein. The nonmajor special revenue funds are as follows:

Food Service Fund

This fund accounts for the financial transactions related to the food service operations of the District.

Special Trust Fund

This fund to accounts for assets held in a trustee capacity to support District programs.

Pathfinder/Preschool Fund

This fund accounts for receipts and expenditures in conjunction with preschool activities.

Athletic Fund

This fund accounts for revenues supporting athletic and other extracurricular activities managed by the District.

Auxiliary Services Fund

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

Public School Preschool Fund

This fund accounts for programs for early childhood education for disadvantaged children between four and five years of age.

Data Communications Fund

This fund is used to account for monies received for the maintenance of the Ohio Educational Computer Network connections.

Alternative Fund

This fund accounts for the District's alternative education challenge grant.

Other State Funds Fund

This fund accounts for State monies to provide the need for support and education of parents of children with disabilities, to provide the opportunity for parents to participate in regularly scheduled support groups, and to provide for the use of the productivity improvement challenge program to expand, enhance and upgrade career programming for students in southern Montgomery County school districts.

(Continued)

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds (Continued)

Adult Basic Education Fund

This fund accounts for federal monies used to provide programs in reading, writing and math competency for adults that do not have a high school diploma.

Race to the Top Fund

This fund accounts for monies received to provide either a new program or expansion of an existing program in specific educational areas.

Title II Fund

This fund accounts for transactions to strengthen instruction in science, mathematics, modern foreign languages, English, the arts, and computer learning.

Individuals with Disabilities Education Act, Part B (IDEA Part B) Fund

This fund accounts for federal funds to assist schools in the identification of handicapped children, development of procedural safeguards, implementation of least restrictive alternative service patterns, and provision of full education opportunities to handicapped children at the preschool, elementary, and secondary levels. This fund was previously reported as the Education for Economic Security Act (ESSA Title VI-B) Fund.

Carl D. Perkins Fund

This fund accounts for the provision of funds to boards of education, teacher training institutions, and the state administering agency for cooperating in development of vocational education programs in the following categories: post-secondary, adult, disadvantaged and handicapped persons, exemplary programs, cooperative education, construction of area vocational schools, research, advisory committees, and work-study projects, including sex equity grants. Funds are administered by the Ohio Department of Education, Division of Vocational and Career Education.

Technology Title II-D Fund

This fund accounts for federal revenues received to be used for technology. This fund has no assets, deferred outflows of resources, liabilities, or deferred inflows of resources at June 30, 2013, thus it is not included in the combining balance sheet for the nonmajor special revenue funds.

Bilingual Education Fund

This fund accounts for the provision of funds 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.

Even Start Program Fund

This fund accounts for monies to improve the educational opportunities of children and adults by integrating early childhood education into a unified, family-centered program to help parents become full partners in their children's education and to assist children in reaching their full potential as learners.

Title I Fund

This fund accounts for federal monies used to assist the District in meeting the special needs of educationally deprived children.

Preschool Grant Fund

This fund is provided to account for the District's preschool grant activities.

Other Federal Programs Fund

This fund accounts for the activities of systemic grants, classrooms reduction grant, America Reads program, and school to work program.

(Continued)

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds (Continued)

The following funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis). These funds are not included in the combining statements for the nonmajor special revenue funds as they are reported in the general fund (GAAP basis); however, the budgetary schedules for these funds are presented in this section.

Uniform School Supplies Fund

This fund accounts for the purchase and sale of school supplies for use in the District. Profits derived from such sales are used for school purposes or activities connected with the school.

Rotary Special Services Fund

This fund is provided to account for income and expenses made in connection with goods and services provided by the District.

Public School Support Fund

This fund supports the various needs of the school such as supplies and equipment for use in the school, and for support and recognition of school activities as deemed appropriate by the building principal.

Special Enterprise Fund

This fund accounts for the financial transactions related to morning and afternoon supervision child care program. This fund also accounts for building rental revenue associated with Trent Arena.

Nonmajor Capital Projects Funds

The capital projects funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

Permanent Improvement Fund

This fund is provided to account for all transactions related to the acquiring, constructing, or improving of such permanent improvements as are authorized by Chapter 5705, Revised Code.

Replacement Fund

This fund is provided to account for monies used in the rebuilding, restoration or improvement of property which has been totally or partially destroyed due to any cause.

Nonmajor Permanent Fund

The permanent fund is used to account for the financial resources that are legally restricted in that only the earnings, not the principal may be used to support the District's programs.

Permanent Fund

This fund is used to account for money, securities, or lands which have been set aside as an investment for public school purposes. The income from such a fund may be expended, but the principal must remain intact.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:				
Equity in pooled cash and investments.	\$ 1,865,097	\$ 754,238	\$ 14,017	\$ 2,633,352
Receivables:				
Property taxes	-	592,950	-	592,950
Accounts.	2,409	-	-	2,409
Intergovernmental	1,691,813	-	-	1,691,813
Prepayments.	6,585	-	-	6,585
Materials and supplies inventory	49,906	-	-	49,906
Total assets	\$ 3,615,810	\$ 1,347,188	\$ 14,017	\$ 4,977,015
Liabilities:				
Accounts payable.	\$ 197,968	\$ 33,493	\$ -	\$ 231,461
Accrued wages and benefits payable.	825,219	-	-	825,219
Intergovernmental payable.	26,913	-	-	26,913
Pension obligation payable.	123,281	-	-	123,281
Due to other funds	38,279	-	-	38,279
Total liabilities.	1,211,660	33,493	-	1,245,153
Deferred inflows of resources:				
Property taxes levied for the next fiscal year.	-	550,123	-	550,123
Delinquent property tax revenue not available.	-	20,456	-	20,456
Intergovernmental revenue not available.	1,529,998	-	-	1,529,998
Total deferred inflows of resources	1,529,998	570,579	-	2,100,577
Fund balances:				
Nonspendable.	56,491	-	12,801	69,292
Restricted.	1,249,745	722,434	1,216	1,973,395
Committed	-	20,682	-	20,682
Unassigned (deficit)	(432,084)	-	-	(432,084)
Total fund balances	874,152	743,116	14,017	1,631,285
Total liabilities, deferred inflows of resources, and fund balances.	\$ 3,615,810	\$ 1,347,188	\$ 14,017	\$ 4,977,015

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:				
From local sources:				
Property taxes	\$ -	\$ 574,829	\$ -	\$ 574,829
Tuition	434,110	-	-	434,110
Earnings on investments.	2,603	2,268	41	4,912
Charges for services	1,487,003	-	-	1,487,003
Extracurricular	392,333	-	-	392,333
Contributions and donations.	12,159	-	-	12,159
Contract services	2,068	-	-	2,068
Other local revenues	47,463	100,000	-	147,463
Intergovernmental - state	1,618,896	75,112	-	1,694,008
Intergovernmental - federal	5,437,354	-	-	5,437,354
Total revenues	<u>9,433,989</u>	<u>752,209</u>	<u>41</u>	<u>10,186,239</u>
Expenditures:				
Current:				
Instruction:				
Regular	107,893	119,857	-	227,750
Special.	1,730,704	-	-	1,730,704
Vocational.	73,370	-	-	73,370
Adult/continuing.	82,493	-	-	82,493
Other.	90,297	-	-	90,297
Support services:				
Pupil	482,614	9,235	-	491,849
Instructional staff	1,081,989	-	-	1,081,989
Board of education.	-	-	601	601
Administration.	272,910	-	-	272,910
Fiscal	-	13,870	-	13,870
Operations and maintenance	30,772	291,210	-	321,982
Pupil transportation	-	239,484	-	239,484
Central	108,737	-	-	108,737
Operation of non-instructional services.	5,257,709	-	-	5,257,709
Extracurricular activities	359,843	10,535	-	370,378
Facilities acquisition and construction.	4,800	-	-	4,800
Total expenditures.	<u>9,684,131</u>	<u>684,191</u>	<u>601</u>	<u>10,368,923</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(250,142)</u>	<u>68,018</u>	<u>(560)</u>	<u>(182,684)</u>
Other financing sources:				
Sales of assets	-	6,000	-	6,000
Transfers in	13,500	-	-	13,500
Total other financing sources	<u>13,500</u>	<u>6,000</u>	<u>-</u>	<u>19,500</u>
Net change in fund balances.	(236,642)	74,018	(560)	(163,184)
Fund balances at beginning of year	1,108,752	669,098	14,577	1,792,427
Increase in reserve for inventory.	2,042	-	-	2,042
Fund balances at end of year	<u>\$ 874,152</u>	<u>\$ 743,116</u>	<u>\$ 14,017</u>	<u>\$ 1,631,285</u>

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**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	<u>Food Service</u>	<u>Special Trust</u>	<u>Pathfinder/ Preschool</u>	<u>Athletic</u>
Assets:				
Equity in pooled cash and investments.	\$ 983,684	\$ 88,051	\$ 98,106	\$ 218,063
Receivables:				
Accounts	1,144	1,121	-	-
Intergovernmental.	-	-	739	-
Prepayments	3,861	-	-	-
Materials and supplies inventory	49,906	-	-	-
Total assets	<u>\$ 1,038,595</u>	<u>\$ 89,172</u>	<u>\$ 98,845</u>	<u>\$ 218,063</u>
Liabilities:				
Accounts payable.	\$ 8,642	\$ 1,340	\$ 200	\$ 7,026
Accrued wages and benefits payable	187,467	-	34,624	1,083
Intergovernmental payable	5,748	-	1,761	73
Pension obligation payable.	48,608	-	5,326	-
Due to other funds	-	-	-	-
Total liabilities.	<u>250,465</u>	<u>1,340</u>	<u>41,911</u>	<u>8,182</u>
Deferred inflows of resources:				
Intergovernmental revenue not available.	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	53,767	-	-	-
Restricted.	734,363	87,832	56,934	209,881
Unassigned (deficit)	-	-	-	-
Total fund balances (deficit)	<u>788,130</u>	<u>87,832</u>	<u>56,934</u>	<u>209,881</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,038,595</u>	<u>\$ 89,172</u>	<u>\$ 98,845</u>	<u>\$ 218,063</u>

<u>Auxiliary Services</u>	<u>Public School Preschool</u>	<u>Data Communications</u>	<u>Alternative</u>	<u>Other State Funds</u>	<u>Adult Basic Education</u>
\$ 296,510	\$ 1,476	\$ 3,527	\$ -	\$ 17,522	\$ 2,608
144	-	-	-	-	-
2,444	16,590	-	6,892	25,000	37,113
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 299,098</u>	<u>\$ 18,066</u>	<u>\$ 3,527</u>	<u>\$ 6,892</u>	<u>\$ 42,522</u>	<u>\$ 39,721</u>
\$ 161,932	\$ -	\$ 268	\$ -	\$ -	\$ 1,506
93,027	14,115	-	-	22,000	23,635
2,921	523	-	31	453	721
9,385	943	-	-	-	2,124
-	-	-	2,320	-	-
<u>267,265</u>	<u>15,581</u>	<u>268</u>	<u>2,351</u>	<u>22,453</u>	<u>27,986</u>
<u>-</u>	<u>16,024</u>	<u>-</u>	<u>996</u>	<u>25,000</u>	<u>19,262</u>
<u>-</u>	<u>16,024</u>	<u>-</u>	<u>996</u>	<u>25,000</u>	<u>19,262</u>
-	-	-	-	-	-
31,833	-	3,259	3,545	-	-
-	(13,539)	-	-	(4,931)	(7,527)
<u>31,833</u>	<u>(13,539)</u>	<u>3,259</u>	<u>3,545</u>	<u>(4,931)</u>	<u>(7,527)</u>
<u>\$ 299,098</u>	<u>\$ 18,066</u>	<u>\$ 3,527</u>	<u>\$ 6,892</u>	<u>\$ 42,522</u>	<u>\$ 39,721</u>

(Continued)

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2013

	<u>Race to the Top</u>	<u>Title II</u>	<u>IDEA Part B</u>	<u>Carl D. Perkins</u>
Assets:				
Equity in pooled cash and investments.	\$ -	\$ -	\$ 5,068	\$ 68,243
Receivables:				
Accounts	-	-	-	-
Intergovernmental.	137,221	169,854	317,293	-
Prepayments	-	170	1,480	-
Materials and supplies inventory	-	-	-	-
Total assets	<u>\$ 137,221</u>	<u>\$ 170,024</u>	<u>\$ 323,841</u>	<u>\$ 68,243</u>
Liabilities:				
Accounts payable.	\$ 487	\$ 4,929	\$ 540	\$ 2,639
Accrued wages and benefits payable	22,828	351	215,300	-
Intergovernmental payable	745	99	7,007	-
Pension obligation payable.	2,412	137	28,650	-
Due to other funds	<u>22,273</u>	<u>3,481</u>	<u>-</u>	<u>-</u>
Total liabilities.	<u>48,745</u>	<u>8,997</u>	<u>251,497</u>	<u>2,639</u>
Deferred inflows of resources:				
Intergovernmental revenue not available.	<u>113,024</u>	<u>106,512</u>	<u>311,431</u>	<u>-</u>
Total deferred inflows of resources	<u>113,024</u>	<u>106,512</u>	<u>311,431</u>	<u>-</u>
Fund balances:				
Nonspendable	-	170	1,480	-
Restricted.	-	54,345	-	65,604
Unassigned (deficit)	<u>(24,548)</u>	<u>-</u>	<u>(240,567)</u>	<u>-</u>
Total fund balances (deficit)	<u>(24,548)</u>	<u>54,515</u>	<u>(239,087)</u>	<u>65,604</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 137,221</u>	<u>\$ 170,024</u>	<u>\$ 323,841</u>	<u>\$ 68,243</u>

