



Dave Yost • Auditor of State



**KETTERING CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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**KETTERING CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Expenditures</b>	<b>Non-Cash Expenditures</b>
<b>U.S. Department of Agriculture</b>						
<b><i>Passed through Ohio Department of Education</i></b>						
Child Nutrition Cluster:						
School Breakfast Program	10.553	N/A	\$265,940		\$265,940	
National School Lunch Program	10.555	N/A	1,342,584	\$515,559	1,342,584	\$515,559
Total Child Nutrition Cluster			1,608,524	515,559	1,608,524	515,559
Child and Adult Care Food Program	10.558	N/A	29,336		29,336	
Total U.S. Department of Agriculture			1,637,860	515,559	1,637,860	515,559
<b>U.S. Department of Education</b>						
<b><i>Passed through Ohio Board of Regents</i></b>						
Adult Education - Basic Grants to States	84.002	N/A	179,391		174,237	
<b><i>Passed through Ohio Department of Education</i></b>						
Title I Grants to Local Educational Agencies	84.010	S010A150035	1,532,329		1,588,155	
Special Education Cluster						
Special Education_Grants to States	84.027	H027A150111	1,386,803		1,448,334	
Special Education_Preschool Grants	84.173	H173A150119	7,390		6,577	
Total Special Education Cluster			1,394,193		1,454,911	
English Language Acquisition State Grants	84.365	N/A	9,842		8,521	
Improving Teacher Quality State Grants	84.367	S367A150034	268,952		298,211	
<b><i>Passed through Centerville City School District</i></b>						
Career and Technical Education - Basic Grants to States	84.048	N/A	95,158		84,451	
Total U.S. Department of Education			3,479,865		3,608,486	
Total Federal Financial Assistance			<u>\$5,117,725</u>	<u>\$515,559</u>	<u>\$5,246,346</u>	<u>\$515,559</u>

*The accompanying notes are an integral part of this schedule.*

**KETTERING CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) includes the federal award activity of Kettering City School District (the District's) under programs of the federal government for the year ended June 30, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 Cost Principles for State, Local, and Indian Tribal Governments (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C - CHILD NUTRITION CLUSTER**

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 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 – 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.



# 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 the Kettering City School District, Montgomery County, (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 21, 2016.

### ***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 opinions 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.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 21, 2016





# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the Board of Education:

### ***Report on Compliance for the 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) *Compliance Supplement* that could directly and materially affect the Kettering City School District's major federal program for the year ended June 30, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

### ***Management's Responsibility***

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for the District's major federal program 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance 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 program. However, our audit does not provide a legal determination of the District's compliance.

### ***Opinion on the 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 its major federal program for the year ended June 30, 2016.

***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 the Uniform Guidance, 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 over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

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

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Kettering City School District (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated December 21, 2016. We conducted our audit to opine on the District's basic financial statements as a whole. The accompanying schedule of receipts and expenditures of federal awards presents additional analysis required by the Uniform Guidance 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, and other additional procedures 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.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 21, 2016

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**KETTERING CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2016**

**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 weaknesses in internal control 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 weaknesses in internal control 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 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Cluster
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	Yes

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

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# **Comprehensive Annual Financial Report**

**Kettering City School District**

**Montgomery County, Ohio**



**Fiscal Year Ended June 30, 2016**

KETTERING CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO



Colin Cunningham – 11<sup>th</sup> Grade



**Comprehensive Annual  
Financial Report**

of the

**Kettering City School District**

Montgomery County, Ohio

for the

Fiscal Year Ended June 30, 2016

*Prepared by:*  
Mr. Daniel Schall  
Treasurer

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

***Introductory Section***

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# Kettering City School District

3750 Far Hills Avenue  
Kettering, Ohio 45429

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

fax (937)-499-1467

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December 21, 2016

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

We are pleased to present the twenty-second Comprehensive Annual Financial Report (CAFR) of the Kettering City School District (the District) for the fiscal year ended June 30, 2016. 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 extracurricular 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-through 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, 2016

**HISTORY AND BACKGROUND**

The 2016 school year marked the 175th 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, 2016

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 7,444 enrolled in eight elementary schools, two middle schools and one high school during the 2015-16 school year; enrollment decreased to 7,369 students during fiscal year 2016. The District projects enrollment to remain stable. The District's school buildings range in age from 9 years to 67 years old. 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, 2016 were as follows:

George H. Bayless  
Jennifer Kane  
Julie A. Gilmore  
Lori E. Simms-Parks  
James T. Ambrose

The Superintendent is the chief executive officer of the District, responsible directly to the Board for all operations. L. Scott Inskip was appointed as Superintendent effective September 1, 2014.

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. Daniel Schall was appointed Treasurer effective May 5, 2014.

**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 2016.

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

LETTER OF TRANSMITTAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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), Synchrony Financial, and Reynolds & Reynolds Co. KMC employs 3,570 people and broke ground in 2015 on a new \$49 million state of the art comprehensive cancer care center 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 1,350 people at its Miami Valley Research Park campus. Synchrony Financial employs 2,000 people and recently invested \$1.5 million for improvements in their facility at the Kettering Business Park (KBP).

In the area of new employment, Town & County Shopping Center began a \$7 million complete revitalization that will include a modern façade, improvements to parking and landscaping, and major building renovations. Alternate Solutions Health Network purchased a 200,000 square foot building at KBP and announced a major expansion to bring more than 350 new jobs to Kettering. PriMed Physicians constructed a new 7,200 square foot office building on vacant land at KBP and moved into the completed facility in spring 2015. The Carlyle House Assisted Living Community is expanding their facility with a new, state of the art care wing specializing in advanced care for residents with memory impairment. The new wing will complete in 2016. Finally, Advantic LLC, a structural composites manufacturer, expanded their Kettering location to 32,000 square feet resulting in twenty new jobs at the company.

*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. The City's manufacturing sector continued a robust rebound with Fuyao, Harco/SunSong, Dmax and Csafe all making substantial investments. Fuyao's aftermarket product investment which adds over \$130 million and an additional 750 jobs, bringing Fuyao's commitment to the City of Moraine to 1,550 jobs and nearly \$400 million in investment. By the end of 2015, employment at Fuyao reached over 1,000.

During 2015, the City of Moraine welcomed Fidelity Health Care, which brought approximately 300 jobs to the vacated Berry campus. R&J Trucking is in the final stages of their 15,000 square foot building, which will allow them to add 50 to 70 jobs during 2016. This new building is located on a former Delphi property which had been vacant for many years. Tyler Technologies continued to consolidate and increase investment at their corporate headquarters along the Dryden Road corridor. This increased investment could bring up to 200 new jobs to the City.

The City of Moraine expects to see continued growth along the Dryden Road and Springboro Road corridors. These two areas have been among the fastest growing revitalization quadrants in the entire Dayton Metropolitan area.

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

LETTER OF TRANSMITTAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**EMPLOYEE RELATIONS**

The Board employs 1,041 full-time and part-time employees (including non-teaching personnel). Of the Board's current employees, 595 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.

Five hundred fifty-seven (557) 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 4, 2014 and expires on June 30, 2017.

Three hundred thirty-six (336) 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, 2014 and expires on July 31, 2017.

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...*

The Instructional Services Department along with the Technology Department are continuing to train teachers on effective differentiated classroom instruction focused on the Ohio Learning Standards utilizing the new student and teach devices purchased through the Straight A Grant.

The following goals and accomplishments for professional development:

- Training teachers on the effective use of new instructional and assessment software to enrich student learning in Reading and Math and prepare students for the next generation of assessments.
- Training teachers on new distance learning technology that allows them to collaborate instructionally with experts from across the world and assist students in learning 21<sup>st</sup> century skills such as problem solving and effective communication.
- Teachers are participating in a two year training program with the University of Dayton to become Math Specialists.
- Teachers are participating in a year-long program with Wright State University to acquire a Gifted Teaching endorsement.
- Teachers are participating in the STEM Fellows Training Program through the Montgomery County Educational Service Center.
- Preschool and Kindergarten teachers are participating in Conscious Discipline behavior intervention training.

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

LETTER OF TRANSMITTAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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, 2016. The audit has been conducted in accordance with generally accepted auditing standards, generally accepted government auditing standards, and includes a review of internal controls and tests of compliance with Federal and State laws and regulations. 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.

In addition to the financial audit, a single audit was performed as required by the Single Audit Act Amendments of 1996 and the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)". The single audit report is not included in the CAFR.

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

LETTER OF TRANSMITTAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

*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, 2015. This was the twenty-first 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.

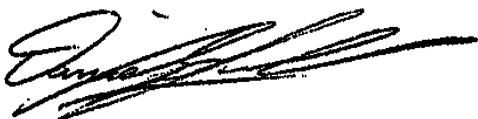
The Association of School Business Officials (ASBO) of the United States and Canada awarded a Certificate of Excellence in Financial Reporting to the Kettering City School District for its comprehensive annual financial report for the year ended June 30, 2015. This award certifies that a Comprehensive 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 twenty-one 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 twenty-second 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 Jake Schlereth, Assistant Treasurer, for his exceptional individual effort and dedication to this achievement. A special thanks to the administration and staff who help make our District sustainable and vibrant, 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. Daniel Schall, CFO  
Treasurer



Mr. L. Scott Inskeep  
Superintendent

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

PRINCIPAL OFFICIALS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

*Elected Officials*

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

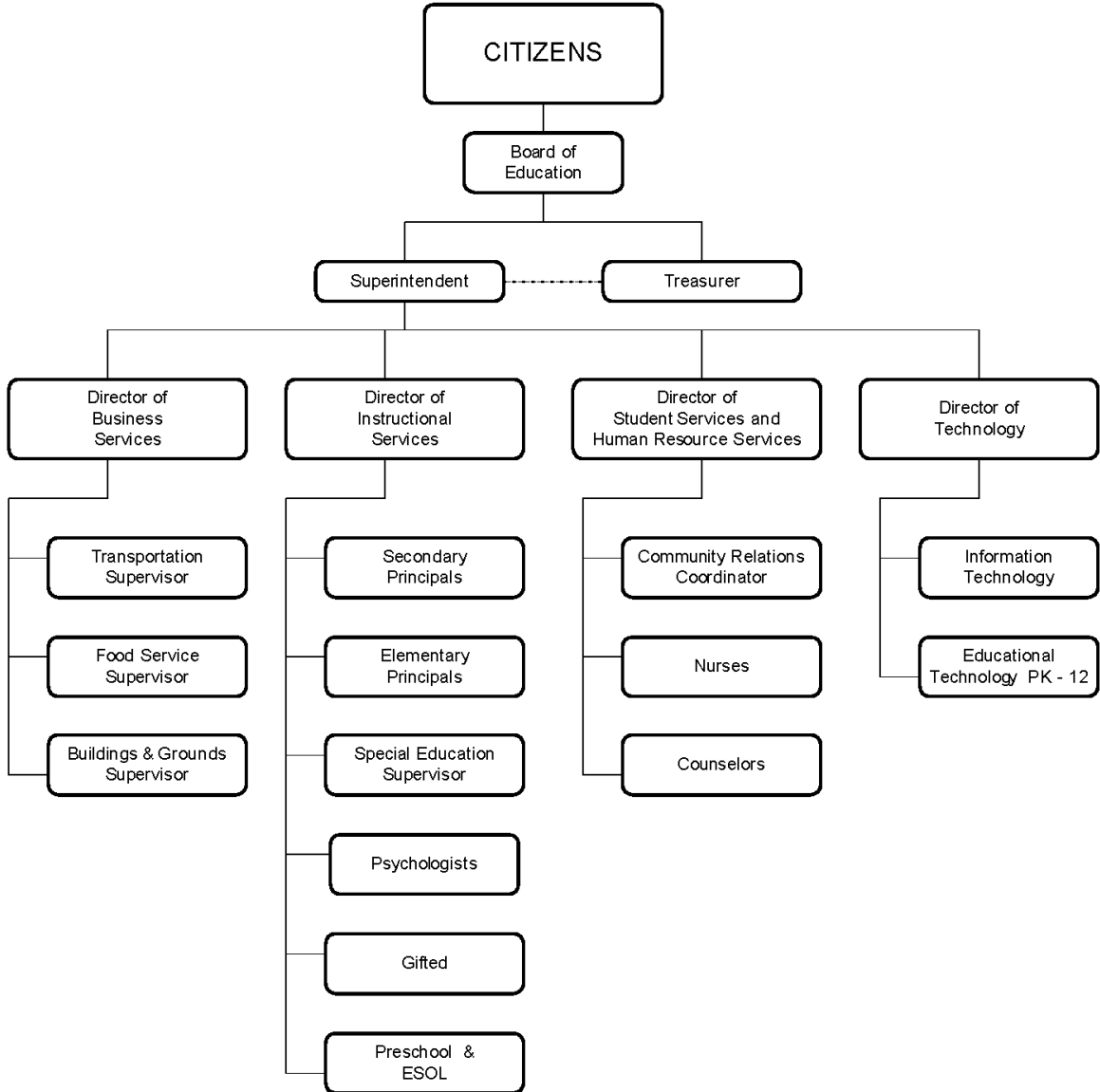
*Appointed Officials*

Superintendent ..... Mr. L. Scott Inskip  
Treasurer/Chief Financial Officer .....Mr. Daniel Schall  
Director - Student Services .....Mr. Dan Von Handorf  
Director - Human Resources..... Ms. Deborah Mears  
Director - Business Services ..... Mr. Kenneth Lackey  
Director - Technology Services ..... Mr. Chris Merritt  
Director - Curriculum and Instruction ..... Ms. Druann Miller



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

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

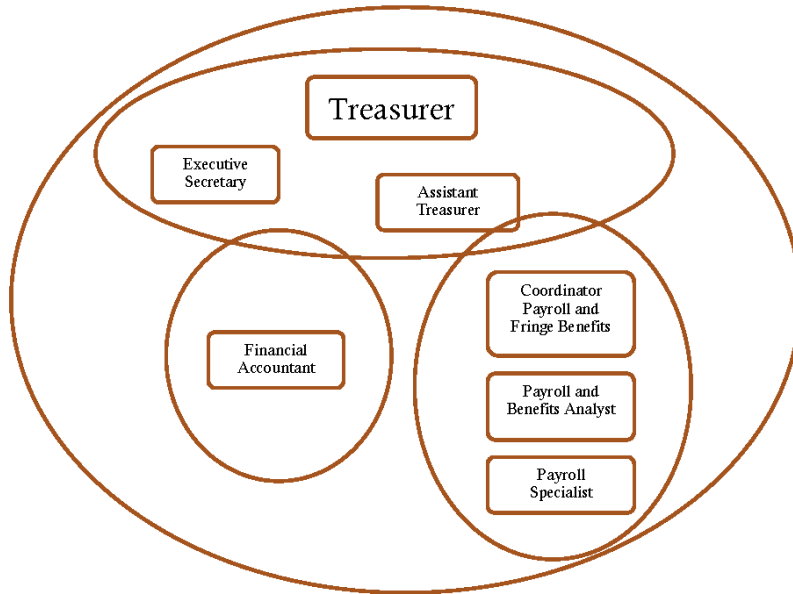


**KETTERING CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

OFFICE OF THE TREASURER  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

*Team Organization*

Treasurer/Chief Financial Officer ..... Daniel Schall  
Assistant Treasurer ..... Michael “Jake” Schlereth  
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





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, 2015**

Executive Director/CEO



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, 2015.**

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



*Brenda Burkett*

Brenda R. Burkett, CPA, CSBA, SFO  
President

*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



Elisabeth Bacon – 11<sup>th</sup> 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 the Kettering City School District, Montgomery County, Ohio (the District), as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for 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.