Bilingual Education	Even Start Program	Title I	Preschool Grant	Other Federal Programs	Total Nonmajor Special Revenue Funds
\$ 1,131	\$ -	\$ 78,959	\$ -	\$ 2,149	\$ 1,865,097
-	-	-	-	-	2,409
17,588	276,035	677,912	7,132	-	1,691,813
4	-	1,070	-	-	6,585
-	-	-	-	-	49,906
<u>\$ 18,723</u>	<u>\$ 276,035</u>	<u>\$ 757,941</u>	<u>\$ 7,132</u>	<u>\$ 2,149</u>	<u>\$ 3,615,810</u>
\$ 938	\$ 6,028	\$ 1,493	\$ -	\$ -	\$ 197,968
1,935	59,390	146,239	3,225	-	825,219
47	1,263	5,451	70	-	26,913
281	5,862	19,085	468	-	123,281
-	9,990	-	215	-	38,279
<u>3,201</u>	<u>82,533</u>	<u>172,268</u>	<u>3,978</u>	<u>-</u>	<u>1,211,660</u>
<u>16,165</u>	<u>241,458</u>	<u>673,209</u>	<u>6,917</u>	<u>-</u>	<u>1,529,998</u>
<u>16,165</u>	<u>241,458</u>	<u>673,209</u>	<u>6,917</u>	<u>-</u>	<u>1,529,998</u>
4	-	1,070	-	-	56,491
-	-	-	-	2,149	1,249,745
<u>(647)</u>	<u>(47,956)</u>	<u>(88,606)</u>	<u>(3,763)</u>	<u>-</u>	<u>(432,084)</u>
<u>(643)</u>	<u>(47,956)</u>	<u>(87,536)</u>	<u>(3,763)</u>	<u>2,149</u>	<u>874,152</u>
<u>\$ 18,723</u>	<u>\$ 276,035</u>	<u>\$ 757,941</u>	<u>\$ 7,132</u>	<u>\$ 2,149</u>	<u>\$ 3,615,810</u>

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Food Service</u>	<u>Special Trust</u>	<u>Pathfinder/ Preschool</u>	<u>Athletic</u>
Revenues:				
From local sources:				
Tuition	\$ -	\$ -	\$ 434,110	\$ -
Earnings on investments	2,409	194	-	-
Charges for services	1,487,003	-	-	-
Extracurricular	-	9,681	-	382,652
Contributions and donations	-	5,398	2,764	3,997
Contract services	-	-	-	2,068
Other local revenues	11,653	-	33,722	2,088
Intergovernmental - state	31,098	-	-	-
Intergovernmental - federal	1,734,925	-	21,342	-
Total revenues	<u>3,267,088</u>	<u>15,273</u>	<u>491,938</u>	<u>390,805</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	-	32,467	-
Special	-	-	-	-
Vocational	-	-	7,808	-
Adult/continuing	-	-	-	-
Other	-	-	-	-
Support services:				
Pupil	-	-	123,845	-
Instructional staff	-	19,075	216,693	-
Administration	-	-	-	-
Operations and maintenance	30,772	-	-	-
Central	-	-	2,801	-
Operation of non-instructional services	3,307,319	-	172,898	-
Extracurricular activities	-	1,000	1,271	357,572
Facilities acquisition and construction	-	-	-	-
Total expenditures	<u>3,338,091</u>	<u>20,075</u>	<u>557,783</u>	<u>357,572</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(71,003)</u>	<u>(4,802)</u>	<u>(65,845)</u>	<u>33,233</u>
Other financing sources:				
Transfers in	-	-	-	13,500
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,500</u>
Net change in fund balances	(71,003)	(4,802)	(65,845)	46,733
Fund balances (deficit) at beginning of year . .	857,091	92,634	122,779	163,148
Increase in reserve for inventory	2,042	-	-	-
Fund balances (deficit) at end of year	<u>\$ 788,130</u>	<u>\$ 87,832</u>	<u>\$ 56,934</u>	<u>\$ 209,881</u>

<u>Auxiliary Services</u>	<u>Public School Preschool</u>	<u>Data Communications</u>	<u>Alternative</u>	<u>Other State Funds</u>	<u>Adult Basic Education</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,388,271	131,976	19,800	22,751	25,000	-
-	-	-	-	-	204,622
<u>1,388,271</u>	<u>131,976</u>	<u>19,800</u>	<u>22,751</u>	<u>25,000</u>	<u>204,622</u>
-	48,050	9,542	5,530	-	-
-	-	-	6,031	-	-
-	-	-	-	-	-
-	-	-	-	-	82,493
-	-	-	-	-	-
-	60,714	-	550	48,328	93,752
-	36,501	-	1,155	-	410
-	-	-	-	-	56
-	-	-	-	-	-
-	-	19,924	-	-	-
1,653,899	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	4,800
<u>1,653,899</u>	<u>145,265</u>	<u>29,466</u>	<u>13,266</u>	<u>48,328</u>	<u>181,511</u>
<u>(265,628)</u>	<u>(13,289)</u>	<u>(9,666)</u>	<u>9,485</u>	<u>(23,328)</u>	<u>23,111</u>
-	-	-	-	-	-
-	-	-	-	-	-
(265,628)	(13,289)	(9,666)	9,485	(23,328)	23,111
297,461	(250)	12,925	(5,940)	18,397	(30,638)
-	-	-	-	-	-
<u>\$ 31,833</u>	<u>\$ (13,539)</u>	<u>\$ 3,259</u>	<u>\$ 3,545</u>	<u>\$ (4,931)</u>	<u>\$ (7,527)</u>

(Continued)

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Race to the Top</u>	<u>Title II</u>	<u>IDEA Part B</u>	<u>Carl D. Perkins</u>
Revenues:				
From local sources:				
Tuition.	\$ -	\$ -	\$ -	\$ -
Earnings on investments.	-	-	-	-
Charges for services.	-	-	-	-
Extracurricular	-	-	-	-
Contributions and donations.	-	-	-	-
Contract services.	-	-	-	-
Other local revenues.	-	-	-	-
Intergovernmental - state	-	-	-	-
Intergovernmental - federal.	193,615	181,595	1,611,953	94,277
Total revenues	<u>193,615</u>	<u>181,595</u>	<u>1,611,953</u>	<u>94,277</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	-	-	-
Special.	-	-	843,886	-
Vocational.	-	-	7,070	58,492
Adult/continuing.	-	-	-	-
Other.	-	-	86,647	-
Support services:				
Pupil.	-	-	54,275	-
Instructional staff	185,893	164,484	260,730	-
Administration.	6,513	8,423	206,333	-
Operations and maintenance.	-	-	-	-
Central.	-	-	-	-
Operation of non-instructional services	-	1,000	105,280	-
Extracurricular activities.	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Total expenditures.	<u>192,406</u>	<u>173,907</u>	<u>1,564,221</u>	<u>58,492</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,209</u>	<u>7,688</u>	<u>47,732</u>	<u>35,785</u>
Other financing sources:				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances.	1,209	7,688	47,732	35,785
Fund balances (deficit) at beginning of year . .	(25,757)	46,827	(286,819)	29,819
Increase in reserve for inventory	-	-	-	-
Fund balances (deficit) at end of year.	<u>\$ (24,548)</u>	<u>\$ 54,515</u>	<u>\$ (239,087)</u>	<u>\$ 65,604</u>

Technology Title II-D	Bilingual Education	Even Start Program	Title I	Preschool Grant	Other Federal Programs	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 434,110
-	-	-	-	-	-	2,603
-	-	-	-	-	-	1,487,003
-	-	-	-	-	-	392,333
-	-	-	-	-	-	12,159
-	-	-	-	-	-	2,068
-	-	-	-	-	-	47,463
-	-	-	-	-	-	1,618,896
6,614	35,085	54,911	1,292,139	6,276	-	5,437,354
6,614	35,085	54,911	1,292,139	6,276	-	9,433,989
-	12,304	-	-	-	-	107,893
-	-	48,247	826,387	6,153	-	1,730,704
-	-	-	-	-	-	73,370
-	-	-	-	-	-	82,493
-	3,650	-	-	-	-	90,297
-	18,177	13,718	69,255	-	-	482,614
-	1,782	16,260	179,006	-	-	1,081,989
-	213	-	51,372	-	-	272,910
-	-	-	-	-	-	30,772
-	-	-	86,012	-	-	108,737
-	-	-	17,313	-	-	5,257,709
-	-	-	-	-	-	359,843
-	-	-	-	-	-	4,800
-	36,126	78,225	1,229,345	6,153	-	9,684,131
6,614	(1,041)	(23,314)	62,794	123	-	(250,142)
-	-	-	-	-	-	13,500
-	-	-	-	-	-	13,500
6,614	(1,041)	(23,314)	62,794	123	-	(236,642)
(6,614)	398	(24,642)	(150,330)	(3,886)	2,149	1,108,752
-	-	-	-	-	-	2,042
\$ -	\$ (643)	\$ (47,956)	\$ (87,536)	\$ (3,763)	\$ 2,149	\$ 874,152

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2013

	Permanent Improvement	Replacement	Total Nonmajor Capital Projects Funds
Assets:			
Equity in pooled cash and investments	\$ 733,556	\$ 20,682	\$ 754,238
Receivables:			
Property taxes	592,950	-	592,950
Total assets.	\$ 1,326,506	\$ 20,682	\$ 1,347,188
Liabilities:			
Accounts payable	\$ 33,493	\$ -	\$ 33,493
Total liabilities.	33,493	-	33,493
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	550,123	-	550,123
Delinquent property tax revenue not available	20,456	-	20,456
Total deferred inflows of resources	570,579	-	570,579
Fund balances:			
Restricted	722,434	-	722,434
Committed.	-	20,682	20,682
Total fund balances	722,434	20,682	743,116
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,326,506	\$ 20,682	\$ 1,347,188

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Permanent Improvement</u>	<u>Replacement</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues:			
From local sources:			
Property taxes	\$ 574,829	\$ -	\$ 574,829
Earnings on investments	2,211	57	2,268
Other local revenues	100,000	-	100,000
Intergovernmental - state	<u>75,112</u>	<u>-</u>	<u>75,112</u>
Total revenues	<u>752,152</u>	<u>57</u>	<u>752,209</u>
Expenditures:			
Current:			
Instruction:			
Regular	119,857	-	119,857
Support services:			
Pupil	9,235	-	9,235
Fiscal	13,870	-	13,870
Operations and maintenance	291,210	-	291,210
Pupil transportation	239,484	-	239,484
Extracurricular activities	<u>10,535</u>	<u>-</u>	<u>10,535</u>
Total expenditures	<u>684,191</u>	<u>-</u>	<u>684,191</u>
Excess of expenditures over revenues	<u>67,961</u>	<u>57</u>	<u>68,018</u>
Other financing sources:			
Sales of assets	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Total other financing sources	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Change in net position	73,961	57	74,018
Fund balances at beginning of year	<u>648,473</u>	<u>20,625</u>	<u>669,098</u>
Fund balances at end of year	<u>\$ 722,434</u>	<u>\$ 20,682</u>	<u>\$ 743,116</u>

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MAJOR FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

GENERAL FUND

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Property taxes	\$ 48,961,690	\$ 50,817,954	\$ 53,067,954	\$ 2,250,000
Payment in lieu of taxes.	609,546	632,655	582,655	(50,000)
Tuition.	1,056,315	1,096,363	856,363	(240,000)
Transportation fees.	51,804	53,768	43,768	(10,000)
Earnings on investments	79,614	82,632	72,371	(10,261)
Extracurricular.	91,281	94,742	49,742	(45,000)
Classroom materials and fees	7,659	7,949	2,948	(5,001)
Rental income	179,613	186,423	136,423	(50,000)
Contract services.	24,209	25,127	15,127	(10,000)
Other local revenues	410,723	426,295	376,296	(49,999)
Intergovernmental - state	23,225,197	24,105,724	24,432,157	326,433
Total revenues	<u>74,697,651</u>	<u>77,529,632</u>	<u>79,635,804</u>	<u>2,106,172</u>
Expenditures:				
Current:				
Salaries and wages.	49,315,274	49,125,275	48,720,915	404,360
Fringe benefits.	19,635,079	19,733,023	19,724,694	8,329
Purchased services.	8,407,495	8,269,489	8,172,414	97,075
Supplies and materials	3,502,854	3,305,260	3,284,590	20,670
Other expenditures.	1,125,920	1,126,920	913,795	213,125
Capital outlay	379,884	714,233	713,786	447
Total expenditures	<u>82,366,506</u>	<u>82,274,200</u>	<u>81,530,194</u>	<u>744,006</u>
Excess of expenditures over revenues.	<u>(7,668,855)</u>	<u>(4,744,568)</u>	<u>(1,894,390)</u>	<u>2,850,178</u>
Other financing sources (uses):				
Refund of prior year's expenditures	14,638	15,193	7,449	(7,744)
Refund of prior year's receipts.	(1,000)	(1,000)	-	1,000
Transfers (out).	(28,000)	(28,000)	(13,500)	14,500
Total other financing sources (uses)	<u>(14,362)</u>	<u>(13,807)</u>	<u>(6,051)</u>	<u>7,756</u>
Net change in fund balance	(7,683,217)	(4,758,375)	(1,900,441)	2,857,934
Fund balance at beginning of year	12,151,741	12,151,741	12,151,741	-
Prior year encumbrances appropriated	1,019,284	1,019,284	1,019,284	-
Fund balance at end of year	<u>\$ 5,487,808</u>	<u>\$ 8,412,650</u>	<u>\$ 11,270,584</u>	<u>\$ 2,857,934</u>

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MAJOR FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

BOND RETIREMENT FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 23,656,563	\$ 23,656,563	\$ -
Total expenditures and other financing uses.	24,200,037	23,755,029	445,008
Net change in fund balance	(543,474)	(98,466)	445,008
Fund balance at beginning of year.	3,297,224	3,297,224	-
Fund balance at end of year	\$ 2,753,750	\$ 3,198,758	\$ 445,008

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

FOOD SERVICE FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 3,017,874	\$ 3,018,137	\$ 263
Total expenditures and other financing uses.	3,223,164	3,082,897	140,267
Net change in fund balance	(205,290)	(64,760)	140,530
Fund balance at beginning of year.	996,810	996,810	-
Prior year encumbrances appropriated.	41,587	41,587	-
Fund balance at end of year	<u>\$ 833,107</u>	<u>\$ 973,637</u>	<u>\$ 140,530</u>

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

SPECIAL TRUST FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 10,410	\$ 14,621	\$ 4,211
Total expenditures and other financing uses.	31,328	20,106	11,222
Net change in fund balance	(20,918)	(5,485)	15,433
Fund balance at beginning of year.	92,375	92,375	-
Prior year encumbrances appropriated.	554	554	-
Fund balance at end of year	\$ 72,011	\$ 87,444	\$ 15,433