**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 the Kettering City School District, Montgomery County, Ohio, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and *schedules of net pension liabilities and pension contributions* listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Supplementary and Other Information*

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

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

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected 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 21, 2016, 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 Government'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 "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 21, 2016

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(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, 2016. 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 2016 are as follows:

- The District's net position of governmental activities increased \$6,046,125 which represents a 7.12% increase from 2015.
- General revenues accounted for \$94,586,086 in revenue or 86.78% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$14,403,251 or 13.22% of total revenues of \$108,989,337.
- The District had \$102,943,212 in expenses related to governmental activities; \$14,403,251 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 \$94,586,086 were adequate 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 \$91,489,146 in revenues and \$85,228,501 in expenditures and other financing uses. During fiscal year 2016, the general fund's fund balance increased \$6,321,589 from a balance of \$9,532,639 to \$15,854,228.
- The bond retirement fund had \$7,630,509 in revenues and \$7,624,585 in expenditures. During fiscal year 2016, the bond retirement fund's fund balance increased by \$5,924 from a balance of \$3,480,330 to a balance of \$3,486,254.

**Using these Basic Financial Statements**

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, 2016  
(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 2016?" 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 19 and 20 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 14. 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 than 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 21 through 25 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 26 through 28 of this report.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(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 29. 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 31-72 of this report.

***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability. The required supplementary information can be found on pages 74-80 of this report.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)**

**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 June 30, 2016 and June 30, 2015.

	<b>Net Position</b>	
	Governmental Activities 2016	Governmental Activities 2015
<b><u>Assets</u></b>		
Current and other assets	\$ 101,350,066	\$ 100,186,014
Capital assets, net	108,242,288	109,616,445
Total assets	<u>209,592,354</u>	<u>209,802,459</u>
<b><u>Deferred outflows of resources</u></b>		
Unamortized deferred charges on debt refunding	1,465,900	1,591,711
Pensions	13,899,520	8,625,595
Total deferred outflows of resources	<u>15,365,420</u>	<u>10,217,306</u>
<b><u>Liabilities</u></b>		
Current liabilities	11,368,148	14,842,919
Long-term liabilities:		
Due within one year	5,102,052	5,649,017
Due in more than one year:		
Net pension liability	132,396,480	116,062,867
Other amounts	84,193,645	88,104,271
Total liabilities	<u>233,060,325</u>	<u>224,659,074</u>
<b><u>Deferred inflows of resources</u></b>		
Property taxes levied for next fiscal year	62,285,694	59,280,131
Pensions	8,443,397	20,958,327
Total deferred inflows of resources	<u>70,729,091</u>	<u>80,238,458</u>
<b><u>Net position</u></b>		
Net investment in capital assets	28,744,903	26,144,415
Restricted	5,146,692	7,871,427
Unrestricted (deficit)	<u>(112,723,237)</u>	<u>(118,893,609)</u>
Total net position	<u>\$ (78,831,642)</u>	<u>\$ (84,877,767)</u>

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)**

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2016, the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$78,831,642.

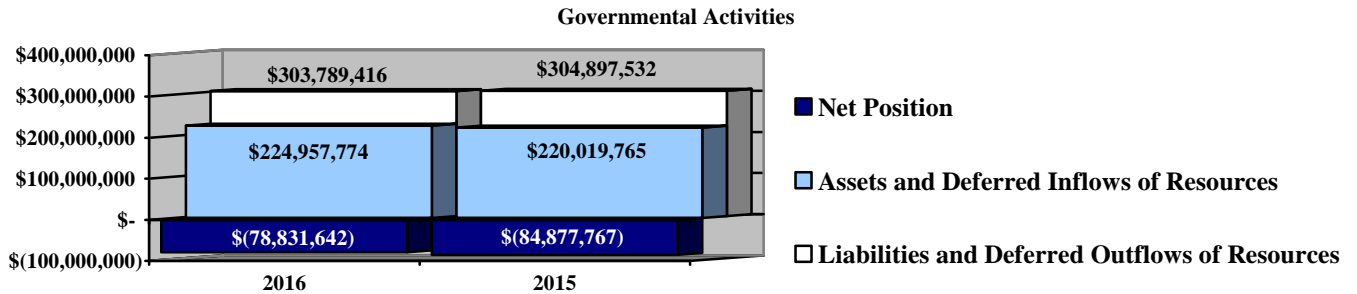
**KETTERING CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)**

At year-end, capital assets represented 51.64% 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, 2016 was \$28,744,903. 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, \$5,146,692, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position was a deficit of \$112,723,237. The deficit balance in unrestricted net position was the result of reporting the net pension liability required by GASB 68.

The graph below illustrates the District's governmental activities assets plus deferred outflows, liabilities plus deferred inflows and net position at June 30, 2016 and 2015.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)**

**Governmental Activities**

The table below shows the change in net position of the governmental activities for fiscal year 2016 and 2015.

	<b>Changes in Net Position - Governmental Activities</b>		
	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>
<b><u>Revenues</u></b>			
Program revenues:			
Charges for services and sales	\$ 4,848,041	\$ 3,976,383	\$ 871,658
Operating grants and contributions	9,555,210	18,707,426	(9,152,216)
Capital grants and contributions	-	562,204	(562,204)
General revenues:			
Property taxes	66,924,832	68,245,757	(1,320,925)
Payment in lieu of taxes	402,177	406,797	(4,620)
Grants and entitlements	25,162,006	26,015,342	(853,336)
Investment earnings	124,392	68,161	56,231
Miscellaneous	1,972,679	449,813	1,522,866
Total revenues	<u>108,989,337</u>	<u>118,431,883</u>	<u>\$ (9,442,546)</u>
<b><u>Expenses</u></b>			
Program expenses:			
Instruction:			
Regular	37,126,604	41,231,524	\$ (4,104,920)
Special	12,699,706	12,022,267	677,439
Vocational	2,598,543	2,390,795	207,748
Adult/continuing	140,961	105,455	35,506
Other	4,705,340	4,602,409	102,931
Support services:			
Pupil	7,567,845	7,191,640	376,205
Instructional staff	4,136,935	3,883,487	253,448
Board of education	49,887	40,157	9,730
Administration	5,960,346	5,521,070	439,276
Fiscal	2,104,772	2,131,832	(27,060)
Business	588,140	504,545	83,595
Operations and maintenance	9,158,808	8,038,558	1,120,250
Pupil transportation	3,821,722	3,762,241	59,481
Central	1,512,012	940,385	571,627
Operation of non-instructional services	5,796,310	6,036,568	(240,258)
Extracurricular activities	1,539,334	1,482,241	57,093
Debt service:			
Interest and fiscal charges	<u>3,435,947</u>	<u>3,685,941</u>	<u>(249,994)</u>
Total expenses	<u>102,943,212</u>	<u>103,571,115</u>	<u>\$ (627,903)</u>
Change in net position	6,046,125	14,860,768	
Net position at beginning of year	<u>(84,877,767)</u>	<u>(99,738,535)</u>	
Net position at end of year	<u>\$ (78,831,642)</u>	<u>\$ (84,877,767)</u>	

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)**

Net position of the District’s governmental activities increased \$6,046,125. Total governmental expenses of \$102,943,212 were offset by program revenues of \$14,403,251 and general revenues of \$94,586,086. Program revenues supported 13.99% of the total governmental expenses.

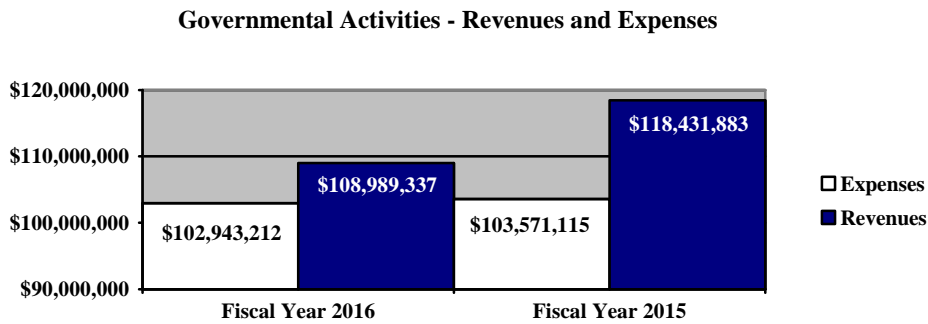
The primary sources of revenue for governmental activities are derived from taxes, and grants and entitlements. These revenue sources represent 84.49% of total governmental revenue.

Overall, revenues of the governmental activities decreased 7.97%. The largest components of this decrease resulted from operating grants and contributions. In 2015, the District received a one-time \$8.3 million grant from the State’s Straight A Innovation Fund. The money was used to upgrade library media centers, give each student access to a Google Chromebook or LearnPad and gradually increase distance-learning options with Sinclair Community College and the University of Dayton. Property taxes, which decreased 1.94%, and unrestricted grants and entitlements, which decreased 3.28% are two additional reasons why the overall revenues of the District decreased. Miscellaneous revenues increased due to settlements from participation in the State’s Medicaid Schools Program.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$57,271,154 or 55.63% of total governmental expenses for fiscal year 2016. Fiscal year 2016 instructional expenses decreased \$3,081,296 from fiscal year 2015. This is primarily due to expenses related to the Straight A Grant made in 2015.

Overall expenses of the District decreased by approximately \$628,000.

The graph below presents the District’s governmental activities revenues and expenses for fiscal year 2016 and 2015.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)**

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**

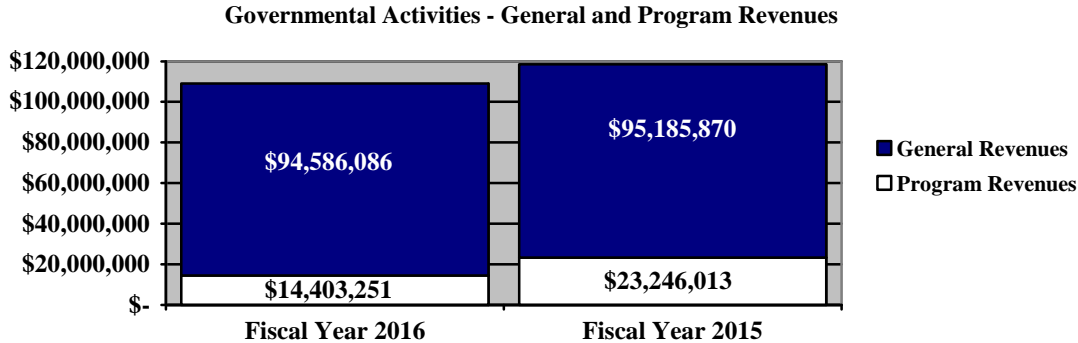
	Total Cost of Services <u>2016</u>	Net Cost of Services <u>2016</u>	Total Cost of Services <u>2015</u>	Net Cost of Services <u>2015</u>
<u>Program expenses</u>				
Instruction:				
Regular	\$ 37,126,604	\$ 36,056,035	\$ 41,231,524	\$ 32,430,168
Special	12,699,706	8,780,569	12,022,267	7,308,246
Vocational	2,598,543	2,190,457	2,390,795	1,859,898
Adult/continuing	140,961	(59,129)	105,455	(16,176)
Other	4,705,340	4,635,450	4,602,409	4,500,745
Support services:				
Pupil	7,567,845	6,859,575	7,191,640	6,496,925
Instructional staff	4,136,935	3,327,903	3,883,487	2,811,865
Board of education	49,887	49,887	40,157	40,157
Administration	5,960,346	5,657,539	5,521,070	5,079,250
Fiscal	2,104,772	2,104,772	2,131,832	2,131,832
Business	588,140	588,140	504,545	503,397
Operations and maintenance	9,158,808	9,079,660	8,038,558	7,990,908
Pupil transportation	3,821,722	3,494,835	3,762,241	3,446,059
Central	1,512,012	1,491,698	940,385	919,868
Operations of non-instructional services	5,796,310	(251,465)	6,036,568	95,920
Extracurricular activities	1,539,334	1,098,088	1,482,241	1,040,099
Debt service:				
Interest and fiscal charges	<u>3,435,947</u>	<u>3,435,947</u>	<u>3,685,941</u>	<u>3,685,941</u>
Total expenses	<u>\$ 102,943,212</u>	<u>\$ 88,539,961</u>	<u>\$ 103,571,115</u>	<u>\$ 80,325,102</u>

The District's dependence upon tax and other general revenues for governmental activities is apparent, as 90.10% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 86.01%. 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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)**

The graph below presents the District's governmental activities revenue for fiscal year 2016 and 2015.