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

PATHFINDER/PRESCHOOL FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 450,000	\$ 491,938	\$ 41,938
Total expenditures and other financing uses.	576,282	547,303	28,979
Net change in fund balance	(126,282)	(55,365)	70,917
Fund balance at beginning of year.	145,406	145,406	-
Prior year encumbrances appropriated.	5,664	5,664	-
Fund balance at end of year	<u>\$ 24,788</u>	<u>\$ 95,705</u>	<u>\$ 70,917</u>

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

ATHLETIC FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 464,000	\$ 404,306	\$ (59,694)
Total expenditures and other financing uses.	613,403	376,984	236,419
Net change in fund balance	(149,403)	27,322	176,725
Fund balance at beginning of year.	174,560	174,560	-
Prior year encumbrances appropriated.	11,376	11,376	-
Fund balance at end of year	\$ 36,533	\$ 213,258	\$ 176,725

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

AUXILIARY SERVICES FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 1,388,271	\$ 1,388,271	\$ -
Total expenditures and other financing uses.	1,923,717	1,816,727	106,990
Net change in fund balance	(535,446)	(428,456)	106,990
Fund balance at beginning of year.	313,824	313,824	-
Prior year encumbrances appropriated.	226,678	226,678	-
Fund balance at end of year	<u>\$ 5,056</u>	<u>\$ 112,046</u>	<u>\$ 106,990</u>

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

PUBLIC SCHOOL PRESCHOOL FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 148,000	\$ 131,976	\$ (16,024)
Total expenditures and other financing uses.	148,000	130,500	17,500
Net change in fund balance	-	1,476	1,476
Fund balance at beginning of year.	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 1,476</u>	<u>\$ 1,476</u>

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

DATA COMMUNICATIONS FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 19,800	\$ 19,800	\$ -
Total expenditures and other financing uses.	37,477	37,243	234
Net change in fund balance	(17,677)	(17,443)	234
Fund balance at beginning of year.	3,025	3,025	-
Prior year encumbrances appropriated.	14,652	14,652	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 234</u>	<u>\$ 234</u>

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

ALTERNATIVE FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 23,747	\$ 16,855	\$ (6,892)
Total expenditures and other financing uses.	17,968	16,972	996
Net change in fund balance	5,779	(117)	(5,896)
Fund (deficit) at beginning of year.	(6,001)	(6,001)	-
Prior year encumbrances appropriated.	222	222	-
Fund balance (deficit) at end of year.	<u>\$ -</u>	<u>\$ (5,896)</u>	<u>\$ (5,896)</u>

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

OTHER STATE FUNDS FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 25,000	\$ 25,000	\$ -
Total expenditures and other financing uses.	25,000	25,000	-
Net change in fund balance	-	-	-
Fund balance at beginning of year.	17,522	17,522	-
Fund balance at end of year	<u>\$ 17,522</u>	<u>\$ 17,522</u>	<u>\$ -</u>

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

ADULT BASIC EDUCATION FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 223,884	\$ 187,558	\$ (36,326)
Total expenditures and other financing uses.	209,069	187,199	21,870
Net change in fund balance	14,815	359	(14,456)
Fund (deficit) at beginning of year.	(15,236)	(15,236)	-
Prior year encumbrances appropriated.	421	421	-
Fund balance (deficit) at end of year.	<u>\$ -</u>	<u>\$ (14,456)</u>	<u>\$ (14,456)</u>

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

RACE TO THE TOP FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 306,639	\$ 169,719	\$ (136,920)
Total expenditures and other financing uses.	293,462	180,439	113,023
Net change in fund balance	13,177	(10,720)	(23,897)
Fund (deficit) at beginning of year.	(15,728)	(15,728)	-
Prior year encumbrances appropriated.	2,551	2,551	-
Fund balance (deficit) at end of year.	\$ -	\$ (23,897)	\$ (23,897)

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

TITLE II FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 288,107	\$ 118,478	\$ (169,629)
Total expenditures and other financing uses.	357,577	270,002	87,575
Net change in fund balance	(69,470)	(151,524)	(82,054)
Fund (deficit) at beginning of year.	(50,312)	(50,312)	-
Prior year encumbrances appropriated.	138,719	138,719	-
Fund balance (deficit) at end of year.	<u>\$ 18,937</u>	<u>\$ (63,117)</u>	<u>\$ (82,054)</u>

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

IDEA PART B FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 1,923,384	\$ 1,611,953	\$ (311,431)
Total expenditures and other financing uses.	1,912,368	1,596,409	315,959
Net change in fund balance	11,016	15,544	4,528
Fund (deficit) at beginning of year.	(72,601)	(72,601)	-
Prior year encumbrances appropriated.	61,585	61,585	-
Fund balance at end of year	\$ -	\$ 4,528	\$ 4,528

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

CARL D. PERKINS FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 94,277	\$ 94,277	\$ -
Total expenditures and other financing uses.	154,706	92,363	62,343
Net change in fund balance	(60,429)	1,914	62,343
Fund balance at beginning of year.	28,652	28,652	-
Prior year encumbrances appropriated.	31,777	31,777	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 62,343</u>	<u>\$ 62,343</u>

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

TECHNOLOGY TITLE II-D FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 6,614	\$ 6,614	\$ -
Net change in fund balance	6,614	6,614	-
Fund (deficit) at beginning of year.	(6,614)	(6,614)	-
Fund balance at end of year	\$ -	\$ -	\$ -

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

BILINGUAL EDUCATION FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 51,250	\$ 33,663	\$ (17,587)
Total expenditures and other financing uses.	48,122	34,578	13,544
Net change in fund balance	3,128	(915)	(4,043)
Fund balance at beginning of year.	448	448	-
Fund balance (deficit) at end of year.	<u>\$ 3,576</u>	<u>\$ (467)</u>	<u>\$ (4,043)</u>

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

EVEN START PROGRAM FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 296,369	\$ 21,369	\$ (275,000)
Total expenditures and other financing uses.	284,558	45,047	239,511
Net change in fund balance	11,811	(23,678)	(35,489)
Fund (deficit) at beginning of year.	(10,595)	(10,595)	-
Prior year encumbrances appropriated.	731	731	-
Fund balance (deficit) at end of year.	\$ 1,947	\$ (33,542)	\$ (35,489)

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

TITLE I FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 1,965,407	\$ 1,292,139	\$ (673,268)
Total expenditures and other financing uses.	2,001,670	1,318,019	683,651
Net change in fund balance	(36,263)	(25,880)	10,383
Fund (deficit) at beginning of year.	(98,835)	(98,835)	-
Prior year encumbrances appropriated.	137,651	137,651	-
Fund balance at end of year	\$ 2,553	\$ 12,936	\$ 10,383

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

PRESCHOOL GRANT FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 13,193	\$ 6,061	\$ (7,132)
Total expenditures and other financing uses.	15,208	8,291	6,917
Net change in fund balance	(2,015)	(2,230)	(215)
Fund balance at beginning of year.	-	-	-
Prior year encumbrances appropriated.	2,015	2,015	-
Fund balance (deficit) at end of year.	<u>\$ -</u>	<u>\$ (215)</u>	<u>\$ (215)</u>

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

OTHER FEDERAL PROGRAMS FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total expenditures and other financing uses.	\$ -	\$ -	\$ -
Net change in fund balance	-	-	-
Fund balance at beginning of year.	\$ 2,149	\$ 2,149	\$ -
Fund balance at end of year	\$ 2,149	\$ 2,149	\$ -

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

UNIFORM SCHOOL SUPPLIES FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 195,000	\$ 146,925	\$ (48,075)
Total expenditures and other financing uses.	322,093	261,450	60,643
Net change in fund balance	(127,093)	(114,525)	12,568
Fund balance at beginning of year.	105,387	105,387	-
Prior year encumbrances appropriated.	24,677	24,677	-
Fund balance at end of year	<u>\$ 2,971</u>	<u>\$ 15,539</u>	<u>\$ 12,568</u>

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

ROTARY SPECIAL SERVICES FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 60,000	\$ 36,982	\$ (23,018)
Total expenditures and other financing uses.	68,000	34,834	33,166
Net change in fund balance	(8,000)	2,148	10,148
Fund balance at beginning of year.	9,052	9,052	-
Fund balance at end of year	<u>\$ 1,052</u>	<u>\$ 11,200</u>	<u>\$ 10,148</u>

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

PUBLIC SCHOOL SUPPORT FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 361,653	\$ 349,023	\$ (12,630)
Total expenditures and other financing uses.	519,790	341,090	178,700
Net change in fund balance	(158,137)	7,933	166,070
Fund balance at beginning of year.	229,282	229,282	-
Prior year encumbrances appropriated.	26,353	26,353	-
Fund balance at end of year	<u>\$ 97,498</u>	<u>\$ 263,568</u>	<u>\$ 166,070</u>

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

SPECIAL ENTERPRISE FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 415,600	\$ 420,713	\$ 5,113
Total expenditures and other financing uses.	518,881	475,457	43,424
Net change in fund balance	(103,281)	(54,744)	48,537
Fund balance at beginning of year.	91,307	91,307	-
Prior year encumbrances appropriated.	16,136	16,136	-
Fund balance at end of year	\$ 4,162	\$ 52,699	\$ 48,537

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

PERMANENT IMPROVEMENT FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 768,457	\$ 768,467	\$ 10
Total expenditures and other financing uses.	781,646	755,516	26,130
Net change in fund balance	(13,189)	12,951	26,140
Fund balance at beginning of year.	576,652	576,652	-
Prior year encumbrances appropriated	56,646	56,646	-
Fund balance at end of year	\$ 620,109	\$ 646,249	\$ 26,140

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

REPLACEMENT FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 60	\$ 57	\$ (3)
Total expenditures and other financing uses.	15,000	-	15,000
Net change in fund balance	(14,940)	57	14,997
Fund balance at beginning of year.	20,625	20,625	-
Fund balance at end of year	\$ 5,685	\$ 20,682	\$ 14,997

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR PERMANENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

PERMANENT FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 6	\$ 40	\$ 34
Total expenditures and other financing uses.	600	600	-
Net change in fund balance	(594)	(560)	34
Fund balance at beginning of year.	14,577	14,577	-
Fund balance at end of year	\$ 13,983	\$ 14,017	\$ 34

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

FUND DESCRIPTIONS - INTERNAL SERVICE FUNDS

Internal Service Funds

Internal service funds are used to account for financing goods or services provided by one activity to other activities of the District on a cost-reimbursement basis

Dental Insurance Fund

To account for monies received from other funds as payment for providing dental benefits. The dental insurance fund is not legally budgeted, therefore no budgetary schedule is included for this fund.

Health Insurance Fund

To account for monies received from other funds as payment for providing medical, hospitalization or any other similar employee benefit.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2013

	Dental Insurance	Health Insurance	Total Internal Service Funds
Assets:			
Current assets:			
Equity in pooled cash and investments.	\$ 590,562	\$ 2,630,814	\$ 3,221,376
Total assets.	590,562	2,630,814	3,221,376
Liabilities:			
Current liabilities:			
Claims payable.	84,000	895,000	979,000
Total liabilities.	84,000	895,000	979,000
Net position:			
Unrestricted	506,562	1,735,814	2,242,376
Total net position.	\$ 506,562	\$ 1,735,814	\$ 2,242,376

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Dental Insurance</u>	<u>Health Insurance</u>	<u>Total Internal Service Funds</u>
Operating revenues:			
Charges for services	\$ 1,106,319	\$ 11,069,578	\$ 12,175,897
Total operating revenues	<u>1,106,319</u>	<u>11,069,578</u>	<u>12,175,897</u>
Operating expenses:			
Purchased services	34,286	1,316,396	1,350,682
Claims expense	787,966	9,741,457	10,529,423
Total operating expenses	<u>822,252</u>	<u>11,057,853</u>	<u>11,880,105</u>
Operating income.	<u>284,067</u>	<u>11,725</u>	<u>295,792</u>
Nonoperating revenues:			
Interest revenue.	53	-	53
Total other financing sources.	<u>53</u>	<u>-</u>	<u>53</u>
Change in net position	284,120	11,725	295,845
Net position at beginning of year.	222,442	1,724,089	1,946,531
Net position at end of year	<u>\$ 506,562</u>	<u>\$ 1,735,814</u>	<u>\$ 2,242,376</u>

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Dental Insurance	Health Insurance	Total Internal Service Funds
Cash flows from operating activities:			
Cash received from charges for services.	\$ 1,106,319	\$ 11,069,578	\$ 12,175,897
Cash payments for purchased services.	(34,286)	(1,316,396)	(1,350,682)
Cash payments for claims	(949,822)	(9,667,457)	(10,617,279)
Net cash provided by operating activities	122,211	85,725	207,936
Cash flows from investing activities:			
Interest received	53	-	53
Net cash provided by investing activities	53	-	53
Net increase in cash and investments	122,264	85,725	207,989
Cash and investments at beginning of year . . .	468,298	2,545,089	3,013,387
Cash and investments at end of year	\$ 590,562	\$ 2,630,814	\$ 3,221,376
Reconciliation of operating income to net cash provided by operating activities:			
Operating income.	\$ 284,067	\$ 11,725	\$ 295,792
Changes in liabilities:			
Increase (decrease) in claims payable.	(161,856)	74,000	(87,856)
Net cash provided by operating activities	\$ 122,211	\$ 85,725	\$ 207,936

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
INTERNAL SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

HEALTH INSURANCE FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues.	\$ 11,000,000	\$ 11,069,578	\$ 69,578
Total expenditures.	11,947,259	10,983,853	963,406
Net change in fund balance	(947,259)	85,725	1,032,984
Fund balance at beginning of year.	2,545,089	2,545,089	-
Fund balance at end of year	<u>\$ 1,597,830</u>	<u>\$ 2,630,814</u>	<u>\$ 1,032,984</u>

KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO



Amna Nawaz, 10th Grade

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

FUND DESCRIPTIONS - FIDUCIARY FUNDS

Fiduciary Funds

Fiduciary fund types are used to account for assets held for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Agency Funds

Student Managed Activity Fund

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

Rotary Fund

This fund accounts for deposits to be utilized for background checks on prospective employees.

Employee Benefits Fund

This fund accounts for the premiums received and the claims costs paid by the District for employee health and dental/vision insurance.