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$19,877,372, which is greater than last year's total of \$15,681,323. The schedule below shows fund balances at June 30, 2016 and June 30, 2015 and the net changes in fund balances during fiscal year 2016.

	Fund Balance June 30, 2016	Fund Balance June 30, 2015	Increase (Decrease)	Percentage Change
General fund	\$ 15,854,228	\$ 9,532,639	\$ 6,321,589	66.32 %
Bond retirement fund	3,486,254	3,480,330	5,924	0.17 %
Nonmajor governmental funds	536,890	2,668,354	(2,131,464)	(79.88) %
<b>Total</b>	<u>\$ 19,877,372</u>	<u>\$ 15,681,323</u>	<u>\$ 4,196,049</u>	26.76 %

**General Fund**

The table that follows shows the revenues of the general fund for fiscal years 2016 and 2015.

Revenues	2016 Amount	2015 Amount	Increase/ (Decrease)	Percentage Change
Taxes	\$ 59,875,424	\$ 60,889,829	\$ (1,014,405)	(1.67) %
Payment in lieu of taxes	402,177	406,797	(4,620)	(1.14) %
Tuition	966,851	459,678	507,173	110.33 %
Earnings on investments	122,390	69,914	52,476	75.06 %
Extracurricular activities	281,282	287,593	(6,311)	(2.19) %
Intergovernmental	26,840,972	27,513,170	(672,198)	(2.44) %
Other	3,000,050	1,247,792	1,752,258	140.43 %
<b>Total</b>	<u>\$ 91,489,146</u>	<u>\$ 90,874,773</u>	<u>\$ 614,373</u>	0.68 %

Revenues exceeded expenditures and other financing uses of the general fund by \$6,260,645. Overall, revenues in the general fund increased 0.68%. The largest components of this increase was in other revenues. During 2016, the District received settlements for several previous years of participation in the Medicaid Schools Program. This revenue was reported as other revenue.

Tuition revenue increased \$507,173 over fiscal year 2015. This is primarily the result of an increase in tuition for students from other districts attending the District's regular day schools.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)**

The table that follows displays the expenditures of the general fund for fiscal years 2016 and 2015:

<u>Expenditures</u>	<u>2016 Amount</u>	<u>2015 Amount</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
<b>Instruction:</b>				
Regular	\$ 34,421,816	\$ 35,865,811	\$ (1,443,995)	(4.03) %
Special	10,960,884	11,087,513	(126,629)	(1.14) %
Vocational	2,412,821	2,449,870	(37,049)	(1.51) %
Other	4,622,261	4,527,788	94,473	2.09 %
<b>Supporting services:</b>				
Pupil	7,000,398	7,294,759	(294,361)	(4.04) %
Instruction staff	3,083,484	3,136,813	(53,329)	(1.70) %
Board of education	49,887	40,157	9,730	24.23 %
Administration	5,513,977	5,396,416	117,561	2.18 %
Fiscal	2,012,368	2,142,253	(129,885)	(6.06) %
Business	501,493	534,859	(33,366)	(6.24) %
Operations and maintenance	7,794,366	8,094,560	(300,194)	(3.71) %
Pupil transportation	3,597,601	3,668,145	(70,544)	(1.92) %
Central	1,475,906	955,743	520,163	54.42 %
Operation of non-instructional services	464,739	491,542	(26,803)	(5.45) %
Extracurricular activities	1,051,795	985,216	66,579	6.76 %
Facilities acquisition and construction	40,742	21,786	18,956	87.01 %
<b>Debt service:</b>				
Principal retirement	140,000	135,000	5,000	3.70 %
Interest & fiscal charges	65,463	67,181	(1,718)	(2.56) %
<b>Total</b>	<u>\$ 85,210,001</u>	<u>\$ 86,895,412</u>	<u>\$ (1,685,411)</u>	(1.94) %

Expenditures of the general fund decreased \$1,685,411 or 1.94%. A big factor in the decrease in general fund expenditures was due to the District joining the Southwestern Ohio Educational Purchasing Cooperative Employee Benefit Plan for employee health and dental insurance benefits effective January 1, 2016. The District has realized significant savings due to this switch, without any loss in the level of coverage available to employees.

***Bond Retirement Fund***

In total, the bond retirement fund recognized \$7,630,509 in revenues and \$7,624,585 in expenditures during fiscal year 2016. During fiscal year 2016, the bond retirement fund's fund balance increased by \$5,924 from a balance of \$3,480,330 to a balance of \$3,486,254.

***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 2016, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$83,869,461 and final budgeted revenues and other financing sources were \$84,839,816. Actual revenues and other financing sources for fiscal year 2016 were \$91,483,906; this represents a \$6,644,090 increase over final budgeted revenues.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)**

General fund original appropriations and other financing uses totaled \$91,504,726 and final appropriations and other financing uses totaled \$92,898,656. The actual budget basis expenditures and other financing uses for fiscal year 2016 totaled \$89,707,422, which is less than the final budget appropriations by \$3,191,234.

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal year 2016, the District had \$108,242,288 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 2016 and 2015.

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

	2016	2015
Land	\$ 461,616	\$ 461,616
Construction in progress	499,423	-
Building and improvements	103,751,286	105,495,939
Furniture, fixtures, and equipment	991,378	1,141,633
Vehicles	2,538,585	2,517,257
Total	\$ 108,242,288	\$ 109,616,445

The overall decrease in capital assets of \$1,374,157 is due to depreciation expense of \$2,247,827 exceeding capital outlays of \$873,670. 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, 2016 and 2015.

**Outstanding Debt at June 30 - Governmental Activities**

	2016	2015
General obligation bonds	\$ 77,138,130	\$ 81,257,364
Unamortized premiums on bonds	3,946,882	4,246,603
Total	\$ 81,085,012	\$ 85,503,967

At June 30, 2016, the District had \$77,138,130 in general obligation bonds outstanding, including current interest bonds, capital appreciation bonds, and accreted interest. Of this total, \$4,269,727 is due within one year and \$72,868,403 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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)**

**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 Mr. Daniel Schall, Treasurer, 3750 Far Hills Avenue, Kettering, Ohio 45429.

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

STATEMENT OF NET POSITION  
JUNE 30, 2016

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments . . . . .	\$ 31,782,234
Cash with fiscal agent . . . . .	17,976
Receivables:	
Property taxes . . . . .	67,790,060
Accounts . . . . .	9,803
Accrued interest . . . . .	6,185
Intergovernmental . . . . .	1,386,224
Prepayments . . . . .	145,465
Materials and supplies inventory . . . . .	164,020
Inventory held for resale . . . . .	48,099
Capital assets:	
Nondepreciable capital assets . . . . .	961,039
Depreciable capital assets, net . . . . .	107,281,249
Capital assets, net . . . . .	108,242,288
Total assets . . . . .	209,592,354
<b>Deferred outflows of resources:</b>	
Unamortized deferred charges on debt refunding . . . . .	1,465,900
Pension - STRS . . . . .	11,480,209
Pension - SERS . . . . .	2,419,311
Total deferred outflows of resources . . . . .	15,365,420
<b>Liabilities:</b>	
Accounts payable . . . . .	804,947
Contracts payable . . . . .	499,423
Accrued wages and benefits payable . . . . .	8,333,498
Intergovernmental payable . . . . .	238,966
Pension and postemployment obligation payable . . . . .	1,207,135
Accrued interest payable . . . . .	266,203
Matured bonds payable . . . . .	17,976
Long-term liabilities:	
Due within one year . . . . .	5,102,052
Due in more than one year:	
Net pension liability (See Note 13) . . . . .	132,396,480
Other amounts due in more than one year . . . . .	84,193,645
Total liabilities . . . . .	233,060,325
<b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year . . . . .	62,285,694
Pension - STRS . . . . .	7,600,407
Pension - SERS . . . . .	842,990
Total deferred inflows of resources . . . . .	70,729,091
<b>Net position:</b>	
Net investment in capital assets . . . . .	28,744,903
Restricted for:	
Capital projects . . . . .	501,355
Permanent fund - expendable . . . . .	552
Permanent fund - nonexpendable . . . . .	12,801
Debt service . . . . .	2,824,484
State funded programs . . . . .	126,319
Federally funded programs . . . . .	210,672
Food service . . . . .	990,172
Student activities . . . . .	384,726
Other purposes . . . . .	95,611
Unrestricted (deficit) . . . . .	(112,723,237)
Total net position . . . . .	\$ (78,831,642)

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, 2016

		<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes in Net Position</b>
	<b>Expenses</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 37,126,604	\$ 935,793	\$ 134,776	\$ (36,056,035)
Special . . . . .	12,699,706	253,057	3,666,080	(8,780,569)
Vocational . . . . .	2,598,543	20,333	387,753	(2,190,457)
Adult/continuing. . . . .	140,961	66,722	133,368	59,129
Other . . . . .	4,705,340	-	69,890	(4,635,450)
Support services:				
Pupil. . . . .	7,567,845	445,199	263,071	(6,859,575)
Instructional staff . . . . .	4,136,935	321,760	487,272	(3,327,903)
Board of education . . . . .	49,887	-	-	(49,887)
Administration. . . . .	5,960,346	19,388	283,419	(5,657,539)
Fiscal. . . . .	2,104,772	-	-	(2,104,772)
Business. . . . .	588,140	-	-	(588,140)
Operations and maintenance . . . . .	9,158,808	75,807	3,341	(9,079,660)
Pupil transportation. . . . .	3,821,722	48,018	278,869	(3,494,835)
Central . . . . .	1,512,012	496	19,818	(1,491,698)
Other non-instructional services . . . . .	5,796,310	2,223,488	3,824,287	251,465
Extracurricular activities. . . . .	1,539,334	437,980	3,266	(1,098,088)
Debt service:				
Interest and fiscal charges . . . . .	3,435,947	-	-	(3,435,947)
Total governmental activities . . . . .	<u>\$ 102,943,212</u>	<u>\$ 4,848,041</u>	<u>\$ 9,555,210</u>	<u>(88,539,961)</u>
<b>General revenues:</b>				
Property taxes levied for:				
General purposes . . . . .				59,849,444
Debt service. . . . .				6,475,934
Capital outlay. . . . .				599,454
Payments in lieu of taxes. . . . .				402,177
Grants and entitlements not restricted				
to specific programs . . . . .				25,162,006
Investment earnings . . . . .				124,392
Miscellaneous. . . . .				1,972,679
Total general revenues. . . . .				<u>94,586,086</u>
Change in net position . . . . .				6,046,125
<b>Net position at beginning of year . . . . .</b>				<b>(84,877,767)</b>
<b>Net position at end of year . . . . .</b>				<b>\$ (78,831,642)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and investments . . . . .	\$ 20,634,549	\$ 3,191,900	\$ 3,937,137	\$ 27,763,586
Cash with fiscal agent . . . . .	-	17,976	-	17,976
Receivables:				
Property taxes . . . . .	58,906,881	6,326,215	2,556,964	67,790,060
Accounts . . . . .	9,803	-	-	9,803
Accrued interest . . . . .	6,185	-	-	6,185
Interfund loans . . . . .	1,823,900	-	-	1,823,900
Intergovernmental . . . . .	572,687	-	813,537	1,386,224
Prepayments . . . . .	134,294	-	11,171	145,465
Materials and supplies inventory . . . . .	164,020	-	-	164,020
Inventory held for resale . . . . .	-	-	48,099	48,099
Due from other funds . . . . .	1,579	-	-	1,579
Total assets . . . . .	<u>\$ 82,253,898</u>	<u>\$ 9,536,091</u>	<u>\$ 7,366,908</u>	<u>\$ 99,156,897</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 410,760	\$ -	\$ 394,187	\$ 804,947
Contracts payable . . . . .	-	-	499,423	499,423
Accrued wages and benefits payable . . . . .	7,687,119	-	646,379	8,333,498
Compensated absences payable . . . . .	146,834	-	3,859	150,693
Intergovernmental payable . . . . .	206,795	-	32,171	238,966
Pension and postemployment obligation payable . . . . .	1,121,874	-	85,261	1,207,135
Interfund loans payable . . . . .	-	-	1,823,900	1,823,900
Due to other funds . . . . .	-	-	1,579	1,579
Matured bonds payable . . . . .	-	17,976	-	17,976
Total liabilities . . . . .	<u>9,573,382</u>	<u>17,976</u>	<u>3,486,759</u>	<u>13,078,117</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year . . . . .	53,965,595	5,811,396	2,508,703	62,285,694
Delinquent property tax revenue not available . . . . .	2,330,574	220,465	21,019	2,572,058
Intergovernmental revenue not available . . . . .	398,218	-	813,537	1,211,755
Accrued interest not available . . . . .	5,472	-	-	5,472
Miscellaneous revenue not available . . . . .	126,429	-	-	126,429
Total deferred inflows of resources . . . . .	<u>56,826,288</u>	<u>6,031,861</u>	<u>3,343,259</u>	<u>66,201,408</u>
<b>Fund balances:</b>				
Nonspendable . . . . .	298,314	-	23,972	322,286
Restricted . . . . .	-	3,486,254	1,863,272	5,349,526
Committed . . . . .	-	-	5,523	5,523
Assigned . . . . .	9,876,858	-	-	9,876,858
Unassigned (deficit) . . . . .	5,679,056	-	(1,355,877)	4,323,179
Total fund balances . . . . .	<u>15,854,228</u>	<u>3,486,254</u>	<u>536,890</u>	<u>19,877,372</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 82,253,898</u>	<u>\$ 9,536,091</u>	<u>\$ 7,366,908</u>	<u>\$ 99,156,897</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, 2016

<b>Total governmental fund balances</b>		\$	19,877,372
<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.			108,242,288
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	2,572,058	
Accrued interest receivable		5,472	
Intergovernmental and miscellaneous receivable		1,338,184	
Total		1,338,184	3,915,714
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.			4,018,648
Unamortized premiums on bonds issued are not recognized in the funds.			(3,946,882)
Unamortized amounts on refundings are not recognized in the funds.			1,465,900
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(266,203)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		13,899,520	
Deferred inflows - pension		(8,443,397)	
Net pension liability		(132,396,480)	
Total		(132,396,480)	(126,940,357)
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		(77,138,130)	
Compensated absences		(8,059,992)	
Total		(85,198,122)	(85,198,122)
<b>Net position of governmental activities</b>		<b>\$</b>	<b>(78,831,642)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**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, 2016

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 59,875,424	\$ 6,488,181	\$ 600,569	\$ 66,964,174
Payment in lieu of taxes . . . . .	402,177	-	-	402,177
Tuition. . . . .	966,851	-	735,055	1,701,906
Transportation fees. . . . .	48,018	-	-	48,018
Earnings on investments . . . . .	122,390	-	5,477	127,867
Charges for services . . . . .	-	-	1,531,369	1,531,369
Extracurricular. . . . .	281,282	-	375,541	656,823
Classroom materials and fees . . . . .	165,706	-	-	165,706
Rental income . . . . .	75,807	-	-	75,807
Contributions and donations . . . . .	77,279	-	22,926	100,205
Contract services. . . . .	571,937	-	4,000	575,937
Other local revenues . . . . .	2,061,303	-	96,275	2,157,578
Intergovernmental - state . . . . .	26,840,972	1,142,328	2,848,939	30,832,239
Intergovernmental - federal . . . . .	-	-	5,336,019	5,336,019
Total revenues . . . . .	<u>91,489,146</u>	<u>7,630,509</u>	<u>11,556,170</u>	<u>110,675,825</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular. . . . .	34,421,816	-	1,784,799	36,206,615
Special . . . . .	10,960,884	-	1,787,364	12,748,248
Vocational . . . . .	2,412,821	-	119,293	2,532,114
Adult/continuing . . . . .	-	-	143,698	143,698
Other . . . . .	4,622,261	-	85,050	4,707,311
Support services:				
Pupil . . . . .	7,000,398	-	539,990	7,540,388
Instructional staff . . . . .	3,083,484	-	1,038,220	4,121,704
Board of education . . . . .	49,887	-	-	49,887
Administration . . . . .	5,513,977	-	345,156	5,859,133
Fiscal . . . . .	2,012,368	87,913	8,182	2,108,463
Business. . . . .	501,493	-	72,230	573,723
Operations and maintenance . . . . .	7,794,366	-	1,782,874	9,577,240
Pupil transportation . . . . .	3,597,601	-	340,062	3,937,663
Central . . . . .	1,475,906	-	17,583	1,493,489
Other non-instructional services. . . . .	464,739	-	5,240,690	5,705,429
Extracurricular activities. . . . .	1,051,795	-	349,182	1,400,977
Facilities acquisition and construction. . . . .	40,742	-	49,528	90,270
Debt service:				
Principal retirement. . . . .	140,000	4,160,158	-	4,300,158
Interest and fiscal charges . . . . .	65,463	3,376,514	-	3,441,977
Total expenditures . . . . .	<u>85,210,001</u>	<u>7,624,585</u>	<u>13,703,901</u>	<u>106,538,487</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>6,279,145</u>	<u>5,924</u>	<u>(2,147,731)</u>	<u>4,137,338</u>
<b>Other financing sources (uses):</b>				
Transfers in. . . . .	-	-	18,500	18,500
Transfers (out) . . . . .	(18,500)	-	-	(18,500)
Total other financing sources (uses) . . . . .	<u>(18,500)</u>	<u>-</u>	<u>18,500</u>	<u>-</u>
Net change in fund balances . . . . .	6,260,645	5,924	(2,129,231)	4,137,338
<b>Fund balances at beginning of year . . . . .</b>	<b>9,532,639</b>	<b>3,480,330</b>	<b>2,668,354</b>	<b>15,681,323</b>
<b>Increase (decrease) in reserve for inventory . . . . .</b>	<b>60,944</b>	<b>-</b>	<b>(2,233)</b>	<b>58,711</b>
<b>Fund balances at end of year . . . . .</b>	<b><u>\$ 15,854,228</u></b>	<b><u>\$ 3,486,254</u></b>	<b><u>\$ 536,890</u></b>	<b><u>\$ 19,877,372</u></b>

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, 2016

<b>Net change in fund balances - total governmental funds</b>	\$	4,137,338
<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	\$ 873,670	
Current year depreciation	(2,247,827)	
Total		(1,374,157)
Governmental funds report expenditures for inventory when purchased; however, in the statement of activities, they are reported as an expense when consumed.		
		58,711
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(39,342)	
Earnings on investments	(152)	
Intergovernmental and miscellaneous	(1,688,095)	
Total		(1,727,589)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		4,300,158
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	13,044	
Accreted interest on capital appreciation bonds	(180,924)	
Amortization of bond premiums	299,721	
Amortization of deferred charges	(125,811)	
Total		6,030
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 governmental funds.		
		(490,423)
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		7,798,336
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(6,343,094)
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.		
		(319,185)
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>6,046,125</b>

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, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 55,867,773	\$ 56,514,153	\$ 60,253,212	\$ 3,739,059
Payment in lieu of taxes. . . . .	706,822	715,000	402,177	(312,823)
Tuition. . . . .	370,711	375,000	966,851	591,851
Transportation fees. . . . .	49,428	50,000	48,569	(1,431)
Earnings on investments . . . . .	64,257	65,000	108,387	43,387
Extracurricular. . . . .	61,291	62,000	55,368	(6,632)
Classroom materials and fees . . . . .	4,943	5,000	3,145	(1,855)
Rental income . . . . .	54,371	55,000	77,574	22,574
Other local revenues . . . . .	557,549	564,000	2,058,594	1,494,594
Intergovernmental - state . . . . .	25,908,490	26,208,247	26,919,137	710,890
Total revenues . . . . .	<u>83,645,635</u>	<u>84,613,400</u>	<u>90,893,014</u>	<u>6,279,614</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	36,436,325	36,992,578	35,773,342	1,219,236
Special. . . . .	10,849,852	11,015,132	11,335,118	(319,986)
Vocational. . . . .	2,748,518	2,790,387	2,537,367	253,020
Other. . . . .	4,634,852	4,705,457	4,697,154	8,303
Support services:				
Pupil. . . . .	7,134,593	7,243,277	7,113,110	130,167
Instructional staff . . . . .	3,063,547	3,110,215	3,178,999	(68,784)
Board of education . . . . .	55,710	56,559	52,825	3,734
Administration. . . . .	5,614,129	5,699,651	5,668,947	30,704
Fiscal . . . . .	2,969,518	3,014,754	2,084,266	930,488
Business . . . . .	559,123	567,640	512,817	54,823
Operations and maintenance. . . . .	8,630,042	8,761,507	8,192,757	568,750
Pupil transportation . . . . .	3,806,560	3,864,547	3,758,806	105,741
Central. . . . .	3,589,504	3,644,184	1,518,386	2,125,798
Other non-instructional services . . . . .	75,876	77,032	149,588	(72,556)
Extracurricular activities. . . . .	996,541	1,011,722	1,045,335	(33,613)
Facilities acquisition and construction . . . . .	58,656	59,550	40,742	18,808
Debt service:				
Principal retirement . . . . .	137,899	140,000	140,000	-
Interest and fiscal charges. . . . .	64,481	65,463	65,463	-
Total expenditures. . . . .	<u>91,425,726</u>	<u>92,819,655</u>	<u>87,865,022</u>	<u>4,954,633</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(7,780,091)</u>	<u>(8,206,255)</u>	<u>3,027,992</u>	<u>11,234,247</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	223,826	226,416	294,892	68,476
Transfers (out). . . . .	(79,000)	(79,001)	(18,500)	60,501
Advances in. . . . .	-	-	296,000	296,000
Advances (out) . . . . .	-	-	(1,823,900)	(1,823,900)
Total other financing sources (uses) . . . . .	<u>144,826</u>	<u>147,415</u>	<u>(1,251,508)</u>	<u>(1,398,923)</u>
Net change in fund balance . . . . .	(7,635,265)	(8,058,840)	1,776,484	9,835,324
<b>Fund balance at beginning of year . . . . .</b>	<b>16,015,722</b>	<b>16,015,722</b>	<b>16,015,722</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>1,296,384</b>	<b>1,296,384</b>	<b>1,296,384</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 9,676,841</u></b>	<b><u>\$ 9,253,266</u></b>	<b><u>\$ 19,088,590</u></b>	<b><u>\$ 9,835,324</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2016

	<u>Governmental Activities - Internal Service Funds</u>
<b>Assets:</b>	
Equity in pooled cash and investments. . . . .	\$ 4,018,648
Total assets. . . . .	<u>4,018,648</u>
<b>Net position:</b>	
Unrestricted. . . . .	<u>4,018,648</u>
Total net position. . . . .	<u>\$ 4,018,648</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, 2016

	<u><b>Governmental Activities - Internal Service Funds</b></u>
<b>Operating revenues:</b>	
Charges for services. . . . .	\$ 6,868,766
Total operating revenues . . . . .	<u>6,868,766</u>
<b>Operating expenses:</b>	
Purchased services. . . . .	836,216
Claims expense . . . . .	<u>6,353,005</u>
Total operating expenses. . . . .	<u>7,189,221</u>
Operating loss . . . . .	<u>(320,455)</u>
<b>Nonoperating revenues:</b>	
Interest revenue . . . . .	<u>1,270</u>
Total nonoperating revenues. . . . .	<u>1,270</u>
Change in net position . . . . .	(319,185)
<b>Net position at beginning of year. . . . .</b>	<u>4,337,833</u>
<b>Net position at end of year . . . . .</b>	<u>\$ 4,018,648</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, 2016

	<b>Governmental Activities - Internal Service Funds</b>
<b>Cash flows from operating activities:</b>	
Cash received from charges for services . . . . .	\$ 6,868,766
Cash payments for purchased services . . . . .	(836,216)
Cash payments for claims. . . . .	<u>(7,518,005)</u>
Net cash used in operating activities. . . . .	<u>(1,485,455)</u>
<b>Cash flows from investing activities:</b>	
Interest received . . . . .	<u>1,270</u>
Net cash provided by investing activities . . . . .	<u>1,270</u>
Net decrease in cash and investments. . . . .	(1,484,185)
<b>Cash and investments at beginning of year . . . . .</b>	<u>5,502,833</u>
<b>Cash and investments at end of year . . . . .</b>	<u><u>\$ 4,018,648</u></u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss . . . . .	\$ (320,455)
Changes in assets and liabilities:	
Decrease in claims payable . . . . .	<u>(1,165,000)</u>
Net cash used in operating activities. . . . .	<u><u>\$ (1,485,455)</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, 2016

	<b>Agency</b>
<b>Assets:</b>	
Equity in pooled cash and investments. . . . .	\$ 183,108
Total assets. . . . .	\$ 183,108
<b>Liabilities:</b>	
Accounts payable. . . . .	\$ 1,472
Due to students. . . . .	63,153
Due to others . . . . .	94,911
Claims payable . . . . .	23,572
Total liabilities . . . . .	\$ 183,108

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**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 446 classified personnel and 595 certificated teaching and administrative personnel to provide services to students and other community members. The District currently operates one early education center, 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 BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

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

*JOINTLY GOVERNED ORGANIZATIONS*

Metropolitan Educational Technology Association (META) Solutions - The District is a participant in META Solutions which is a computer consortium that resulted from the mergers between Tri-Rivers Educational Computer Association (TRECA), Metropolitan Educational Council (MEC), Metropolitan Dayton Educational Cooperative Association (MDECA), Southeastern Ohio Valley Voluntary Education Cooperative (SEOVEC), and South Central Ohio Computer Association (SCOCA). META Solutions develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eleven of the member districts. During fiscal year 2016, the District paid META Solutions \$76,584 for services. Financial information can be obtained from Dave Varda, who serves as Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

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 amounted to \$3,500 during fiscal year 2016. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Frank DePalma, who serves as Interim Director, 1205 East Fifth Street, Dayton, Ohio 45402.

**KETTERING CITY SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

*PUBLIC ENTITY RISK POOLS*

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 2016, the District made no payments 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.

Southwestern Ohio Educational Purchasing Cooperative Employee Benefit Plan - The EPC Benefit Plan Trust (the Plan) is a group purchasing pool consisting of public school districts who are members of the Southwestern Ohio Educational Purchasing Cooperative. The purpose of a group purchasing pool is for members to pool funds or resources to purchase group insurance products to provide health benefits to participants at a lower rate than if the individual districts acted independently. Each district pays a monthly premium to the Trust fund for insurance coverage which is provided by Anthem Blue Cross or United Healthcare. Districts may also contribute monthly to the Trust fund for dental benefits provided through a self-funded dental plan administered by CoreSource. The Plan is governed by a Board of Trustees elected in accordance with the Trust Agreement and voted on by participating EPC member districts. Financial information can be obtained from Doug Merkle, who serves as administrator, at EPC Benefits Office, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

**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.

**KETTERING CITY SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

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, OHSAA tournament monies, 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.