District Agency Fund

This fund accounts for various monies held on behalf of student athletic programs.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Beginning Balance July 1, 2012	Additions	Deletions	Ending Balance July 1, 2013
<u>Student Managed Activity Fund</u>				
Assets:				
Equity in pooled cash and investments.	\$ 91,174	\$ 163,363	\$ 173,145	\$ 81,392
Total assets	<u>\$ 91,174</u>	<u>\$ 163,363</u>	<u>\$ 173,145</u>	<u>\$ 81,392</u>
Liabilities:				
Accounts payable	\$ -	\$ 5,654	\$ -	\$ 5,654
Due to students	91,174	157,709	173,145	75,738
Total liabilities	<u>\$ 91,174</u>	<u>\$ 163,363</u>	<u>\$ 173,145</u>	<u>\$ 81,392</u>
<u>Rotary Fund</u>				
Assets:				
Equity in pooled cash and investments.	\$ 2,509	\$ 15,358	\$ 16,171	\$ 1,696
Accounts receivable.	-	552	-	552
Total assets	<u>\$ 2,509</u>	<u>\$ 15,910</u>	<u>\$ 16,171</u>	<u>\$ 2,248</u>
Liabilities:				
Intergovernmental payable	\$ -	\$ 1,521	\$ -	\$ 1,521
Due to others	2,509	14,389	16,171	727
Total liabilities	<u>\$ 2,509</u>	<u>\$ 15,910</u>	<u>\$ 16,171</u>	<u>\$ 2,248</u>
<u>Employee Benefits Fund</u>				
Assets:				
Equity in pooled cash and investments.	\$ 166,685	\$ 93,244	\$ 95,326	\$ 164,603
Total assets	<u>\$ 166,685</u>	<u>\$ 93,244</u>	<u>\$ 95,326</u>	<u>\$ 164,603</u>
Liabilities:				
Claims payable	\$ 18,984	\$ 23,832	\$ 18,984	\$ 23,832
Due to others	147,701	69,412	76,342	140,771
Total liabilities	<u>\$ 166,685</u>	<u>\$ 93,244</u>	<u>\$ 95,326</u>	<u>\$ 164,603</u>

(Continued)

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013 (CONTINUED)

	Beginning Balance July 1, 2012	Additions	Deletions	Ending Balance July 1, 2013
<u>District Agency Fund</u>				
Assets:				
Equity in pooled cash and investments.	\$ -	\$ 172,394	\$ 92,837	\$ 79,557
Total assets	<u>\$ -</u>	<u>\$ 172,394</u>	<u>\$ 92,837</u>	<u>\$ 79,557</u>
Liabilities:				
Accounts payable	\$ -	\$ 477	\$ -	\$ 477
Due to students	-	171,917	92,837	79,080
Total liabilities	<u>\$ -</u>	<u>\$ 172,394</u>	<u>\$ 92,837</u>	<u>\$ 79,557</u>
<u>Total Agency Funds</u>				
Assets:				
Equity in pooled cash and investments.	\$ 260,368	\$ 444,359	\$ 377,479	\$ 327,248
Accounts receivable.	-	552	-	552
Total assets	<u>\$ 260,368</u>	<u>\$ 444,911</u>	<u>\$ 377,479</u>	<u>\$ 327,800</u>
Liabilities:				
Accounts payable	\$ -	\$ 6,131	\$ -	\$ 6,131
Intergovernmental payable	-	1,521	-	1,521
Due to students	91,174	329,626	265,982	154,818
Due to others	150,210	83,801	92,513	141,498
Claims payable	18,984	23,832	18,984	23,832
Total liabilities	<u>\$ 260,368</u>	<u>\$ 444,911</u>	<u>\$ 377,479</u>	<u>\$ 327,800</u>

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**



Amanda Turner, 12th Grade

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

Statistical Section

KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO



Chloe Beaman, 12th Grade

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

STATISTICAL SECTION

This part of the Kettering 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 condition.

<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.	122-135
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	136-143
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.	144-151
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.	152-155
Operating Information These schedules contain service and operational 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.	156-169

Sources: Unless otherwise noted, the information in these schedules is derived from comprehensive annual financial reports for the relevant year. Additional sources are noted on the individual schedules.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

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

	2004	2005	2006	2007
Governmental activities				
Net investment in capital assets	\$ 20,269,335	\$ 8,537,315	\$ 10,572,943	\$ 11,380,187
Restricted for:				
Capital projects	-	-	755,941	645,202
Debt service	2,299,876	2,144,839	2,649,523	4,356,490
Permanent	-	-	14,133	14,866
Locally funded programs	-	-	-	-
State funded programs	-	-	-	-
Federally funded programs	-	-	-	-
Student activities	-	-	-	-
Other purposes	1,987,718	1,821,150	936,280	589,735
Unrestricted (deficit)	(8,420,717)	6,892,084	6,700,355	4,671,211
Total governmental activities net position	<u>\$ 16,136,212</u>	<u>\$ 19,395,388</u>	<u>\$ 21,629,175</u>	<u>\$ 21,657,691</u>

Source: District financial records.

(1) Amounts have been restated to reflect prior period adjustments required by GASB Statement No. 65, implemented during fiscal year 2013.

(2) New terminology in this schedule presented in accordance with GASB Statement No. 63, implemented during fiscal year 2013.

2008	2009	2010	2011	2012 (1)	2013
\$ 14,042,346	\$ 14,593,555	\$ 16,447,133	\$ 18,472,838	\$ 19,433,829	\$ 21,078,401
621,820	316,338	407,428	575,916	700,616	742,890
2,524,780	2,058,605	1,873,907	3,014,264	3,224,803	2,880,116
15,468	15,672	15,140	15,156	14,577	14,017
-	-	-	-	-	20,312
-	-	-	-	-	30,354
-	-	-	-	-	1,075,191
-	-	-	-	-	209,881
444,932	492,031	878,676	574,799	725,954	747,872
4,329,914	6,014,488	2,157,873	4,720,582	5,461,309	(280,522)
<u>\$ 21,979,260</u>	<u>\$ 23,490,689</u>	<u>\$ 21,780,157</u>	<u>\$ 27,373,555</u>	<u>\$ 29,561,088</u>	<u>\$ 26,518,512</u>

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

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

	2004	2005	2006	2007
Expenses				
Governmental activities:				
Instruction:				
Regular	\$ 30,173,674	\$ 30,303,175	\$ 30,026,305	\$ 33,962,450
Special	6,597,531	7,195,031	7,592,499	7,999,070
Vocational	1,882,912	1,938,656	1,989,974	2,047,759
Adult/Continuing	47,683	40,025	28,453	34,254
Other instructional	2,032,719	2,193,266	3,546,792	4,373,656
Support services:				
Pupil	5,840,364	6,012,755	6,183,114	6,663,259
Instructional staff	4,118,932	4,293,737	4,473,685	4,749,251
Board of education	47,482	1,551,467	58,880	66,612
Administration	6,257,514	6,220,245	6,280,987	6,822,367
Fiscal	1,570,031	1,521,850	1,723,088	1,796,626
Business	1,280,184	371,627	519,187	595,008
Operations and maintenance	7,077,799	7,434,445	7,491,277	7,812,668
Pupil transportation	2,887,069	3,013,238	2,731,380	3,077,737
Central	1,229,421	1,356,202	1,090,013	1,733,260
Operation of non-instructional services	3,973,750	4,305,313	4,051,744	4,797,572
Extracurricular activities	1,576,132	1,604,609	1,457,996	1,733,777
Debt service:				
Interest and fiscal charges	4,855,798	4,942,861	5,098,030	3,929,935
Bond issuance costs	-	-	-	-
Total governmental activities expenses	\$ 81,448,995	\$ 84,298,502	\$ 84,343,404	\$ 92,195,261

(1) Interest and fiscal charges for fiscal year 2012 has been restated to eliminate the amortization of bond issuance costs due to the implementation of GASB Statement No. 65.

2008	2009	2010	2011	2012 (1)	2013
\$ 33,619,843	\$ 35,494,431	\$ 36,080,724	\$ 35,764,848	\$ 34,695,073	\$ 35,679,782
7,840,416	8,267,476	9,075,308	9,096,792	9,646,917	9,745,956
2,091,488	2,206,443	2,726,098	2,695,255	2,711,654	2,765,023
37,255	41,716	80,190	87,962	55,404	91,829
4,253,666	2,706,076	2,333,372	2,273,126	3,462,802	3,982,459
6,520,008	7,662,489	8,570,082	7,761,518	7,599,142	7,444,865
4,766,122	4,710,916	5,617,159	5,749,533	6,118,959	6,052,370
68,541	73,370	67,166	62,685	66,586	53,648
6,889,537	6,918,465	5,676,841	5,250,963	5,870,320	5,533,408
1,899,405	1,894,159	1,570,448	1,785,522	1,753,709	1,740,590
612,826	574,690	617,931	591,628	657,346	489,754
8,595,610	8,463,308	8,764,444	8,877,007	8,338,608	8,183,719
3,421,844	3,319,938	3,531,497	3,531,175	3,751,327	3,803,988
1,723,029	1,772,667	1,895,046	1,927,323	1,830,592	1,800,269
4,774,211	4,724,183	4,730,528	5,473,549	5,316,205	5,781,286
1,862,353	2,000,014	1,841,347	1,776,337	1,574,598	1,522,424
4,644,799	4,423,719	4,321,249	4,211,670	4,041,701	3,861,797
-	-	-	-	-	277,689
<u>\$ 93,620,953</u>	<u>\$ 95,254,060</u>	<u>\$ 97,499,430</u>	<u>\$ 96,916,893</u>	<u>\$ 97,490,943</u>	<u>\$ 98,810,856</u>

(Continued)

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

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

Program Revenues	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities:				
Charges for services and sales:				
Instruction:				
Regular	\$ 556,262	\$ 347,741	\$ 334,109	\$ 571,307
Special	-	308,858	237,299	155,477
Vocational	31,420	-	-	-
Adult/Continuing	-	34,671	35,460	16,750
Support services:				
Pupil	427,550	367,062	-	-
Instructional staff	21,491	10,800	400,010	401,284
Administration	256,369	21,253	30,252	49,277
Operations and maintenance	-	-	-	-
Pupil transportation	-	-	-	-
Central	-	-	-	-
Operation of non-instructional services	1,569,095	1,688,221	1,759,386	1,831,394
Extracurricular activities	352,994	419,602	475,612	666,435
Operating grants and contributions:				
Instruction:				
Regular	601,711	552,018	376,258	329,286
Special	1,529,940	2,595,060	2,876,339	2,582,847
Vocational	272,149	306,675	316,934	283,366
Adult/Continuing	43,624	87,703	87,705	39,579
Other instructional	-	-	-	-
Support services:				
Pupil	161,319	251,156	318,981	259,281
Instructional staff	115,965	253,581	43,221	285,300
Board of education	-	146,000	-	-
Administration	48,279	-	115,721	204,007
Operations and maintenance	15,636	-	-	-
Pupil transportation	1,500	27,117	135,676	181,267
Central	66,042	59,958	61,562	61,234
Operation of non-instructional services	2,229,656	2,330,514	2,475,296	2,550,820
Extracurricular activities	-	-	-	-
Capital grants and contributions:				
Support services:				
Operations and maintenance	75,676	135,765	80,770	111,299
Central	-	61,635	-	-
Total governmental program revenues	<u>8,376,678</u>	<u>10,005,390</u>	<u>10,160,591</u>	<u>10,580,210</u>
Net (Expense)/Revenue				
Governmental activities	<u>(73,072,317)</u>	<u>(74,293,112)</u>	<u>(74,182,813)</u>	<u>(81,615,051)</u>
Total primary government net expense	<u>\$ (73,072,317)</u>	<u>\$ (74,293,112)</u>	<u>\$ (74,182,813)</u>	<u>\$ (81,615,051)</u>

(2) The Net (Expense)/Revenue for fiscal year 2012 has been restated to eliminate the effects of the amortization of bond issuance costs due to the implementation of GASB Statement No. 65.

	2008	2009	2010	2011	2012 (2)	2013
\$	678,013	\$ 477,910	\$ 552,513	\$ 491,487	\$ 766,581	\$ 963,092
	104,445	74,964	34,700	-	226,565	174,734
	-	-	-	169,574	59,929	50,520
	28,008	30,352	42,500	-	-	-
	-	-	119,368	446,810	124,352	257,003
	674,654	513,678	471,644	255,312	155,842	182,229
	46,140	51,507	-	-	-	29,939
	-	-	-	-	-	151,458
	-	-	-	36,955	45,698	42,356
	-	-	-	-	804	2,180
	1,792,888	1,767,093	1,687,589	2,040,451	2,101,177	1,977,126
	509,738	488,330	700,425	662,649	691,845	456,719
	296,781	226,969	7,473,371	8,377,327	370,134	130,978
	2,497,407	2,912,482	3,346,402	3,086,493	3,445,819	3,258,348
	294,615	353,015	286,128	293,519	294,535	303,589
	31,823	43,281	98,527	97,720	56,783	83,735
	-	-	-	-	-	88,603
	601,674	788,766	1,055,244	534,663	588,001	409,911
	479,462	568,709	850,810	963,601	830,284	963,951
	-	-	-	-	-	41
	254,747	246,945	579,451	635,090	294,143	289,339
	-	20,437	598,523	684,787	41,188	16,703
	1,070,470	1,323,273	898,521	1,269,191	30,503	253,873
	69,871	72,533	162,603	222,777	33,267	218,948
	2,794,445	2,807,184	3,081,388	1,696,423	3,258,352	3,191,496
	-	-	-	-	2,325	7,185
	107,095	72,312	83,724	-	-	-
	50,923	-	-	-	-	-
	<u>12,383,199</u>	<u>12,839,740</u>	<u>22,123,431</u>	<u>21,964,829</u>	<u>13,418,127</u>	<u>13,504,056</u>
	<u>(81,237,754)</u>	<u>(82,414,320)</u>	<u>(75,375,999)</u>	<u>(74,952,064)</u>	<u>(84,072,816)</u>	<u>(85,306,800)</u>
\$	<u>(81,237,754)</u>	<u>(82,414,320)</u>	<u>(75,375,999)</u>	<u>(74,952,064)</u>	<u>(84,072,816)</u>	<u>(85,306,800)</u>

(Continued)

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 49,123,574	\$ 58,078,104	\$ 57,412,021	\$ 60,149,130
Payment in lieu of taxes	-	-	-	-
Grants and entitlements not restricted to specific programs	17,028,707	16,296,597	16,595,607	18,921,497
Investment earnings	1,520,926	1,462,565	1,100,764	1,670,128
Net increase/(decrease) in fair market value of investments	-	-	-	-
Miscellaneous	<u>729,822</u>	<u>1,715,022</u>	<u>1,308,188</u>	<u>902,832</u>
Total governmental activities	<u>68,403,029</u>	<u>77,552,288</u>	<u>76,416,580</u>	<u>81,643,587</u>
Change in Net Position				
Governmental activities	<u>\$ (4,669,288)</u>	<u>\$ 3,259,176</u>	<u>\$ 2,233,767</u>	<u>\$ 28,536</u>

Source: District financial records.