**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. Interfund services provided and used are not eliminated in the process of consolidation.

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.



**KETTERING CITY SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

*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 total net position. 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.

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.

**KETTERING CITY SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

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 Outflows of Resources and Deferred Inflows of Resources* - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Note 13 for deferred outflows of resources related the District's net pension liability. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2016, but which were levied to finance fiscal year 2017 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the District, see Note 13 for deferred inflows of resources related to the District's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

*Expenses/Expenditures* - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The 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.

**KETTERING CITY SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

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 2016.
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.

**KETTERING CITY SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

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 2016, the District's investments included, 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, 2016.

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 2016 totaled \$122,390, which includes \$43,235 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

**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

**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.

**KETTERING CITY SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

**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, 2016, 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 5 years of service 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, 2016 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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.

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

**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 committed. The Board of Education has by resolution authorized the treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments general only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

*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 BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

**M. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing 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. The amount restricted for other purposes represents amounts restricted for a special trust.

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**

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

**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”. On fund financial statements, receivables and payables resulting from short-term interfund loans between governmental funds are classified as “interfund loans receivable/payable.” These amounts are eliminated in the governmental activities column on the statement of net position.



**KETTERING CITY SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

**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.

**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 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 2016.

**U. Fair Market Value**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

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

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**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the District.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the District.

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the District.

GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balances**

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

<u>Nonmajor funds</u>	<u>Deficit</u>
Permanent improvement	\$ 640,916
Pathfinder/preschool	131,204
Public school preschool	9,508
Alternative	1,579
Other state funds	7,832
Adult basic education	38,784
IDEA Part B	237,635
Bilingual education	3,163
Title I	260,866
Improving teacher quality	16,547

The general fund is liable for any deficit in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance 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.

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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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 five years 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;
3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 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 non-FDIC insured public monies deposited with the institution.

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NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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, 2016, \$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, 2016, the carrying amount of all District deposits was \$6,101,538. Based on the criteria described in GASB Statement No. 40, "*Deposits and Investment Risk Disclosures*", as of June 30, 2016, \$1,032,617 of the District's bank balance of \$6,313,068 was exposed to custodial risk as discussed below, while \$5,280,451 was covered by the FDIC.

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.

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NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**C. Investments**

The District's investments at June 30, 2016, 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
FHLB	\$ 90,049	\$ 90,049	\$ -	\$ -	\$ -	\$ -
FHLMC	221,063	-	-	115,171	-	105,892
FNMA	695,906	-	400,408	-	295,498	-
FFCB	1,410,035	-	1,410,035	-	-	-
Negotiable CDs	1,254,752	-	751,382	-	503,370	-
STAR Ohio	19,557,762	19,557,762	-	-	-	-
US government money market	2,633,637	2,633,637	-	-	-	-
Total	<u>\$ 25,863,204</u>	<u>\$ 22,281,448</u>	<u>\$ 2,561,825</u>	<u>\$ 115,171</u>	<u>\$ 798,868</u>	<u>\$ 105,892</u>

At June 30, 2016, the weighted average yield to maturity of the District's investments is 0.15 years.

The District's investments in federal agency securities and negotiable certificates of deposit are valued using quoted market prices (Level 1 inputs).

*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 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 BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**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, 2016:

<u>Investment type</u>	<u>Fair value</u>	<u>% of total</u>
FHLB	\$ 90,049	0.35
FHLMC	221,063	0.86
FNMA	695,906	2.69
FFCB	1,410,035	5.45
Negotiable CDs	1,254,752	4.85
STAR Ohio	19,557,762	75.62
US government money market	2,633,637	10.18
Total	<u>\$ 25,863,204</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 and statement of fiduciary assets and liabilities as of June 30, 2016:

Cash and investments per note

Carrying amount of deposits	\$ 6,101,538
Investments	25,863,204
Cash with fiscal agent	17,976
Cash on hand	600
Total	<u>\$ 31,983,318</u>

Cash and investments per statement of net position

Governmental activities	\$ 31,800,210
Agency funds	183,108
Total	<u>\$ 31,983,318</u>

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**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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 2016 represent the collection of calendar year 2015 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2015, on the assessed values as of January 1, 2015, 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 2016 represent the collection of calendar year 2015 taxes. Public utility real and personal property taxes received in calendar year 2016 became a lien on December 31, 2014, were levied after April 1, 2015, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Montgomery and Greene Counties. The County Auditors periodically advance to the District their portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2016, are available to finance fiscal year 2016 operations. The amount available as an advance at June 30, 2016 was \$2,610,712 in the general fund, \$294,354 in the bond retirement fund and \$27,242 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2015 was \$2,988,500 in the general fund, \$346,489 in the bond retirement fund and \$31,512 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, 2016 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 5 - PROPERTY TAXES - (Continued)**

The assessed values upon which the fiscal year 2016 taxes were collected are:

	2015 Second Half Collections		2016 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 1,112,021,360	90.68	\$ 1,115,708,750	90.47
Public utility personal	<u>114,250,870</u>	<u>9.32</u>	<u>117,490,250</u>	<u>9.53</u>
Total	<u>\$ 1,226,272,230</u>	<u>100.00</u>	<u>\$ 1,233,199,000</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 82.99		\$ 82.99	

**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 \$402,177 in the general fund during fiscal year 2016.

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2016 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	\$ 67,790,060
Accounts	9,803
Accrued interest	6,185
Intergovernmental	<u>1,386,224</u>
Total	<u>\$ 69,192,272</u>

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



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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 8 - INTERFUND TRANSFERS**

Following is a summary of transfers in and out for all funds at June 30, 2016:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
General fund	\$ -	\$ 18,500
Nonmajor governmental funds	<u>18,500</u>	<u>-</u>
Total	<u>\$ 18,500</u>	<u>\$ 18,500</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**

- A.** Interfund balances at June 30, 2016, as reported on the fund statements, consist of the following individual short-term interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 1,823,900</u>

The primary purpose of the interfund balance is to cover costs in various funds where revenues were not received by June 30. The interfund balance will be repaid once the anticipated revenues are received. The interfund balance is expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

- B.** Interfund balances at June 30, 2016, as reported on the fund statements, consist of the following amounts due to and due from other funds:

<u>Due to</u>	<u>Due from</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 1,579</u>

The purpose of the amount due to/from other funds is to cover negative cash balances in the nonmajor governmental funds. The interfund balance will be repaid once the anticipated revenues are received and is expected to be repaid within one year.

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

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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 10 - CAPITAL ASSETS**

Capital asset activity for fiscal year 2016 is as follows:

<b>Governmental activities:</b>	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<i>Capital assets not being depreciated:</i>				
Land	\$ 461,616	\$ -	\$ -	\$ 461,616
Construction in progress	-	499,423	-	499,423
Total capital assets not being depreciated	<u>461,616</u>	<u>499,423</u>	<u>-</u>	<u>961,039</u>
<i>Capital assets being depreciated:</i>				
Building and improvements	139,751,712	-	-	139,751,712
Furniture, fixtures, and equipment	4,550,598	110,411	(19,419)	4,641,590
Vehicles	<u>4,871,541</u>	<u>263,836</u>	<u>(28,900)</u>	<u>5,106,477</u>
Total capital assets being depreciated	<u>149,173,851</u>	<u>374,247</u>	<u>(48,319)</u>	<u>149,499,779</u>
<i>Less: accumulated depreciation:</i>				
Building and improvements	(34,255,773)	(1,744,653)	-	(36,000,426)
Furniture, fixtures, and equipment	(3,408,965)	(260,666)	19,419	(3,650,212)
Vehicles	<u>(2,354,284)</u>	<u>(242,508)</u>	<u>28,900</u>	<u>(2,567,892)</u>
Total accumulated depreciation	<u>(40,019,022)</u>	<u>(2,247,827)</u>	<u>48,319</u>	<u>(42,218,530)</u>
Governmental activities capital assets, net	<u>\$ 109,616,445</u>	<u>\$ (1,374,157)</u>	<u>\$ -</u>	<u>\$ 108,242,288</u>

Depreciation expense was charged to governmental functions as follows:

<i>Instruction:</i>	
Regular	\$ 1,253,542
Special	38,994
Vocational	65,586
<i>Support services:</i>	
Pupil	7,308
Instructional staff	59,379
Administration	155,022
Fiscal	525
Operations and maintenance	83,870
Pupil transportation	249,175
Central	5,526
Operation of non-instructional services	139,817
Extracurricular activities	<u>189,083</u>
Total depreciation expense	<u>\$ 2,247,827</u>

**KETTERING CITY SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**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, 2016, is as follows:

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016	Amount Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds:					
2002 energy conservation	\$ 109,158	\$ -	\$ (109,158)	\$ -	\$ -
2006 school improvement refunding	9,740,554	141,173	(50,000)	9,831,727	541,727
2007 school improvement refunding	56,265,000	-	(3,055,000)	53,210,000	2,595,000
2012 school improvement refunding	5,740,000	-	(30,000)	5,710,000	30,000
2012 taxable school improvement refund	6,794,652	39,751	(835,000)	5,999,403	875,000
2013 school improvement	333,000	-	(81,000)	252,000	83,000
2013 energy conservation	<u>2,275,000</u>	<u>-</u>	<u>(140,000)</u>	<u>2,135,000</u>	<u>145,000</u>
Total general obligation bonds	81,257,364	180,924	(4,300,158)	77,138,130	4,269,727
Compensated absences	8,249,321	1,384,460	(1,423,096)	8,210,685	832,325
Net pension liability	<u>116,062,867</u>	<u>16,333,613</u>	<u>-</u>	<u>132,396,480</u>	<u>-</u>
Total governmental activities long-term debt	<u>\$ 205,569,552</u>	<u>\$ 17,898,997</u>	<u>\$ (5,723,254)</u>	217,745,295	<u>\$ 5,102,052</u>
Add: Unamortized premiums on bonds				<u>3,946,882</u>	
Total long-term liabilities reported on the statement of net position				<u>\$ 221,692,177</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 athletic fund, the auxiliary services fund, the adult basic education fund, the IDEA Part B fund, the public school preschool fund, and the Title I fund.

**C. Net Pension Liability**

The District's net pension liability is described in Note 13.

**D. General Obligation Bonds**

At June 30, 2016, the District had six 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, except for the 2013 energy conservation bonds, which are paid from the general fund.

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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

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

	Balance 6/30/15	Additions	Reductions	Balance 6/30/16
<b>General obligation bonds:</b>				
2002 energy conservation				
Current interest bonds	\$ 109,158	\$ -	\$ (109,158)	\$ -
2006 school improvement refunding				
Current interest bonds	9,340,000	-	(50,000)	9,290,000
Capital appreciation bonds	29,994	-	-	29,994
Accreted interest	370,560	141,173	-	511,733
Total 2006 school improvement refunding	<u>9,740,554</u>	<u>141,173</u>	<u>(50,000)</u>	<u>9,831,727</u>
2007 school improvement refunding				
Current interest bonds	<u>56,265,000</u>	-	<u>(3,055,000)</u>	<u>53,210,000</u>
Total 2007 school improvement refunding	<u>56,265,000</u>	-	<u>(3,055,000)</u>	<u>53,210,000</u>
2012 school improvement refunding				
Current interest bonds	<u>5,740,000</u>	-	<u>(30,000)</u>	<u>5,710,000</u>
Total 2012 school improvement refunding	<u>5,740,000</u>	-	<u>(30,000)</u>	<u>5,710,000</u>
2012 taxable school improvement refunding				
Current interest bonds	6,625,000	-	(835,000)	5,790,000
Capital appreciation bonds	99,986	-	-	99,986
Accreted interest	69,666	39,751	-	109,417
Total 2012 taxable school improvement refunding	<u>6,794,652</u>	<u>39,751</u>	<u>(835,000)</u>	<u>5,999,403</u>
2013 school improvement bonds				
Current interest bonds	<u>333,000</u>	-	<u>(81,000)</u>	<u>252,000</u>
2013 energy conservation bonds				
Current interest bonds	<u>2,275,000</u>	-	<u>(140,000)</u>	<u>2,135,000</u>
Total general obligation bonds	<u>\$ 81,257,364</u>	<u>\$ 180,924</u>	<u>\$ (4,300,158)</u>	<u>\$ 77,138,130</u>

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.

Sinking fund payments made during 2016 amounted to \$109,158 and are reflected as principal payments of the bond retirement fund.

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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**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, 2016, 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 \$511,733 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 \$53,915,000 at June 30, 2016, is considered defeased (in-substance) and, accordingly, has been removed from the statement of net position.

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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**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 matured 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 was \$460,000.

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.

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**NOTES TO BASIC FINANCIAL STATEMENTS  
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**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 \$5,585,000 at June 30, 2016, 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 matured 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 was \$550,000.

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.

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 \$6,133,000, at June 30, 2016, 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 bore 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 \$109,417 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.

2013 school improvement - On August 22, 2013, the District issued \$413,000 in 2013 school 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. These bonds are retired from the bond retirement fund.

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

*2013 energy conservation* - On November 7, 2013, the District issued \$2,410,000 in 2013 Energy Conservation general obligation bonds to finance the cost of energy conservation measures undertaken throughout the District. The bonds bear interest rates ranging from 1.25% to 4.00% with a final maturity on December 1, 2028. These bonds are retired from the general fund.