(2) Revenues for fiscal year 2012 have been reclassified to disaggregate the net increase/(decrease) in the fair market value of the District's investments from investment earnings, and interest and fiscal charges expenses for fiscal year 2012 have been restated to due to the implementation of GASB Statement No. 65.

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012 (2)</u>	<u>2013</u>
\$ 58,323,623	\$ 57,874,816	\$ 53,552,069	\$ 61,540,434	\$ 61,048,275	\$ 57,281,151
-	-	-	-	151,425	582,655
21,120,885	24,253,458	18,883,431	18,477,287	25,145,742	23,933,755
1,215,189	654,210	184,639	73,241	95,301	91,520
-	-	-	-	21,193	(140,157)
899,626	1,143,265	1,045,328	454,500	532,700	515,300
<u>81,559,323</u>	<u>83,925,749</u>	<u>73,665,467</u>	<u>80,545,462</u>	<u>86,994,636</u>	<u>82,264,224</u>
<u>\$ 321,569</u>	<u>\$ 1,511,429</u>	<u>\$ (1,710,532)</u>	<u>\$ 5,593,398</u>	<u>\$ 2,921,820</u>	<u>\$ (3,042,576)</u>

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	2,715,843	4,723,857	3,617,142	3,604,839
Unreserved (deficit)	<u>9,521,796</u>	<u>7,880,070</u>	<u>5,953,358</u>	<u>5,757,962</u>
Total general fund	<u>12,237,639</u>	<u>12,603,927</u>	<u>9,570,500</u>	<u>9,362,801</u>
All Other Governmental Funds:				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned (deficit)	-	-	-	-
Reserved	42,631,958	17,372,528	4,114,077	1,524,602
Unreserved (deficit), reported in:				
Special revenue funds	1,459,620	1,198,474	1,401,577	1,131,065
Debt service funds	-	-	-	4,035,349
Capital projects funds	35,045,102	4,685,394	1,295,510	134,847
Permanent fund	<u>567</u>	<u>752</u>	<u>1,312</u>	<u>2,065</u>
Total all other governmental funds	<u>79,137,247</u>	<u>23,257,148</u>	<u>6,812,476</u>	<u>6,827,928</u>
Total governmental funds	<u>\$ 91,374,886</u>	<u>\$ 35,861,075</u>	<u>\$ 16,382,976</u>	<u>\$ 16,190,729</u>

Source: District financial records.

Note: The District implemented GASB Statement No. 54 during fiscal year 2011.

2008	2009	2010	2011	2012	2013
\$ -	\$ -	\$ -	\$ 254,318	\$ 111,440	\$ 221,889
-	-	-	655,959	755,801	2,641,974
-	-	-	5,245,949	6,233,898	-
4,124,451	3,963,090	1,706,751	-	-	-
4,261,563	5,797,826	1,957,847	-	-	-
<u>8,386,014</u>	<u>9,760,916</u>	<u>3,664,598</u>	<u>6,156,226</u>	<u>7,101,139</u>	<u>2,863,863</u>
-	-	-	65,747	60,665	69,292
-	-	-	5,432,381	5,996,748	5,422,499
-	-	-	-	-	20,682
-	-	-	(403,080)	(534,876)	(432,084)
1,104,400	677,325	688,912	-	-	-
1,233,206	1,070,848	1,346,377	-	-	-
2,914,350	2,309,582	2,236,522	-	-	-
176,958	253,203	352,429	-	-	-
2,667	2,871	2,339	-	-	-
<u>5,431,581</u>	<u>4,313,829</u>	<u>4,626,579</u>	<u>5,095,048</u>	<u>5,522,537</u>	<u>5,080,389</u>
<u>\$ 13,817,595</u>	<u>\$ 14,074,745</u>	<u>\$ 8,291,177</u>	<u>\$ 11,251,274</u>	<u>\$ 12,623,676</u>	<u>\$ 7,944,252</u>

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

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

	2004	2005	2006	2007
Revenues				
From local sources:				
Property taxes	\$ 46,505,499	\$ 58,630,450	\$ 57,446,028	\$ 61,267,771
Payment in lieu of taxes	-	-	-	-
Tuition	133,650	177,173	183,559	609,365
Transportation fees	236,469	308,858	237,299	157,477
Earnings on investments	1,392,455	1,505,456	1,186,344	1,653,214
Net increase/(decrease) in fair market value of investments	-	-	-	-
Charges for services	1,569,095	1,686,277	1,750,980	1,827,929
Extracurricular	571,285	642,718	720,352	892,333
Classroom materials and fees	272,596	265,090	247,234	260,652
Rental income	-	-	-	-
Contributions and donations	-	-	-	-
Contract services	-	-	-	-
Other local revenues	1,161,908	1,833,114	1,440,892	847,000
Intergovernmental	22,374,640	23,111,700	23,493,753	25,771,927
Total revenues	74,217,597	88,160,836	86,706,441	93,287,668
Expenditures				
Current:				
Instruction:				
Regular	28,385,307	29,495,513	31,367,491	32,288,016
Special	6,300,407	7,170,658	7,449,037	7,842,597
Vocational	1,765,093	1,883,682	1,969,979	2,001,139
Adult/continuing	45,990	40,193	29,675	34,254
Other	1,960,539	2,202,452	3,699,059	4,373,656
Support services:				
Pupil	5,506,659	6,043,951	6,312,259	6,559,484
Instructional staff	3,895,972	4,424,620	4,480,281	4,543,760
Board of education	46,043	1,557,965	61,408	66,612
Administration	5,909,024	6,144,449	6,395,203	6,537,621
Fiscal	1,462,774	1,540,782	1,779,432	1,777,309
Business	1,224,402	552,678	541,416	536,772
Operations and maintenance	6,761,708	7,573,422	7,781,644	7,885,136
Pupil transportation	2,565,565	2,907,533	3,130,092	2,758,153
Central	1,138,637	1,184,368	1,036,217	2,082,946
Operation of non-instructional services	3,780,650	4,301,318	4,172,955	4,600,634
Extracurricular activities	1,508,330	1,608,403	1,534,011	1,630,658
Facilities acquisition and construction	26,170,217	57,098,482	17,385,414	2,119,606
Debt service:				
Principal retirement	5,550,543	15,225,923	2,094,004	2,925,887
Interest and fiscal charges	4,871,266	5,510,702	5,199,402	4,888,769
Bond issuance costs	-	-	-	-
Total expenditures	\$ 108,849,126	\$ 156,467,094	\$ 106,418,979	\$ 95,453,009

2008	2009	2010	2011	2012	2013
\$ 57,556,743	\$ 57,658,781	\$ 52,813,987	\$ 61,900,078	\$ 61,313,023	\$ 58,566,436
-	-	-	-	151,425	582,655
613,261	693,321	763,831	715,907	1,003,619	1,291,273
104,445	74,964	34,700	36,955	45,698	42,356
1,205,909	680,404	184,639	73,241	95,301	82,560
-	-	-	-	21,193	(140,157)
1,792,888	1,767,093	1,687,589	1,585,503	1,579,194	1,487,003
735,312	701,920	683,015	678,487	696,663	698,243
251,374	205,572	181,273	179,143	193,980	158,212
-	-	-	-	-	136,758
-	-	-	-	-	90,545
-	-	-	-	-	473,511
1,236,232	1,104,229	1,303,659	1,361,743	1,186,339	562,405
29,622,757	33,117,698	37,499,623	35,689,575	34,521,364	32,495,959
93,118,921	96,003,982	95,152,316	102,220,632	100,807,799	96,527,759
32,454,270	33,672,384	35,757,961	34,765,833	33,628,807	34,747,413
7,775,400	8,147,614	9,112,354	9,056,671	9,629,379	9,838,655
1,987,377	2,091,786	2,603,181	2,693,124	2,672,615	2,691,544
37,255	41,716	80,097	88,051	55,383	82,493
4,253,666	2,706,076	2,330,680	2,275,425	3,461,507	3,983,494
6,523,471	7,655,385	8,670,527	7,873,544	7,567,554	7,481,367
4,675,328	4,638,447	5,556,122	5,732,142	6,115,213	6,122,031
68,541	73,370	67,089	62,748	66,561	53,648
6,716,620	6,680,120	5,811,186	5,232,622	5,679,526	5,418,708
1,884,587	1,900,061	1,572,373	1,781,258	1,756,320	1,752,336
568,496	571,214	610,412	588,832	521,438	519,095
8,276,731	8,323,159	8,757,425	8,808,022	8,331,933	8,137,122
3,352,988	3,505,177	3,448,507	3,350,422	3,823,489	3,810,720
1,667,372	1,689,751	1,857,867	1,866,437	1,814,594	1,780,400
4,832,456	4,625,262	4,680,816	5,451,706	5,149,411	5,736,424
1,676,487	1,724,190	1,667,391	1,605,143	1,408,717	1,364,531
558,345	34,781	459,417	126,392	34,312	209,674
3,746,555	3,228,503	3,522,002	3,640,783	3,436,113	3,538,464
4,716,400	4,466,790	4,364,486	4,254,556	4,134,565	3,613,066
-	-	-	-	-	277,689
\$ 95,772,345	\$ 95,775,786	\$ 100,929,893	\$ 99,253,711	\$ 99,287,437	\$ 101,158,874

(Continued)

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Excess of revenues over (under) expenditures	\$ (34,631,529)	\$ (68,306,258)	\$ (19,712,538)	\$ (2,165,341)
Other financing sources (uses)				
Issuance of general obligation bonds	15,000,000	12,149,989	-	-
Premium on general obligation bonds	-	635,025	-	-
Issuance of refunding bonds	-	-	-	66,999,990
Premium on refunding bonds	-	-	-	4,807,856
Payment to refunded bonds escrow agent	-	-	-	(70,926,703)
Proceeds from capital lease transaction	653,538	-	199,940	1,155,270
Sale of assets	-	-	-	-
Transfers in	24,401	94,916	13,500	58,574
Transfers (out)	<u>(24,401)</u>	<u>(94,916)</u>	<u>(13,500)</u>	<u>(58,574)</u>
Total other financing sources (uses)	<u>15,653,538</u>	<u>12,785,014</u>	<u>199,940</u>	<u>2,036,413</u>
Net change in fund balances	<u>\$ (18,977,991)</u>	<u>\$ (55,521,244)</u>	<u>\$ (19,512,598)</u>	<u>\$ (128,928)</u>
Debt service as a percentage of noncapital expenditures	12.21%	20.94%	8.57%	8.42%

Source: District financial records.

(1) Revenues for fiscal year 2012 have been reclassified to disaggregate the net increase/(decrease) in the fair market value of the District's investments from investment earnings.

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012 (1)</u>	<u>2013</u>
\$ (2,653,424)	\$ 228,196	\$ (5,777,577)	\$ 2,966,921	\$ 1,520,362	\$ (4,631,115)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	14,979,940
-	-	-	-	-	1,223,592
-	-	-	-	-	(16,247,473)
281,708	-	-	-	-	-
-	-	-	-	-	6,000
13,500	13,500	343,500	13,500	13,500	13,500
(13,500)	(13,500)	(343,500)	(13,500)	(13,500)	(13,500)
<u>281,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,941)</u>
<u>\$ (2,371,716)</u>	<u>\$ 228,196</u>	<u>\$ (5,777,577)</u>	<u>\$ 2,966,921</u>	<u>\$ 1,520,362</u>	<u>\$ (4,669,056)</u>
8.90%	8.09%	7.84%	7.99%	7.66%	7.39%

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

ASSESSED AND ESTIMATED ACTUAL VALUES OF TAXABLE PROPERTY
(PER \$1,000 OF ASSESSED VALUATION)
LAST TEN CALENDAR YEARS

Tax Collection/Calendar Year	2004	2005	2006	2007	2008	2009
Real Property						
Assessed	\$ 1,144,673,410	\$ 1,152,401,750	\$ 1,271,199,660	\$ 1,275,658,100	\$ 1,284,465,470	\$ 1,287,214,020
Actual	3,270,495,457	3,292,576,429	3,631,999,029	3,644,737,429	3,669,901,343	3,677,754,343
Public Utility						
Assessed	68,630,430	70,404,720	66,290,158	66,290,158	61,379,830	67,124,670
Actual	77,989,125	80,005,364	75,329,725	75,329,725	69,749,807	76,278,034
Tangible Personal Property						
Assessed	134,709,010	142,988,855	85,452,509	61,403,477	50,549,093	6,132,430
Actual	538,836,040	571,955,420	455,746,715	491,227,816	808,785,488	61,324,300
Total						
Assessed	1,348,012,850	1,365,795,325	1,422,942,327	1,403,351,735	1,396,394,393	1,360,471,120
Actual	3,887,320,622	3,944,537,212	4,163,075,468	4,211,294,970	4,548,436,638	3,815,356,677
Assessed Value as a Percentage of Actual Value						
	34.68%	34.62%	34.18%	33.32%	30.70%	35.66%
Total Direct Tax Rate						
	\$56.30	\$60.90	\$67.80	\$67.80	\$71.30	\$72.20

Source: Montgomery County Auditor, Ohio Department of Taxation

Presented on a calendar year basis because that is the manner in which the information is maintained by the County.

Assessed value of Real Property is at 35%, Assessed value of Public Utility is at 88% and Assessed Value of Tangible Personal Property is at 25% through 2005, at 18.75% for 2006, 12.5% for 2007, and 6.25% for 2008 and 0% for 2009 and 2010. Additionally, telephone and telecommunications property was reclassified to general business personal property and assessed at 10% for 2009 and 2010.

2010	2011	2012	2013
\$ 1,307,881,230	\$ 1,281,069,450	\$ 1,169,058,260	\$ 1,172,169,030
3,736,803,514	3,660,198,429	3,340,166,457	3,349,054,371
72,380,190	78,792,780	80,829,600	102,770,980
82,250,216	89,537,250	91,851,818	116,785,205
1,002,490	-	-	-
10,024,900	-	-	-
1,381,263,910	1,359,862,230	1,249,887,860	1,274,940,010
3,829,078,630	3,749,735,679	3,432,018,275	3,465,839,576
36.07%	36.27%	36.42%	36.79%
\$73.10	\$78.00	\$78.00	\$78.00

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

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

	2003	2004	2005	2006	2007
Direct District Rates					
General fund	\$54.80	\$54.80	\$61.70	\$61.70	\$61.70
Permanent improvement fund	0.60	0.60	0.60	0.60	0.60
Bond retirement fund	5.50	5.50	5.50	5.50	5.50
Total	<u>60.90</u>	<u>60.90</u>	<u>67.80</u>	<u>67.80</u>	<u>67.80</u>
Overlapping Rates					
City of Kettering	6.85	6.85	6.85	6.80	6.80
City of Moraine	2.50	2.50	2.50	2.50	2.50
Montgomery County	17.24	18.24	18.24	18.24	18.24
Dayton/Montgomery County Library	0.26	0.26	1.25	1.25	1.25
Total	<u>\$87.75</u>	<u>\$88.75</u>	<u>\$96.64</u>	<u>\$96.59</u>	<u>\$96.59</u>

Ohio Revised Code Sections 5705.02 and 5705.07 require a vote of the people for any millage exceeding the "unvoted" or "inside" millage.

Source:

Montgomery County Auditor's Office
Montgomery County Treasurer's Office

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$66.60	\$66.60	\$67.50	\$71.50	\$71.50
0.60	0.60	0.60	0.60	0.60
4.10	5.00	5.00	5.90	5.90
<u>71.30</u>	<u>72.20</u>	<u>73.10</u>	<u>78.00</u>	<u>78.00</u>
6.80	6.79	6.79	6.79	6.79
2.50	0.00	0.00	0.00	2.50
20.24	20.94	20.94	20.94	20.94
1.25	1.25	1.75	1.75	1.75
<u>\$102.09</u>	<u>\$101.18</u>	<u>\$102.58</u>	<u>\$107.48</u>	<u>\$109.98</u>

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**



Katherine Bacon, 12th Grade

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

PRINCIPAL TAXPAYERS
REAL ESTATE AND PUBLIC UTILITY PROPERTY TAXES
DECEMBER 31, 2012 AND DECEMBER 31, 2003

		December 31, 2012		
Name of Taxpayer	Nature of Business	Assessed Value	Rank	Percent of Total Assessed Value
Dayton Power and Light	Gas and Electric Utility	\$96,528,690	1	7.72%
Reynolds and Reynolds Co.	Fortune 1000	18,845,980	2	1.51%
Vectren Energy Delivery of Ohio	Utility	8,895,360	3	0.72%
Huber Management Corp.	Property Management	8,882,720	4	0.71%
Kettering Medical Center	Private Hospital	7,628,770	5	0.61%
F1 Kettering LLC	Real Estate	7,502,310	6	0.60%
Miami Valley Research Foundation	Research	6,887,660	7	0.55%
Fifteenth Dayton LLC	Printing	4,998,910	8	0.40%
Residenz LLC	Property Management	4,585,590	9	0.37%
One Lincoln Park	Real estate	4,416,550	10	0.35%
Total Principal Taxpayers		169,172,540		13.54%
All Others		1,080,715,320		86.46%
Total Assessed Value		<u>\$1,249,887,860</u>		<u>100.00%</u>

		December 31, 2003		
Name of Taxpayer	Nature of Business	Assessed Value	Rank	Percent of Total Assessed Value
General Motors Corporation (1)	Automotive Manufacturer	\$65,645,010	1	4.76%
Dayton Power and Light	Utility	53,121,930	2	3.86%
Scitex Digital Printing, Inc.	Printing	12,056,570	3	0.87%
Ohio Bell	Utility	9,356,760	4	0.68%
Reynolds and Reynolds Co.	Fortune 1000	8,029,960	5	0.58%
Bank One	Banking Services	6,330,430	6	0.46%
Cricket Communications	Utility	5,324,420	7	0.39%
Teachers Retirement System	Retirement System	4,760,000	8	0.35%
Dayton Town & Country	Property Management	4,312,560	9	0.31%
Lincoln Park Associates	Property Management	3,922,350	10	0.28%
Total Principal Taxpayers		172,859,990		12.54%
All Others		1,205,135,426		87.46%
Total Assessed Value		<u>\$1,377,995,416</u>		<u>100.00%</u>

Source: Montgomery County Auditor - Land and Buildings
based on valuation of property in 2012 and 2003

Presented on a calendar year basis because that is the manner
in which the information is maintained by the County.

(1) Includes Delphi Automotive

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN CALENDAR YEARS

Collection Year	<u>2003</u>	<u>2004</u>	<u>2005</u>
Total Tax Levy ⁽¹⁾	\$ 53,779,128	\$ 51,960,333	\$ 62,230,176
Collections within the Fiscal Year of the Levy			
Current Tax Collections ⁽²⁾	\$ 50,574,089	\$ 51,053,894	\$ 61,263,297
Percent of Levy Collected	94.04%	98.26%	98.45%
Delinquent Tax Collections	<u>454,935</u>	<u>1,081,944</u>	<u>3,489,527</u>
Total Tax Collections	<u>\$ 51,029,024</u>	<u>\$ 52,135,838</u>	<u>\$ 64,752,824</u>
Percent of Total Tax Collections To Tax Levy	94.89%	100.34%	104.05%
Accumulated Outstanding Delinquent Taxes ⁽³⁾	\$ 2,632,801	\$ 4,372,384	\$ 3,579,271
Percentage of Accumulated Delinquent Taxes to Total Tax Levy	4.90%	8.41%	5.75%

(1) Taxes levied and collected are presented on a cash basis.

(2) State reimbursements of rollback and homestead exemptions are included; December 2008 settlement estimate included.

(3) Penalties and interest are included, since by Ohio law they become part of the tax obligation as assessment occurs.

Source: Montgomery and Greene County Auditor's Offices
Presented on a calendar year basis because that is the manner in which the information is maintained by the Counties.

Note: Delinquent tax collections are available only by collection year rather than the year in which they were levied; therefore, the percentage of total tax collections collections to tax levy exceeds 100 percent in some years. The District will continue to work with the County Auditors to retrieve this information in the future.

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 59,374,793	\$ 55,461,256	\$ 56,386,305	\$ 54,771,300	\$ 58,823,873	\$ 69,552,184	\$ 67,660,920
\$ 57,609,301	\$ 55,134,931	\$ 54,818,766	\$ 53,730,645	\$ 57,247,393	\$ 67,400,196	\$ 65,734,803
97.03%	99.41%	97.22%	98.10%	97.32%	96.91%	97.15%
<u>3,273,718</u>	<u>1,608,958</u>	<u>4,163,001</u>	<u>3,852,544</u>	<u>2,385,567</u>	<u>940,112</u>	<u>2,492,740</u>
<u>\$ 60,883,019</u>	<u>\$ 56,743,889</u>	<u>\$ 58,981,767</u>	<u>\$ 57,583,189</u>	<u>\$ 59,632,960</u>	<u>\$ 68,340,308</u>	<u>\$ 68,227,543</u>
102.54%	102.31%	104.60%	105.13%	101.38%	98.26%	100.84%
\$ 2,426,623	\$ 2,386,797	\$ 2,464,561	\$ 2,547,957	\$ 2,861,478	\$ 2,842,448	\$ 2,483,646
4.09%	4.30%	4.37%	4.65%	4.86%	4.09%	3.67%

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	2004	2005	2006	2007
Governmental Activities ⁽¹⁾				
General Obligation Bonds Payable*	\$ 114,742,691	\$ 112,019,538	\$ 109,918,779	\$ 110,372,671
Capital Leases	781,270	567,133	678,136	1,646,041
Total Primary Government	<u>\$ 115,523,961</u>	<u>\$ 112,586,671</u>	<u>\$ 110,596,915</u>	<u>\$ 112,018,712</u>
Population ⁽²⁾				
Cities of Kettering and Moraine	64,399	64,399	64,399	64,399
Outstanding Debt Per Capita*	1,794	1,748	1,717	1,739
Income ⁽³⁾				
Personal (in thousands)	\$ 2,001,135	\$ 2,069,333	\$ 2,155,692	\$ 2,012,242
Percentage of Personal Income*	5.77%	5.44%	5.13%	5.57%

Sources:

- (1) District Treasurer's Office
- (2) US Bureau of Census of Population
- (3) US Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available by County, Total Personal Income is a calculation

N/A = Not available

*Balances of general obligation bonds, outstanding debt per capita, and outstanding debt as a percentage of personal income have been updated for all years presented to include premiums, discounts, and accreted interest on bonds.

2008	2009	2010	2011	2012	2013
\$ 106,752,841	\$ 103,756,937	\$ 100,479,968	\$ 97,096,944	\$ 93,593,522	\$ 90,714,795
1,573,354	1,115,843	648,868	172,361	-	-
<u>\$ 108,326,195</u>	<u>\$ 104,872,780</u>	<u>\$ 101,128,836</u>	<u>\$ 97,269,305</u>	<u>\$ 93,593,522</u>	<u>\$ 90,714,795</u>
64,399	64,399	64,399	62,470	62,470	62,470
1,682	1,628	1,570	1,557	1,498	1,452
\$ 2,063,213	\$ 2,297,048	\$ 2,267,786	\$ 2,015,923	\$ 2,067,089	N/A
5.25%	4.57%	4.46%	4.83%	4.53%	N/A

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Year	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Population ⁽¹⁾	64,399	64,399	64,399	64,399
Assessed Value (in thousands) ⁽²⁾	\$ 1,348,013	\$ 1,365,795	\$ 1,422,942	\$ 1,403,352
Estimated Actual Value (in thousands) ⁽²⁾	3,887,321	3,944,537	4,163,075	4,211,295
General Bonded Debt ⁽³⁾				
General Obligation Bonds*	114,742,691	112,019,538	109,918,779	110,372,671
Resources Available to Pay Principal ⁽⁴⁾	2,291,869	2,243,653	2,752,772	4,557,437
Net General Bonded Debt *	112,450,822	109,775,885	107,166,007	105,815,234
Ratio of Net General Bonded Debt to Assessed Value *	8.34%	8.04%	7.53%	7.54%
Ratio of Net General Bonded Debt to Estimated Actual Value	2.89%	2.78%	2.57%	2.51%
Net General Bonded Debt per Capita *	\$ 1,746	\$ 1,705	\$ 1,664	\$ 1,643

Source:

- (1) U.S. Bureau of Census of Population
- (2) Montgomery County Auditor
- (3) Includes all general obligation bonded debt supported by property taxes
- (4) Includes only debt service funds available for general obligation bonded debt supported by property taxes at June 30.

*Balances of general obligation bonds, ratios of net bonded debt to assessed value, and net bonded debt per capita have been updated for all years presented to include premiums, discounts, and accreted interest on bonds.

2008	2009	2010	2011	2012	2013
64,399	64,399	64,399	62,470	62,470	62,470
\$ 1,396,394	\$ 1,360,471	\$ 1,381,264	\$ 1,359,862	\$ 1,249,888	\$ 1,274,940
4,548,437	3,815,357	3,829,079	3,749,736	3,432,018	3,465,840
106,752,841	103,756,937	100,479,968	97,096,944	93,593,522	90,714,795
3,297,658	2,728,232	2,358,342	3,525,419	3,730,110	3,449,104
103,455,183	101,028,705	98,121,626	93,571,525	89,863,412	87,265,691
7.41%	7.43%	7.10%	6.88%	7.19%	6.84%
2.27%	2.65%	2.56%	2.50%	2.62%	2.52%
\$ 1,606	\$ 1,569	\$ 1,524	\$ 1,498	\$ 1,439	\$ 1,397

KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO



Jessica Brock, 11th Grade

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

COMPUTATION OF DIRECT AND OVERLAPPING
DEBT ATTRIBUTABLE TO GOVERNMENTAL ACTIVITIES
JUNE 30, 2013

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to Kettering City School District</u>	<u>Amount Applicable to Kettering City School District</u>
Direct:			
Kettering City School District	\$ 90,714,795	100.00%	\$ 90,714,795
Overlapping:			
Montgomery County	54,269,980	13.65%	7,407,852
City of Kettering	14,313,648	89.23%	12,772,068
City of Moraine	4,854,686	17.33%	841,317
Subtotal	<u>73,438,314</u>		<u>21,021,237</u>
Total	<u>\$ 164,153,109</u>		<u>\$ 111,736,032</u>

Source: Montgomery County Auditor

Note: Overlapping percentage was calculated by dividing each overlapping subdivision's assessed valuation within the City by the subdivision's total assessed valuation.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**DEBT LIMITATIONS
LAST TEN FISCAL YEARS**