**E. 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
2017	\$ 3,728,000	\$ 3,279,715	\$ 7,007,715	\$ 29,994	\$ 600,006	\$ 630,000
2018	4,529,000	3,105,489	7,634,489	-	-	-
2019	4,720,000	2,913,553	7,633,553	-	-	-
2020	4,860,000	2,714,475	7,574,475	-	-	-
2021	4,525,000	2,513,519	7,038,519	99,986	440,014	540,000
2022 - 2026	24,545,000	9,425,416	33,970,416	-	-	-
2027 - 2031	28,585,000	3,558,277	32,143,277	-	-	-
2032	895,000	23,494	918,494	-	-	-
Total	<u>\$ 76,387,000</u>	<u>\$ 27,533,938</u>	<u>\$ 103,920,938</u>	<u>\$ 129,980</u>	<u>\$ 1,040,020</u>	<u>\$ 1,170,000</u>

**F. 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, 2016, are a voted debt margin of \$40,092,184 (including available funds of \$3,486,254), an unvoted debt margin of \$1,233,199, and an energy conservation debt margin of \$8,963,791.

**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 2016, 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.



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FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 12 - RISK MANAGEMENT - (Continued)**

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 (\$1,000,000 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.

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 was self-insured for employee dental care benefits and health insurance benefits until December 31, 2015. The dental program was administered by CoreSource, which provided claims review and processing services. The health program was administered by United Health Care, which provided claims review and processing services. Both of the self-insurance programs are accounted for in the District's internal service funds.

Effective January 1, 2016, the District joined the Southwestern Ohio Educational Purchasing Cooperative Employee Benefit Plan to provide health and dental benefits to employees.

The claims activity of the District's dental care self-insurance program for fiscal years 2016 and 2015 are as follows:

Fiscal Year	Beginning Balance	Claims & Changes in Estimates	Claims Payments	Ending Balance
2016	\$ 98,000	\$ 481,583	\$ (579,583)	\$ -
2015	78,000	1,061,647	(1,041,647)	98,000

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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 12 - RISK MANAGEMENT - (Continued)**

The claims activity of the District’s health insurance benefits self-insurance program for fiscal years 2016 and 2015 are as follows:

Fiscal Year	Beginning Balance	Claims & Changes in Estimates	Claims Payments	Ending Balance
2016	\$ 1,067,000	\$ 5,871,422	\$ (6,938,422)	\$ -
2015	1,133,000	10,504,763	(10,570,763)	1,067,000

**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

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

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

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

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

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

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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

Plan Description –District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the entire 14 percent was allocated to pension, death benefits, and Medicare B and no portion of the employer contribution rate was allocated to the Health Care Fund.

The District’s contractually required contribution to SERS was \$1,985,797 for fiscal year 2016.

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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Plan Description - State Teachers Retirement System (STRS)***

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

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

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

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NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The District’s contractually required contribution to STRS was \$5,812,539 for fiscal year 2016. Of this amount, \$970,996 is reported as pension and postemployment obligation payable.

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 25,548,267	\$ 106,848,213	\$ 132,396,480
Proportion of the net pension liability	0.44773630%	0.38661187%	
Pension expense	\$ 1,622,995	\$ 4,720,099	\$ 6,343,094

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 411,678	\$ 4,866,559	\$ 5,278,237
Changes in proportionate share between District contributions and proportionate share of contributions	21,836	801,111	822,947
District contributions subsequent to the measurement date	<u>1,985,797</u>	<u>5,812,539</u>	<u>7,798,336</u>
Total deferred outflows of resources	<u>\$ 2,419,311</u>	<u>\$ 11,480,209</u>	<u>\$ 13,899,520</u>
<b>Deferred inflows of resources</b>			
Net difference between projected and actual earnings on pension plan investments	<u>\$ 842,990</u>	<u>\$ 7,600,407</u>	<u>\$ 8,443,397</u>

\$7,798,336 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2017	\$ (299,811)	\$ (1,507,296)	\$ (1,807,107)
2018	(299,811)	(1,507,296)	(1,807,107)
2019	(299,811)	(1,507,296)	(1,807,107)
2020	<u>489,957</u>	<u>2,589,151</u>	<u>3,079,108</u>
Total	<u>\$ (409,476)</u>	<u>\$ (1,932,737)</u>	<u>\$ (2,342,213)</u>

**Actuarial Assumptions - SERS**

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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

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

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22.00 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

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

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

**KETTERING CITY SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 35,426,266	\$ 25,548,267	\$ 17,230,178

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**Actuarial Assumptions - STRS**

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

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

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

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

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

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

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



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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 148,420,227	\$ 106,848,213	\$ 71,692,874

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) 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 as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, none of the employer contribution was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2016, the District's surcharge obligation was \$236,125.

The District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$236,125 \$338,924, and \$240,548, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

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

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

**B. State Teachers Retirement System**

Plan Description – The District participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal years 2016 and 2015, STRS did not allocate any employer contributions to post-employment health care. The District’s contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$0, and \$403,737, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

**NOTE 15 - 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, 2016.

**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, 2016.

**C. Foundation Funding**

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

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 16 - 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:

Fund balance	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Materials and supplies inventory	\$ 164,020	\$ -	\$ -	\$ 164,020
Prepayments	134,294	-	11,171	145,465
Endowments	-	-	12,801	12,801
Total nonspendable	<u>298,314</u>	<u>-</u>	<u>23,972</u>	<u>322,286</u>
Restricted:				
Food service operations	-	-	1,127,034	1,127,034
Endowments	-	-	552	552
Capital improvements	-	-	1,932	1,932
Non-public schools	-	-	144,884	144,884
Vocational education	-	-	106,384	106,384
Extracurricular activities	-	-	384,726	384,726
Debt service	-	3,486,254	-	3,486,254
Other purposes	-	-	97,760	97,760
Total restricted	<u>-</u>	<u>3,486,254</u>	<u>1,863,272</u>	<u>5,349,526</u>
Committed:				
Capital improvements	-	-	5,523	5,523
Total committed	<u>-</u>	<u>-</u>	<u>5,523</u>	<u>5,523</u>
Assigned:				
Student instruction	135,125	-	-	135,125
Student and staff support	668,553	-	-	668,553
School supplies	152,008	-	-	152,008
Subsequent year appropriations	8,591,545	-	-	8,591,545
Other purposes	329,627	-	-	329,627
Total assigned	<u>9,876,858</u>	<u>-</u>	<u>-</u>	<u>9,876,858</u>
Unassigned (deficit)	<u>5,679,056</u>	<u>-</u>	<u>(1,355,877)</u>	<u>4,323,179</u>
Total fund balances	<u>\$ 15,854,228</u>	<u>\$ 3,486,254</u>	<u>\$ 536,890</u>	<u>\$ 19,877,372</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**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).

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	\$ 1,776,484
Net adjustment for revenue accruals	(444,835)
Net adjustment for expenditure accruals	2,793,982
Net adjustment for other sources	1,233,008
Funds budgeted elsewhere	192,182
Adjustment for encumbrances	709,824
GAAP basis	<u>\$ 6,260,645</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.

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**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, 2003 and 2014, the District issued \$104,413,000 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 \$104,413,000 at June 30, 2016.

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.

	Capital Improvements
Set-aside balance June 30, 2015	\$ -
Current year set-aside requirement	1,222,435
Current year qualifying expenditures	(1,163,780)
Current year offsets	(706,742)
Total	\$ (648,087)
Balance carried forward to fiscal year 2017	\$ -

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:

Fund	Year-End Encumbrances
General fund	\$ 559,585
Nonmajor governmental funds	1,251,469
Total	\$ 1,811,054

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

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 20 - SUBSEQUENT EVENTS**

On August 11, 2016, the District issued \$5,000,000 in permanent improvement tax anticipation notes. The notes bear interest rates of 1.25-4.00% and mature on December 1, 2026.

On September 6, 2016, the District issued \$8,375,000 in 2016 school improvement refunding bonds to refund a portion of the 2006 school improvement refunding bonds. The 2016 school improvement refunding bonds bear an interest rate of 4.00% and mature on December 1, 2030.

On September 6, 2016, the District issued \$30,815,000 in 2017 school improvement refunding bonds (forward delivery) to refund a portion of the 2007 school improvement refunding bonds. The 2017 school improvement refunding bonds bear an interest rate of 5.00% and mature on December 1, 2025.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

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

LAST THREE FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability	0.44773630%	0.44716700%	0.44716700%
District's proportionate share of the net pension liability	\$ 25,548,267	\$ 22,630,867	\$ 26,591,586
District's covered-employee payroll	\$ 13,479,203	\$ 12,993,795	\$ 12,799,552
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	189.54%	174.17%	207.75%
Plan fiduciary net position as a percentage of the total pension liability	69.16%	71.70%	65.52%

Note: Information prior to fiscal year 2013 was unavailable.



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

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

LAST THREE FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability	0.38661187%	0.38412297%	0.38412297%
District's proportionate share of the net pension liability	\$ 106,848,213	\$ 93,432,000	\$ 111,295,587
District's covered-employee payroll	\$ 41,120,979	\$ 39,246,754	\$ 40,155,177
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	259.84%	238.06%	277.16%
Plan fiduciary net position as a percentage of the total pension liability	72.10%	74.70%	69.30%

Note: Information prior to fiscal year 2013 was unavailable.

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

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

LAST TEN FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 1,985,797	\$ 1,776,559	\$ 1,800,940	\$ 1,771,458
Contributions in relation to the contractually required contribution	<u>(1,985,797)</u>	<u>(1,776,559)</u>	<u>(1,800,940)</u>	<u>(1,771,458)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 14,184,264	\$ 13,479,203	\$ 12,993,795	\$ 12,799,552
Contributions as a percentage of covered-employee payroll	14.00%	13.18%	13.86%	13.84%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 1,731,214	\$ 1,596,923	\$ 1,518,848	\$ 1,214,031	\$ 1,147,164	\$ 1,260,579
<u>(1,731,214)</u>	<u>(1,596,923)</u>	<u>(1,518,848)</u>	<u>(1,214,031)</u>	<u>(1,147,164)</u>	<u>(1,260,579)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 12,871,480	\$ 12,704,240	\$ 11,217,489	\$ 12,337,713	\$ 11,681,914	\$ 11,803,174
13.45%	12.57%	13.54%	9.84%	9.82%	10.68%

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

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

LAST TEN FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 5,812,539	\$ 5,756,937	\$ 5,102,078	\$ 5,220,173
Contributions in relation to the contractually required contribution	<u>(5,812,539)</u>	<u>(5,756,937)</u>	<u>(5,102,078)</u>	<u>(5,220,173)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 41,518,136	\$ 41,120,979	\$ 39,246,754	\$ 40,155,177
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.00%	13.00%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 5,379,603	\$ 5,446,974	\$ 5,519,927	\$ 5,312,032	\$ 5,087,314	\$ 5,171,049
<u>(5,379,603)</u>	<u>(5,446,974)</u>	<u>(5,519,927)</u>	<u>(5,312,032)</u>	<u>(5,087,314)</u>	<u>(5,171,049)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 41,381,562	\$ 41,899,800	\$ 42,460,977	\$ 40,861,785	\$ 39,133,185	\$ 39,777,300
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2016.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. See the notes to the basic financial statements for the methods and assumptions in this calculation.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

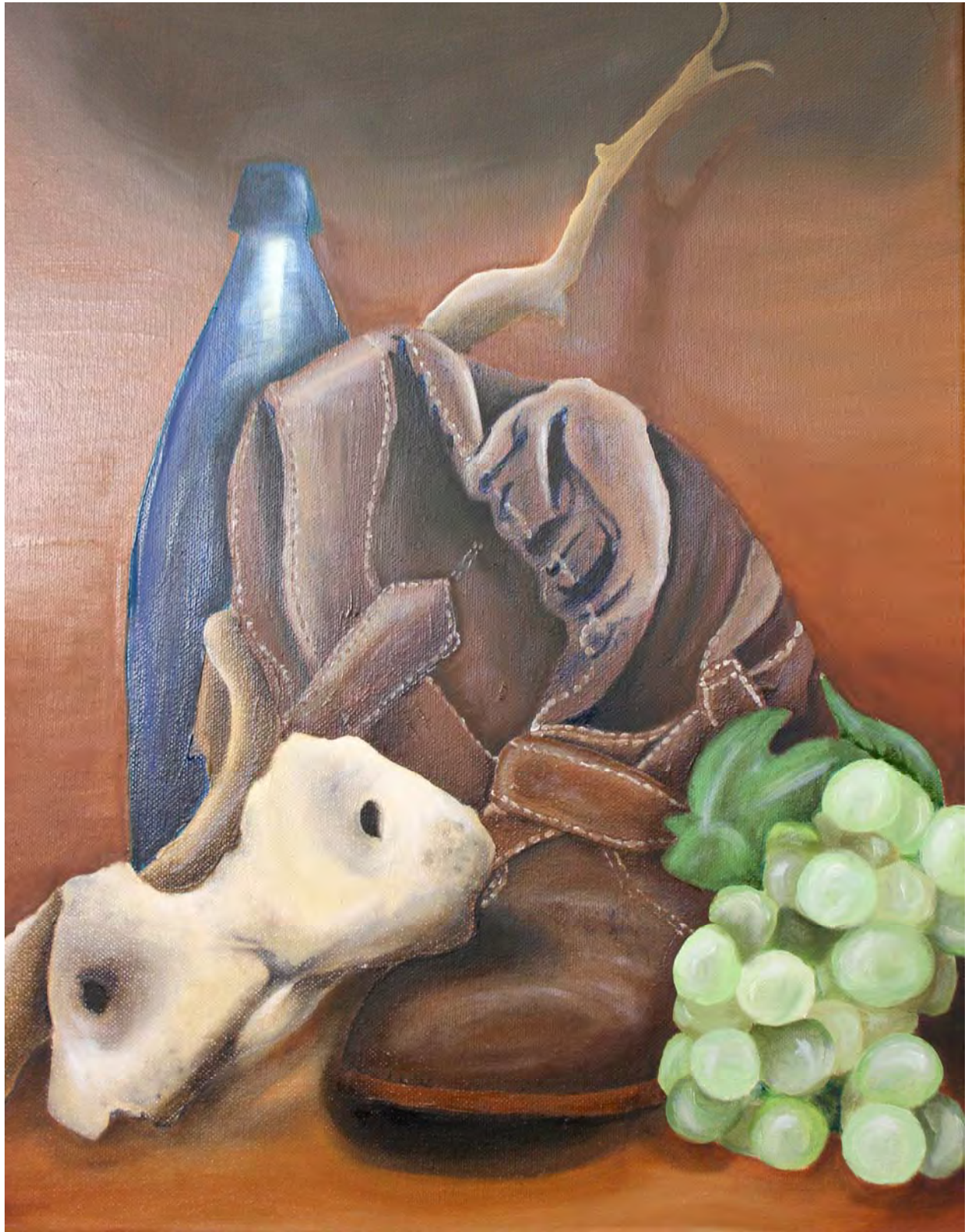
Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2016.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. See the notes to the basic financial statements for the methods and assumptions in this calculation.