	2004	2005	2006	2007	2008
Net Assessed Valuation	\$ 1,348,012,850	\$ 1,365,795,325	\$ 1,422,942,327	\$ 1,403,351,735	\$ 1,396,394,393
Overall Direct Debt Limitation					
Legal Debt Limitation (%) ⁽¹⁾	9.00%	9.00%	9.00%	9.00%	9.00%
Legal Debt Limitation (\$) ⁽¹⁾	121,321,157	122,921,579	128,064,809	126,301,656	125,675,495
Applicable District Debt Outstanding	110,355,000	107,619,989	105,844,989	103,339,979	100,184,979
Less: Applicable Debt Service					
Fund Amounts ⁽²⁾	(2,291,869)	(2,243,653)	(2,752,772)	(4,557,437)	(3,297,658)
Net Indebtedness Subject to Limitation	108,063,131	105,376,336	103,092,217	98,782,542	96,887,321
Overall Legal Debt Margin	<u>\$ 13,258,026</u>	<u>\$ 17,545,243</u>	<u>\$ 24,972,592</u>	<u>\$ 27,519,114</u>	<u>\$ 28,788,174</u>
Unvoted Direct Debt Limitation					
Legal Debt Limitation (%) ⁽¹⁾	0.10%	0.10%	0.10%	0.10%	0.10%
Legal Debt Limitation (\$) ⁽¹⁾	\$ 1,348,013	\$ 1,365,795	\$ 1,422,942	\$ 1,403,352	\$ 1,396,394
Applicable District Debt Outstanding	-	-	-	-	-
Unvoted Legal Debt Margin	<u>\$ 1,348,013</u>	<u>\$ 1,365,795</u>	<u>\$ 1,422,942</u>	<u>\$ 1,403,352</u>	<u>\$ 1,396,394</u>
Energy Conservation Bond Limitation					
Legal Debt Limitation (%) ⁽¹⁾	0.90%	0.90%	0.90%	0.90%	0.90%
Legal Debt Limitation (\$) ⁽¹⁾	\$ 12,132,116	\$ 12,292,158	\$ 12,806,481	\$ 12,630,166	\$ 12,567,550
Authorized by the Board	(1,661,285)	(1,434,499)	(1,204,432)	(970,910)	(733,750)
Unvoted Energy Conservation					
Bond Legal Debt Margin	<u>\$ 10,470,831</u>	<u>\$ 10,857,659</u>	<u>\$ 11,602,049</u>	<u>\$ 11,659,256</u>	<u>\$ 11,833,800</u>
Total Net Indebtedness Subject to Limitation as a Percentage of Debt Limit	89.07%	85.73%	80.50%	78.21%	77.09%

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

(2) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

2009	2010	2011	2012	2013
\$ 1,360,471,120	\$ 1,381,263,910	\$ 1,359,862,230	\$ 1,249,887,860	\$ 1,274,940,010
9.00%	9.00%	9.00%	9.00%	9.00%
122,442,401	124,313,752	122,387,601	112,489,907	114,744,601
97,489,979	94,514,979	91,434,979	88,524,990	85,079,930
(2,728,232)	(2,358,342)	(3,525,419)	(3,730,110)	(3,449,104)
94,761,747	92,156,637	87,909,560	84,794,880	81,630,826
<u>\$ 27,680,654</u>	<u>\$ 32,157,115</u>	<u>\$ 34,478,041</u>	<u>\$ 27,695,027</u>	<u>\$ 33,113,775</u>
0.10%	0.10%	0.10%	0.10%	0.10%
\$ 1,360,471	\$ 1,381,264	\$ 1,359,862	\$ 1,249,888	\$ 1,274,940
-	-	-	-	-
<u>\$ 1,360,471</u>	<u>\$ 1,381,264</u>	<u>\$ 1,359,862</u>	<u>\$ 1,249,888</u>	<u>\$ 1,274,940</u>
0.90%	0.90%	0.90%	0.90%	0.90%
\$ 12,244,240	\$ 12,431,375	\$ 12,238,760	\$ 11,248,991	\$ 11,474,460
(657,758)	(577,731)	(493,455)	(404,703)	(311,239)
<u>\$ 11,586,482</u>	<u>\$ 11,853,644</u>	<u>\$ 11,745,305</u>	<u>\$ 10,844,288</u>	<u>\$ 11,163,221</u>
77.39%	74.13%	71.83%	75.38%	71.14%

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS**

Calendar Year	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Population (1)				
Cities of Kettering and Moraine	64,399	64,399	64,399	64,399
Montgomery County	552,187	550,063	547,435	542,237
Income (2) (a)				
Total Personal (in thousands)	\$ 1,973,572	\$ 2,001,135	\$ 2,069,333	\$ 2,155,692
Per Capita	30,646	31,074	32,133	33,474
Unemployment Rate				
Federal (3)	6.0%	5.5%	5.0%	4.6%
State (3)	6.1%	6.0%	5.9%	5.5%
Montgomery County(4)	6.3%	6.6%	6.4%	6.0%
Fiscal Year				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
School Enrollment (5)				
Grades K - 5	3,297	3,240	3,292	3,331
Grades 6 - 8	1,813	1,770	1,720	1,685
Grades 9 - 12	2,468	2,425	2,466	2,451
Non-Grade	6	-	-	-
Total	<u>7,584</u>	<u>7,435</u>	<u>7,478</u>	<u>7,467</u>

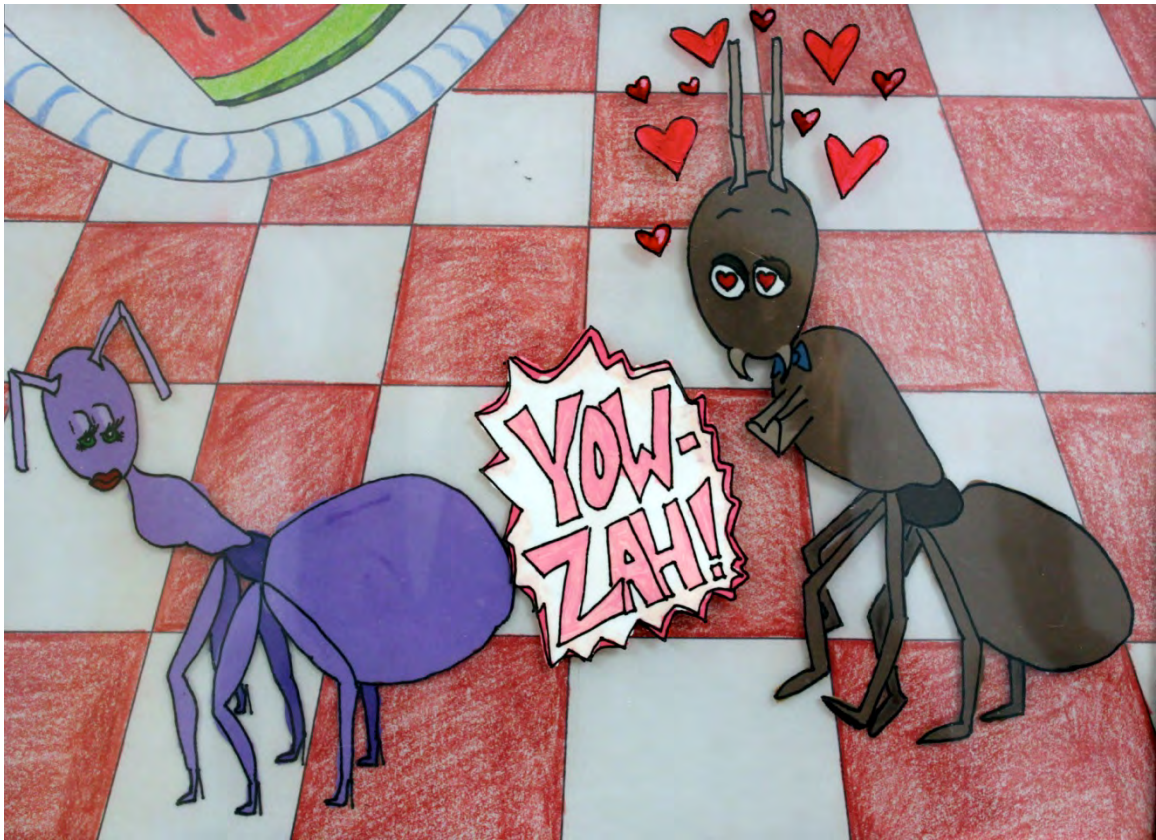
Sources:

- (1) US Bureau of Census of Population
- (2) US Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available by County, Total Personal Income is a calculation
- (3) State Department of Labor Statistics
- (4) Ohio Department of Job and Family Services, Montgomery County
- (5) District Treasurer's Office

Note: Personal income and per capita income in 2011 has been updated to reflect the latest information available.

2007	2008	2009	2010	2011	2012
64,399	64,399	64,399	62,470	62,470	62,470
538,104	534,626	532,562	535,153	537,602	534,325
\$ 2,123,235	\$ 2,187,119	\$ 2,297,048	\$ 2,267,786	\$ 2,015,923	\$ 2,067,089
32,970	33,962	35,669	36,302	32,270	33,089
4.6%	5.8%	9.3%	9.6%	8.6%	8.1%
5.6%	6.6%	10.2%	10.1%	8.9%	7.2%
7.3%	7.4%	11.4%	11.1%	8.7%	7.8%
2008	2009	2010	2011	2012	2013
3,353	3,321	3,355	3,219	3,191	3,445
1,676	1,677	1,681	1,670	1,704	1,670
2,398	2,378	2,334	2,352	2,233	2,150
-	-	-	-	-	-
<u>7,427</u>	<u>7,376</u>	<u>7,370</u>	<u>7,241</u>	<u>7,128</u>	<u>7,265</u>

KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO



Julia Turner, 10th Grade

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

PRINCIPAL EMPLOYERS
DECEMBER 31, 2012 AND DECEMBER 31, 2003

		December 31, 2012		
Employer	Nature of Business	Number of Employees	Rank	% of Total Estimated Employment
Kettering Medical Center	Private Hospital	3,570	1	13.47%
GE Money	Financial Services	1,470	2	5.55%
Reynolds and Reynolds Co.	Fortune 1000	1,150	3	4.34%
Kettering City School District	Education	1,032	4	3.89%
Limited Brands, Inc. (formerly Intimate Brands, Inc.)	Catalog Ordering Center	1,000	5	3.77%
City of Kettering, Ohio	Government	900	6	3.40%
Kroger	Retail Sales	630	7	2.38%
Meijer, Inc.	Retail Sales	550	8	2.08%
Eastman Kodak Co.	Digital Printing	450	9	1.70%
Tenneco	Manufacturing	411	10	1.55%
Total Principal Employers		<u>11,163</u>		<u>42.12%</u>
Total Estimated Employment		<u>26,502</u>		<u>100.00%</u>
		December 31, 2003		
Employer	Nature of Business	Number of Employees	Rank	% of Total Estimated Employment
Kettering Medical Center	Private Hospital	2,900	1	9.24%
Delphi Automotive Systems, LLC	Automotive Manufacturer	1,770	2	5.64%
Reynolds and Reynolds Co.	Retail Sales	1,500	3	4.78%
Intimate Brands, Inc.	Finance Services	1,500	4	4.78%
Monogram Services Co. LLC	Education	1,200	5	3.82%
Kettering City Schools	Municipality	900	6	2.87%
City of Kettering	Retail Sales	555	7	1.77%
Meijer, Inc.	Fortune 1000	550	8	1.75%
Scitex Digital Printing, Inc. (Eastman Kodak Co.)	Digital Printing	520	9	1.66%
Total Principal Employers		<u>11,395</u>		<u>36.31%</u>
Total Estimated Employment		<u>31,385</u>		<u>100.00%</u>

Sources: City of Kettering CAFR, and Kettering City School District CAFR, Kettering Chamber of Commerce.

Notes: Information on 10th largest employer as of December 31, 2003 is not available.

Total employment has been estimated based on employer percentages according to the City of Kettering.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Official Administrative	48.00	44.00	38.79	37.00	38.00
Professional - Educational	539.40	538.40	541.81	533.96	509.06
Professional - Other	34.50	34.70	38.99	40.68	34.86
Technical	14.48	14.48	14.51	14.02	12.30
Office/Clerical	149.06	159.88	158.93	150.13	150.94
Crafts and Trades	15.00	12.00	15.00	16.00	13.00
Operative	34.09	33.97	39.60	32.82	33.79
Service Work/Laborer	113.06	114.50	117.46	108.94	103.02
Total Employees	<u>947.59</u>	<u>951.93</u>	<u>965.09</u>	<u>933.55</u>	<u>894.97</u>

Note: Employees by Type are presented on a Full Time Equivalent (FTE) basis.

Source: District records

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
37.00	34.00	33.00	33.09	33.00
518.10	525.40	510.00	514.29	503.17
41.56	35.90	36.55	40.40	37.10
13.30	13.75	14.29	15.29	15.29
144.25	158.40	157.95	171.53	162.65
14.00	11.00	11.00	11.00	10.00
36.08	35.14	35.26	33.36	34.50
103.27	103.73	105.15	107.28	104.97
<u>907.56</u>	<u>917.32</u>	<u>903.20</u>	<u>926.24</u>	<u>900.68</u>

KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO

OPERATING INDICATORS - COST PER PUPIL
LAST TEN FISCAL YEARS

Fiscal Year	2004	2005	2006	2007	2008
Enrollment	7,584	7,435	7,478	7,467	7,427
Modified Accrual Basis					
Operating Expenditures	\$ 72,501,534	\$ 78,304,032	\$ 81,740,159	\$ 85,518,747	\$ 86,751,045
Cost per Pupil	9,560	10,532	10,931	11,453	11,680
Percentage of Change	5.1%	10.2%	3.8%	4.8%	2.0%
Accrual Basis					
Operating Expenses	\$ 76,593,197	\$ 79,355,641	\$ 79,245,374	\$ 88,265,326	\$ 88,976,154
Cost per Pupil	10,099	10,673	10,597	11,821	11,980
Percentage of Change	10.5%	5.7%	(0.7%)	11.5%	1.3%
Teaching Staff	615	620	621	624	556

Source: District records and Ohio Department of Education

2009	2010	2011	2012	2013
7,376	7,370	7,241	7,128	7,265
\$ 88,045,712	\$ 92,583,988	\$ 91,231,980	\$ 91,682,447	\$ 93,519,981
11,937	12,562	12,599	12,862	12,873
2.2%	5.2%	0.3%	2.1%	0.1%
\$ 90,830,341	\$ 93,178,181	\$ 92,705,223	\$ 93,449,242	\$ 94,671,370
12,314	12,643	12,803	13,110	13,031
2.8%	2.7%	1.3%	2.4%	(0.6%)
574	564	524	512	527

KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO

OPERATING INDICATORS BY FUNCTION
 LAST TEN FISCAL YEARS

	2004	2005	2006	2007	2008
Governmental Activities					
Instruction					
Regular	415	414	468	446	467
Special	88	85	93	92	94
Support Services					
Pupils					
Enrollment	7,584	7,435	7,478	7,467	7,427
Graduates	512	523	568	533	539
Percent of Students with Disabilities	14%	16%	16%	14%	16%
Board of Education					
Members	5	5	5	5	5
Regular Meetings per Year	12	12	12	12	12
Administration					
School Attendance Rate (1)	93.9%	94.1%	95.5%	94.9%	95.1%
Fiscal Services					
Purchase Orders Processed	7,839	7,572	6,950	6,443	5,841
Checks Issued (non payroll)	8,221	8,341	7,418	7,445	7,033
Operation and Maintenance of Plant					
District Square Footage Maintained	1,346,597	1,346,597	1,346,597	1,346,597	1,346,597
District Square Acreage Maintained	254	254	254	254	254
Pupil Transportation					
Average Daily Students Transported	3,998	3,740	3,562	3,413	3,257
Average Daily Bus Fleet Miles	2,787	3,042	2,826	2,923	2,936
Number of Buses	60	59	59	61	61
Operation of Non-instructional Services					
Food Service					
Student Meals Served Yearly	587,332	621,894	646,932	668,413	700,592
Free/Reduced Price Meals Daily	3,370	3,528	3,693	1,540	1,604
Uniform School Supplies	3	3	3	3	3
Extracurricular Activities					
High School Varsity Teams	23	23	23	23	23

Source: District Treasurer's Office

N/A = Not available

Note: (1) Attendance rates have been updated to reflect the latest information available.