*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



Hannah Gatlin – 12<sup>th</sup> 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 is 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 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 support and education to 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.

**Improving Teacher Quality 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.

**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.

**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.

**Straight A Grant Fund**

This fund accounts for a State grant award for the purpose of upgrading library media centers, giving each student access to a Google Chromebook or LearnPad and increasing distance-learning options with Sinclair Community College and the University of Dayton.

(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 of the Ohio Revised Code.

**Building Fund**

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

**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, 2016

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Nonmajor Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>				
Equity in pooled cash and investments. . . . .	\$ 2,229,291	\$ 1,694,493	\$ 13,353	\$ 3,937,137
Receivables:				
Property taxes . . . . .	-	2,556,964	-	2,556,964
Intergovernmental . . . . .	813,537	-	-	813,537
Prepayments . . . . .	11,171	-	-	11,171
Inventory held for resale . . . . .	48,099	-	-	48,099
Total assets . . . . .	<u>\$ 3,102,098</u>	<u>\$ 4,251,457</u>	<u>\$ 13,353</u>	<u>\$ 7,366,908</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 38,414	\$ 355,773	\$ -	\$ 394,187
Contracts payable . . . . .	-	499,423	-	499,423
Accrued wages and benefits payable. . . . .	646,379	-	-	646,379
Compensated absences payable . . . . .	3,859	-	-	3,859
Interfund loans payable. . . . .	323,900	1,500,000	-	1,823,900
Intergovernmental payable. . . . .	32,171	-	-	32,171
Pension and postemployment obligation payable. . . . .	85,261	-	-	85,261
Due to other funds . . . . .	1,579	-	-	1,579
Total liabilities. . . . .	<u>1,131,563</u>	<u>2,355,196</u>	<u>-</u>	<u>3,486,759</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year. . . . .	-	2,508,703	-	2,508,703
Delinquent property tax revenue not available. . . . .	-	21,019	-	21,019
Intergovernmental revenue not available. . . . .	813,537	-	-	813,537
Total deferred inflows of resources . . . . .	<u>813,537</u>	<u>2,529,722</u>	<u>-</u>	<u>3,343,259</u>
<b>Fund balances:</b>				
Nonspendable. . . . .	11,171	-	12,801	23,972
Restricted. . . . .	1,860,788	1,932	552	1,863,272
Committed . . . . .	-	5,523	-	5,523
Unassigned (deficit) . . . . .	(714,961)	(640,916)	-	(1,355,877)
Total fund balances (deficit) . . . . .	<u>1,156,998</u>	<u>(633,461)</u>	<u>13,353</u>	<u>536,890</u>
Total liabilities, deferred inflows of resources, and fund balances. . . . .	<u>\$ 3,102,098</u>	<u>\$ 4,251,457</u>	<u>\$ 13,353</u>	<u>\$ 7,366,908</u>

**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, 2016

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ -	\$ 600,569	\$ -	\$ 600,569
Tuition . . . . .	735,055	-	-	735,055
Earnings on investments. . . . .	3,667	1,769	41	5,477
Charges for services . . . . .	1,531,369	-	-	1,531,369
Extracurricular . . . . .	375,541	-	-	375,541
Contributions and donations. . . . .	22,926	-	-	22,926
Contract services . . . . .	4,000	-	-	4,000
Other local revenues . . . . .	92,475	3,800	-	96,275
Intergovernmental - state . . . . .	2,747,036	101,903	-	2,848,939
Intergovernmental - federal . . . . .	5,336,019	-	-	5,336,019
<b>Total revenues . . . . .</b>	<b>10,848,088</b>	<b>708,041</b>	<b>41</b>	<b>11,556,170</b>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	1,562,390	222,409	-	1,784,799
Special. . . . .	1,787,364	-	-	1,787,364
Vocational. . . . .	102,245	17,048	-	119,293
Adult/continuing. . . . .	143,698	-	-	143,698
Other. . . . .	85,050	-	-	85,050
Support services:				
Pupil . . . . .	539,724	266	-	539,990
Instructional staff . . . . .	1,032,158	5,852	210	1,038,220
Administration. . . . .	345,156	-	-	345,156
Fiscal . . . . .	-	8,182	-	8,182
Business . . . . .	-	72,230	-	72,230
Operations and maintenance . . . . .	34,031	1,748,843	-	1,782,874
Pupil transportation . . . . .	-	340,062	-	340,062
Central . . . . .	10,153	7,430	-	17,583
Operation of non-instructional services. . . . .	5,240,690	-	-	5,240,690
Extracurricular activities . . . . .	349,182	-	-	349,182
Facilities acquisition and construction. . . . .	-	49,528	-	49,528
<b>Total expenditures. . . . .</b>	<b>11,231,841</b>	<b>2,471,850</b>	<b>210</b>	<b>13,703,901</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(383,753)	(1,763,809)	(169)	(2,147,731)
<b>Other financing sources:</b>				
Transfers in . . . . .	18,500	-	-	18,500
<b>Total other financing sources . . . . .</b>	<b>18,500</b>	<b>-</b>	<b>-</b>	<b>18,500</b>
Net change in fund balances. . . . .	(365,253)	(1,763,809)	(169)	(2,129,231)
<b>Fund balances at beginning of year . . . . .</b>	<b>1,524,484</b>	<b>1,130,348</b>	<b>13,522</b>	<b>2,668,354</b>
<b>Increase in reserve for inventory. . . . .</b>	<b>(2,233)</b>	<b>-</b>	<b>-</b>	<b>(2,233)</b>
<b>Fund balances (deficit) at end of year . . . . .</b>	<b>\$ 1,156,998</b>	<b>\$ (633,461)</b>	<b>\$ 13,353</b>	<b>\$ 536,890</b>

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

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2016

	<u>Food Service</u>	<u>Special Trust</u>	<u>Pathfinder/ Preschool</u>	<u>Athletic</u>
<b>Assets:</b>				
Equity in pooled cash and investments. . . . .	\$ 1,255,075	\$ 95,611	\$ 9,225	\$ 387,067
Receivables:				
Intergovernmental. . . . .	-	-	-	-
Prepayments . . . . .	3,328	-	-	-
Inventory held for resale . . . . .	48,099	-	-	-
Total assets . . . . .	<u>\$ 1,306,502</u>	<u>\$ 95,611</u>	<u>\$ 9,225</u>	<u>\$ 387,067</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 881	\$ -	\$ 325	\$ 2,341
Accrued wages and benefits payable . . . . .	153,885	-	36,297	-
Compensated absences payable . . . . .	3,859	-	-	-
Interfund loans payable. . . . .	-	-	75,000	-
Intergovernmental payable . . . . .	1,840	-	24,287	-
Pension and postemployment obligation payable. . . . .	15,675	-	4,520	-
Due to other funds . . . . .	-	-	-	-
Total liabilities. . . . .	<u>176,140</u>	<u>-</u>	<u>140,429</u>	<u>2,341</u>
<b>Deferred inflows of resources:</b>				
Intergovernmental revenue not available. . . . .	-	-	-	-
Total deferred inflows of resources . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>				
Nonspendable . . . . .	3,328	-	-	-
Restricted. . . . .	1,127,034	95,611	-	384,726
Unassigned (deficit) . . . . .	-	-	(131,204)	-
Total fund balances (deficit) . . . . .	<u>1,130,362</u>	<u>95,611</u>	<u>(131,204)</u>	<u>384,726</u>
Total liabilities, deferred inflows of resources, and fund balances . . . . .	<u>\$ 1,306,502</u>	<u>\$ 95,611</u>	<u>\$ 9,225</u>	<u>\$ 387,067</u>

<b>Auxiliary Services</b>	<b>Public School Preschool</b>	<b>Alternative</b>	<b>Other State Funds</b>	<b>Adult Basic Education</b>	<b>Improving Teacher Quality</b>
\$ 256,985	\$ -	\$ -	\$ 17,522	\$ 12,718	\$ 11,093
-	-	4,552	25,000	42,969	30,837
-	-	-	-	-	16
-	-	-	-	-	-
<u>\$ 256,985</u>	<u>\$ -</u>	<u>\$ 4,552</u>	<u>\$ 42,522</u>	<u>\$ 55,687</u>	<u>\$ 41,946</u>
\$ 15,476	\$ -	\$ -	\$ -	\$ 831	\$ -
83,970	8,562	-	24,992	24,126	7,595
-	-	-	-	-	-
-	-	-	-	23,000	19,000
1,095	82	-	362	305	89
11,560	864	-	-	3,240	972
-	-	1,579	-	-	-
<u>112,101</u>	<u>9,508</u>	<u>1,579</u>	<u>25,354</u>	<u>51,502</u>	<u>27,656</u>
-	-	4,552	25,000	42,969	30,837
-	-	4,552	25,000	42,969	30,837
-	-	-	-	-	16
144,884	-	-	-	-	-
-	(9,508)	(1,579)	(7,832)	(38,784)	(16,563)
<u>144,884</u>	<u>(9,508)</u>	<u>(1,579)</u>	<u>(7,832)</u>	<u>(38,784)</u>	<u>(16,547)</u>
<u>\$ 256,985</u>	<u>\$ -</u>	<u>\$ 4,552</u>	<u>\$ 42,522</u>	<u>\$ 55,687</u>	<u>\$ 41,946</u>

(Continued)

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

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2016

	<u>IDEA Part B</u>	<u>Carl D. Perkins</u>	<u>Bilingual Education</u>	<u>Title I</u>
<b>Assets:</b>				
Equity in pooled cash and investments. . . . .	\$ 6,362	\$ 119,398	\$ 2,298	\$ 53,788
Receivables:				
Intergovernmental. . . . .	301,519	-	10,210	398,450
Prepayments . . . . .	2,816	-	2	5,009
Inventory held for resale . . . . .	-	-	-	-
Total assets . . . . .	<u>\$ 310,697</u>	<u>\$ 119,398</u>	<u>\$ 12,510</u>	<u>\$ 457,247</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 7,666	\$ 6,695	\$ 1,561	\$ 2,638
Accrued wages and benefits payable . . . . .	142,160	6,229	60	158,503
Compensated absences payable . . . . .	-	-	-	-
Interfund loans payable. . . . .	73,000	-	2,900	131,000
Intergovernmental payable . . . . .	1,899	90	-	2,122
Pension and postemployment obligation payable. . . . .	22,088	-	942	25,400
Due to other funds . . . . .	-	-	-	-
Total liabilities. . . . .	<u>246,813</u>	<u>13,014</u>	<u>5,463</u>	<u>319,663</u>
<b>Deferred inflows of resources:</b>				
Intergovernmental revenue not available. . . . .	<u>301,519</u>	<u>-</u>	<u>10,210</u>	<u>398,450</u>
Total deferred inflows of resources . . . . .	<u>301,519</u>	<u>-</u>	<u>10,210</u>	<u>398,450</u>
<b>Fund balances:</b>				
Nonspendable . . . . .	2,816	-	2	5,009
Restricted. . . . .	-	106,384	-	-
Unassigned (deficit) . . . . .	<u>(240,451)</u>	<u>-</u>	<u>(3,165)</u>	<u>(265,875)</u>
Total fund balances (deficit) . . . . .	<u>(237,635)</u>	<u>106,384</u>	<u>(3,163)</u>	<u>(260,866)</u>
Total liabilities, deferred inflows of resources, and fund balances . . . . .	<u>\$ 310,697</u>	<u>\$ 119,398</u>	<u>\$ 12,510</u>	<u>\$ 457,247</u>



<u>Other Federal Programs</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 2,149	\$ 2,229,291
-	813,537
-	11,171
-	48,099
<u>\$ 2,149</u>	<u>\$ 3,102,098</u>
\$ -	\$ 38,414
-	646,379
-	3,859
-	323,900
-	32,171
-	85,261
-	1,579
<u>-</u>	<u>1,131,563</u>
-	813,537
<u>-</u>	<u>813,537</u>
-	11,171
2,149	1,860,788
-	(714,961)
<u>2,149</u>	<u>1,156,998</u>
<u>\$ 2,149</u>	<u>\$ 3,102,098</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, 2016