2009	2010	2011	2012	2013
480	470	430	417	414
94	94	94	95	113
7,376	7,370	7,241	7,128	7,265
575	541	542	523	N/A
16%	16%	16%	16%	14%
5	5	5	5	5
12	12	12	12	18
95.1%	95.3%	95.7%	96.0%	96.0%
5,705	5,571	5,459	4,867	5,053
6,384	6,360	6,045	5,271	4,651
1,346,597	1,346,597	1,346,597	1,346,597	1,346,597
254	254	254	254	254
3,225	3,136	3,372	3,171	3,539
3,144	2,943	2,112	2,825	3,039
66	66	66	66	57
689,048	715,958	708,981	722,428	704,886
1,748	2,082	2,215	2,254	2,333
3	3	3	3	3
23	26	24	27	27

KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO

OPERATING INDICATORS - TEACHER BASE SALARIES
 LAST TEN FISCAL YEARS

Fiscal Year	2004	2005	2006	2007	2008
Minimum Salary	\$ 29,286	\$ 30,604	\$ 31,828	\$ 32,465	\$ 33,439
Maximum Salary	74,971	78,346	81,480	83,110	85,604
District Average Salary	51,042	42,799	57,211	59,194	61,770
County Average Salary	45,048	40,545	50,787	51,971	54,212
State Average Salary	47,495	49,438	50,772	53,536	54,210

Source: District Treasurer's Office and Ohio Department of Education

OPERATING INDICATORS - TEACHERS BY EDUCATION
 LAST TEN FISCAL YEARS

Fiscal Year	2004	2005	2006	2007	2008
Bachelor's Degree	192	173	191	164	178
Master's Degree + 15	311	326	370	397	397
Total	<u>503</u>	<u>499</u>	<u>561</u>	<u>561</u>	<u>575</u>

Source: District records

N/A = Not Available

	2009	2010	2011	2012	2013
\$	34,442	\$ 35,484	\$ 35,484	\$ 35,484	\$ 35,484
	88,172	90,839	90,839	90,839	90,839
	52,159	53,789	67,509	63,335	56,435
	55,124	56,459	58,081	57,451	N/A
	55,583	55,958	56,715	58,120	N/A

	2009	2010	2011	2012	2013
	178	137	136	123	142
	396	427	388	389	385
	574	564	524	512	527

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

CAPITAL ASSET STATISTICS BY BUILDING
LAST TEN FISCAL YEARS

	2004	2005	2006	2007	2008
Secondary					
Kettering Fairmont High School					
Square Footage	420,517	420,517	420,517	420,517	420,517
Capacity (students)	3,725	3,725	3,725	3,725	3,725
Enrollment	2,479	2,454	2,485	2,451	2,451
Middle					
Kettering Middle School					
Square Footage	245,522	245,522	245,522	245,522	245,522
Capacity (students)	2,250	2,250	2,250	2,250	2,250
Enrollment	1,079	1,099	1,041	996	996
Van Buren Middle School					
Square Footage	103,184	103,184	103,184	103,184	103,184
Capacity (students)	960	960	960	960	960
Enrollment	740	676	680	689	689
Elementary					
Beavertown Elementary School					
Square Footage	47,347	47,347	47,347	47,347	47,347
Capacity (students)	530	530	530	530	530
Enrollment	359	354	353	387	387
Greenmont Elementary School					
Square Footage	45,633	45,633	45,633	45,633	45,633
Capacity (students)	720	720	720	720	720
Enrollment	324	346	336	326	326
Indian Riffle Elementary School					
Square Footage	102,000	102,000	102,000	102,000	102,000
Capacity (students)	1,300	1,300	1,300	1,300	1,300
Enrollment	471	435	444	448	448
J.F.Kennedy Elementary School					
Square Footage	106,000	106,000	106,000	106,000	106,000
Capacity (students)	1,000	1,000	1,000	1,000	1,000
Enrollment	539	537	554	534	534
Moraine Meadows Elementary School *					
Square Footage	26,732	26,732	26,732	26,732	26,732
Capacity (students)	418	418	418	418	418
Enrollment	160	152	155	153	153

2009	2010	2011	2012	2013
420,517	420,517	420,517	420,517	420,517
3,725	3,725	3,725	3,725	3,725
2,378	2,334	2,352	2,233	2,150
245,522	245,522	245,522	245,522	245,522
2,250	2,250	2,250	2,250	2,250
972	1,001	954	965	942
103,184	103,184	103,184	103,184	103,184
960	960	960	960	960
705	680	716	739	728
47,347	47,347	47,347	47,347	47,347
530	530	530	530	530
383	361	356	338	369
45,633	45,633	45,633	45,633	45,633
720	720	720	720	720
313	341	308	314	324
102,000	102,000	102,000	102,000	102,000
1,300	1,300	1,300	1,300	1,300
421	431	454	438	456
106,000	106,000	106,000	106,000	106,000
1,000	1,000	1,000	1,000	1,000
567	555	554	547	577
26,732	26,732	26,732	26,732	26,732
418	418	418	418	418
151	157	0	0	0

(Continued)

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

CAPITAL ASSET STATISTICS BY BUILDING (CONTINUED)
LAST TEN FISCAL YEARS

	2004	2005	2006	2007	2008
Oakview Elementary School					
Square Footage	49,056	49,056	49,056	49,056	49,056
Capacity (students)	500	500	500	500	500
Enrollment	433	565	409	402	402
Orchard Park Elementary School					
Square Footage	34,189	34,189	34,189	34,189	34,189
Capacity (students)	450	450	450	450	450
Enrollment	291	290	304	306	306
J.E.Prass Elementary School					
Square Footage	47,264	47,264	47,264	47,264	47,264
Capacity (students)	570	570	570	570	570
Enrollment	349	348	336	324	324
Southdale Elementary School					
Square Footage	47,185	47,185	47,185	47,185	47,185
Capacity (students)	530	530	530	530	530
Enrollment	363	384	407	451	451
All Other					
Central Administration Building					
Square Footage	26,968	26,968	26,968	26,968	26,968
Occupancy	178	195	153	153	153
Transportation Building					
Square Footage	30,000	30,000	30,000	30,000	30,000
Maintenance Building					
Square Footage	15,000	15,000	15,000	15,000	15,000

Source: District records

* Moraine Meadows Elementary School was closed during 2011.

2009	2010	2011	2012	2013
49,056	49,056	49,056	49,056	49,056
500	500	500	500	500
382	395	409	382	390
34,189	34,189	34,189	34,189	34,189
450	450	450	450	450
291	300	258	264	320
47,264	47,264	47,264	47,264	47,264
570	570	570	570	570
342	352	339	364	414
47,185	47,185	47,185	47,185	47,185
530	530	530	530	530
471	463	541	544	595
26,968	26,968	26,968	26,968	26,968
153	153	153	153	153
30,000	30,000	30,000	30,000	30,000
15,000	15,000	15,000	15,000	15,000

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**EDUCATIONAL AND OPERATIONAL STATISTICS
LAST TEN FISCAL YEARS**

	2004	2005	2006	2007	2008 (1)
ACT Scores (Average)					
Kettering	22.2	22.2	23.2	22.7	22.7
Ohio	21.4	21.1	21.5	21.6	21.7
National	20.9	20.6	21.1	21.2	21.1
SAT Scores (Average)					
Kettering					
Verbal/Critical Reading	527	524	541	525	517
Mathematical	531	532	552	532	531
Writing	N/A	N/A	N/A	N/A	N/A
Ohio					
Verbal/Critical Reading	540	539	535	536	534
Mathematical	540	543	544	542	544
Writing	N/A	N/A	N/A	N/A	N/A
National					
Verbal/Critical Reading	510	508	503	502	502
Mathematical	510	520	581	515	515
Writing	N/A	N/A	N/A	N/A	N/A
National Merit Scholars (1)					
Finalist	2	0	0	0	2
Semi-Finalist	2	0	0	0	2
Commended Scholars	5	3	4	6	0
Cost per Student (ODE)					
Kettering	\$8,247	\$9,434	\$10,593	\$10,998	\$11,078
Ohio (Average)	\$8,768	\$9,028	\$9,356	\$9,586	\$9,939
Attendance Rate					
Kettering	93.9%	94.1%	95.5%	94.9%	95.1%
Ohio (Average)	95.3%	95.2%	94.1%	94.1%	94.2%
Graduation Rate (2)					
Kettering	99.3%	99.4%	98.6%	98.7%	97.8%
Ohio (Average)	84.3%	85.9%	86.2%	86.9%	86.2%

Source:

District records and Ohio Department of Education

N/A = Not Available

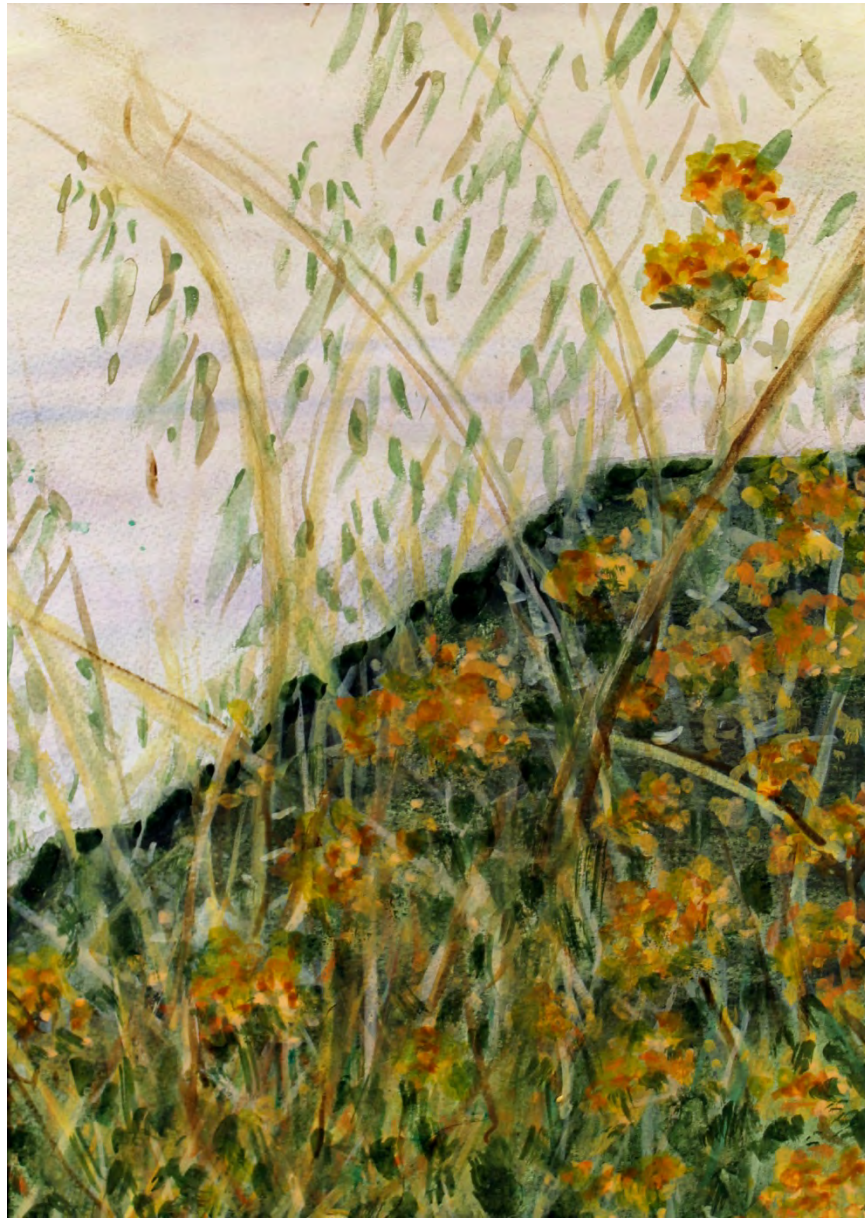
Notes:

(1) Prior year National Merit Scholar data, 2012 attendance rates, and prior year graduation rates updated to reflect more accurate information.

(2) The Ohio Department of Education changed the method of calculating the graduation rate to a 4-year cohort during fiscal year 2012.

2009	2010	2011	2012 (1)	2013
23.6	23.0	23.1	23.1	24.0
21.7	21.8	21.8	21.8	21.8
21.1	21.1	21.1	21.1	20.9
540	550	545	548	556
556	558	547	563	566
N/A	N/A	N/A	N/A	536
537	538	539	534	548
546	548	545	552	556
N/A	N/A	N/A	N/A	531
501	501	497	492	496
515	516	514	514	514
N/A	N/A	N/A	N/A	488
1	0	1	1	3
2	0	1	1	3
1	3	3	4	5
\$8,590	\$12,299	\$12,017	\$12,005	N/A
\$10,254	\$10,512	\$10,697	\$10,597	N/A
95.1%	95.3%	95.7%	96.0%	96.0%
94.3%	94.3%	94.5%	94.5%	94.2%
97.9%	98.0%	97.1%	92.4%	N/A
84.6%	83.0%	84.3%	80.0%	N/A

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**



Libby Groll, 11th Grade



Dave Yost • Auditor of State

KETTERING CITY SCHOOL DISTRICT

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 23, 2014**