	<u>Food Service</u>	<u>Special Trust</u>	<u>Pathfinder/ Preschool</u>	<u>Athletic</u>
<b>Revenues:</b>				
From local sources:				
Tuition. . . . .	\$ -	\$ -	\$ 735,055	\$ -
Earnings on investments. . . . .	3,451	216	-	-
Charges for services. . . . .	1,531,369	-	-	-
Extracurricular . . . . .	-	5,106	-	370,435
Contributions and donations. . . . .	-	21,326	-	1,600
Contract services. . . . .	-	-	4,000	-
Other local revenues. . . . .	29,709	3,969	58,797	-
Intergovernmental - state . . . . .	30,081	-	-	-
Intergovernmental - federal. . . . .	2,124,083	-	29,336	-
Total revenues . . . . .	<u>3,718,693</u>	<u>30,617</u>	<u>827,188</u>	<u>372,035</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	-	-	65,914	-
Special. . . . .	-	-	-	-
Vocational. . . . .	-	-	1,463	-
Adult/continuing. . . . .	-	-	-	-
Other. . . . .	-	-	-	-
Support services:				
Pupil. . . . .	-	-	285,376	-
Instructional staff . . . . .	-	11,884	335,696	-
Administration. . . . .	-	-	-	-
Operations and maintenance. . . . .	30,026	-	-	405
Central. . . . .	-	-	533	-
Operation of non-instructional services . . . . .	3,465,105	44	168,382	-
Extracurricular activities. . . . .	-	1,000	-	348,182
Total expenditures. . . . .	<u>3,495,131</u>	<u>12,928</u>	<u>857,364</u>	<u>348,587</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>223,562</u>	<u>17,689</u>	<u>(30,176)</u>	<u>23,448</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	-	-	-	18,500
Total other financing sources . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,500</u>
Net change in fund balances. . . . .	223,562	17,689	(30,176)	41,948
<b>Fund balances (deficit) at beginning of year . . . . .</b>	909,033	77,922	(101,028)	342,778
<b>Decrease in reserve for inventory . . . . .</b>	(2,233)	-	-	-
<b>Fund balances (deficit) at end of year. . . . .</b>	<u>\$ 1,130,362</u>	<u>\$ 95,611</u>	<u>\$ (131,204)</u>	<u>\$ 384,726</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,462,675	148,000	19,800	16,401	25,000	-
-	-	-	-	-	227,168
<u>1,462,675</u>	<u>148,000</u>	<u>19,800</u>	<u>16,401</u>	<u>25,000</u>	<u>227,168</u>
-	68,649	-	12,255	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	143,698
-	-	-	-	-	-
-	50,278	-	8,000	50,354	33,626
-	25,207	-	-	-	3,678
-	-	-	-	-	48,130
-	-	-	-	-	3,600
-	-	9,620	-	-	-
1,332,359	-	-	-	-	10,000
-	-	-	-	-	-
<u>1,332,359</u>	<u>144,134</u>	<u>9,620</u>	<u>20,255</u>	<u>50,354</u>	<u>242,732</u>
<u>130,316</u>	<u>3,866</u>	<u>10,180</u>	<u>(3,854)</u>	<u>(25,354)</u>	<u>(15,564)</u>
-	-	-	-	-	-
-	-	-	-	-	-
130,316	3,866	10,180	(3,854)	(25,354)	(15,564)
14,568	(13,374)	(10,180)	2,275	17,522	(23,220)
-	-	-	-	-	-
<u>\$ 144,884</u>	<u>\$ (9,508)</u>	<u>\$ -</u>	<u>\$ (1,579)</u>	<u>\$ (7,832)</u>	<u>\$ (38,784)</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, 2016

	<u>Improving Teacher Quality</u>	<u>IDEA Part B</u>	<u>Carl D. Perkins</u>	<u>Bilingual Education</u>
<b>Revenues:</b>				
From local sources:				
Tuition. . . . .	\$ -	\$ -	\$ -	\$ -
Earnings on investments. . . . .	-	-	-	-
Charges for services. . . . .	-	-	-	-
Extracurricular . . . . .	-	-	-	-
Contributions and donations. . . . .	-	-	-	-
Contract services. . . . .	-	-	-	-
Other local revenues. . . . .	-	-	-	-
Intergovernmental - state . . . . .	-	-	-	-
Intergovernmental - federal. . . . .	235,952	1,291,196	95,158	7,928
Total revenues . . . . .	<u>235,952</u>	<u>1,291,196</u>	<u>95,158</u>	<u>7,928</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	62,325	-	-	-
Special. . . . .	-	782,816	-	3,879
Vocational. . . . .	-	3,317	97,465	-
Adult/continuing. . . . .	-	-	-	-
Other. . . . .	-	85,050	-	-
Support services:				
Pupil. . . . .	-	105,721	-	6,369
Instructional staff . . . . .	214,623	109,604	-	580
Administration. . . . .	2,560	223,530	-	235
Operations and maintenance. . . . .	-	-	-	-
Central. . . . .	-	-	-	-
Operation of non-instructional services . . . . .	11,698	92,871	-	-
Extracurricular activities. . . . .	-	-	-	-
Total expenditures. . . . .	<u>291,206</u>	<u>1,402,909</u>	<u>97,465</u>	<u>11,063</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(55,254)</u>	<u>(111,713)</u>	<u>(2,307)</u>	<u>(3,135)</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	-	-	-	-
Total other financing sources . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances. . . . .	(55,254)	(111,713)	(2,307)	(3,135)
<b>Fund balances (deficit) at beginning of year . . .</b>	38,707	(125,922)	108,691	(28)
<b>Increase in reserve for inventory . . . . .</b>	-	-	-	-
<b>Fund balances (deficit) at end of year. . . . .</b>	<u>\$ (16,547)</u>	<u>\$ (237,635)</u>	<u>\$ 106,384</u>	<u>\$ (3,163)</u>

<u>Title I</u>	<u>Preschool Grant</u>	<u>Other Federal Programs</u>	<u>Straight A Grant</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 735,055
-	-	-	-	3,667
-	-	-	-	1,531,369
-	-	-	-	375,541
-	-	-	-	22,926
-	-	-	-	4,000
-	-	-	-	92,475
-	-	-	1,045,079	2,747,036
1,318,621	6,577	-	-	5,336,019
<u>1,318,621</u>	<u>6,577</u>	<u>-</u>	<u>1,045,079</u>	<u>10,848,088</u>
-	-	-	1,353,247	1,562,390
997,569	3,100	-	-	1,787,364
-	-	-	-	102,245
-	-	-	-	143,698
-	-	-	-	85,050
-	-	-	-	539,724
330,886	-	-	-	1,032,158
70,701	-	-	-	345,156
-	-	-	-	34,031
-	-	-	-	10,153
160,231	-	-	-	5,240,690
-	-	-	-	349,182
<u>1,559,387</u>	<u>3,100</u>	<u>-</u>	<u>1,353,247</u>	<u>11,231,841</u>
<u>(240,766)</u>	<u>3,477</u>	<u>-</u>	<u>(308,168)</u>	<u>(383,753)</u>
-	-	-	-	18,500
-	-	-	-	18,500
(240,766)	3,477	-	(308,168)	(365,253)
(20,100)	(3,477)	2,149	308,168	1,524,484
-	-	-	-	(2,233)
<u>\$ (260,866)</u>	<u>\$ -</u>	<u>\$ 2,149</u>	<u>\$ -</u>	<u>\$ 1,156,998</u>

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

COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2016

	<b>Permanent Improvement</b>	<b>Building</b>	<b>Replacement</b>	<b>Total Nonmajor Capital Projects Funds</b>
<b>Assets:</b>				
Equity in pooled cash and investments. . . . .	\$ 1,687,038	\$ 1,932	\$ 5,523	\$ 1,694,493
Receivables:				
Property taxes . . . . .	2,556,964	-	-	2,556,964
Total assets. . . . .	\$ 4,244,002	\$ 1,932	\$ 5,523	\$ 4,251,457
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 355,773	\$ -	\$ -	\$ 355,773
Contracts payable. . . . .	499,423	-	-	499,423
Interfund loans payable. . . . .	1,500,000	-	-	1,500,000
Total liabilities. . . . .	2,355,196	-	-	2,355,196
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year . . . . .	2,508,703	-	-	2,508,703
Delinquent property tax revenue not available . . . . .	21,019	-	-	21,019
Total deferred inflows of resources . . . . .	2,529,722	-	-	2,529,722
<b>Fund balances:</b>				
Restricted . . . . .	-	1,932	-	1,932
Committed. . . . .	-	-	5,523	5,523
Unassigned (deficit) . . . . .	(640,916)	-	-	(640,916)
Total fund balances (deficit) . . . . .	(640,916)	1,932	5,523	(633,461)
Total liabilities, deferred inflows of resources, and fund balances . . . . .	\$ 4,244,002	\$ 1,932	\$ 5,523	\$ 4,251,457

**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, 2016

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Replacement</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 600,569	\$ -	\$ -	\$ 600,569
Earnings on investments . . . . .	1,732	-	37	1,769
Other local revenues . . . . .	-	-	3,800	3,800
Intergovernmental - state . . . . .	<u>101,903</u>	<u>-</u>	<u>-</u>	<u>101,903</u>
Total revenues . . . . .	<u>704,204</u>	<u>-</u>	<u>3,837</u>	<u>708,041</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	222,409	-	-	222,409
Vocational . . . . .	17,048	-	-	17,048
Support services:				
Pupil . . . . .	266	-	-	266
Instructional staff . . . . .	5,852	-	-	5,852
Fiscal . . . . .	8,182	-	-	8,182
Business . . . . .	72,230	-	-	72,230
Operations and maintenance . . . . .	1,609,535	122,709	16,599	1,748,843
Pupil transportation . . . . .	340,062	-	-	340,062
Central . . . . .	7,430	-	-	7,430
Facilities acquisition and construction . . . . .	<u>37,638</u>	<u>11,890</u>	<u>-</u>	<u>49,528</u>
Total expenditures . . . . .	<u>2,320,652</u>	<u>134,599</u>	<u>16,599</u>	<u>2,471,850</u>
Change in fund balance . . . . .	(1,616,448)	(134,599)	(12,762)	(1,763,809)
<b>Fund balances at beginning of year . . . . .</b>	<u>975,532</u>	<u>136,531</u>	<u>18,285</u>	<u>1,130,348</u>
<b>Fund balances (deficit) at end of year . . . . .</b>	<u>\$ (640,916)</u>	<u>\$ 1,932</u>	<u>\$ 5,523</u>	<u>\$ (633,461)</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, 2016

**GENERAL FUND**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 55,867,773	\$ 56,514,153	\$ 60,253,212	\$ 3,739,059
Payment in lieu of taxes. . . . .	706,822	715,000	402,177	(312,823)
Tuition. . . . .	370,711	375,000	966,851	591,851
Transportation fees. . . . .	49,428	50,000	48,569	(1,431)
Earnings on investments . . . . .	64,257	65,000	108,387	43,387
Extracurricular. . . . .	61,291	62,000	55,368	(6,632)
Classroom materials and fees . . . . .	4,943	5,000	3,145	(1,855)
Rental income . . . . .	54,371	55,000	77,574	22,574
Other local revenues . . . . .	557,549	564,000	2,058,594	1,494,594
Intergovernmental - state . . . . .	25,908,490	26,208,247	26,919,137	710,890
Total revenues . . . . .	<u>83,645,635</u>	<u>84,613,400</u>	<u>90,893,014</u>	<u>6,279,614</u>
<b>Expenditures:</b>				
Current:				
Salaries and wages. . . . .	51,487,877	52,487,877	52,213,223	274,654
Fringe benefits. . . . .	24,511,458	24,514,864	22,287,510	2,227,354
Purchased services. . . . .	9,595,048	9,910,759	9,194,761	715,998
Supplies and materials . . . . .	2,880,296	2,867,916	2,248,981	618,935
Other expenditures. . . . .	1,314,858	1,402,050	1,111,069	290,981
Capital outlay . . . . .	1,430,726	1,430,726	604,015	826,711
Debt service:				
Principal . . . . .	140,000	140,000	140,000	-
Interest and fiscal charges. . . . .	65,463	65,463	65,463	-
Total expenditures . . . . .	<u>91,425,726</u>	<u>92,819,655</u>	<u>87,865,022</u>	<u>4,954,633</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(7,780,091)</u>	<u>(8,206,255)</u>	<u>3,027,992</u>	<u>11,234,247</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	223,826	226,416	294,892	68,476
Transfers (out). . . . .	(79,000)	(79,001)	(18,500)	60,501
Advances in. . . . .	-	-	296,000	296,000
Advances (out) . . . . .	-	-	(1,823,900)	(1,823,900)
Total other financing sources (uses) . . . . .	<u>144,826</u>	<u>147,415</u>	<u>(1,251,508)</u>	<u>(1,398,923)</u>
Net change in fund balance . . . . .	(7,635,265)	(8,058,840)	1,776,484	9,835,324
Fund balance at beginning of year . . . . .	16,015,722	16,015,722	16,015,722	-
Prior year encumbrances appropriated . . . . .	1,296,384	1,296,384	1,296,384	-
Fund balance at end of year . . . . .	<u>\$ 9,676,841</u>	<u>\$ 9,253,266</u>	<u>\$ 19,088,590</u>	<u>\$ 9,835,324</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, 2016

**BOND RETIREMENT FUND**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources . . . . .	\$ 7,520,500	\$ 7,682,644	\$ 162,144
Total expenditures and other financing uses. . . . .	<u>7,807,992</u>	<u>7,624,585</u>	<u>183,407</u>
Net change in fund balance . . . . .	(287,492)	58,059	345,551
Fund balance at beginning of year. . . . .	3,133,841	3,133,841	-
Fund balance at end of year . . . . .	<u>\$ 2,846,349</u>	<u>\$ 3,191,900</u>	<u>\$ 345,551</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, 2016

**FOOD SERVICE FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 3,036,441	\$ 3,203,134	\$ 166,693
Total expenditures and other financing uses. . . . .	<u>3,109,294</u>	<u>3,068,433</u>	<u>40,861</u>
Net change in fund balance . . . . .	(72,853)	134,701	207,554
Fund balance at beginning of year. . . . .	1,052,920	1,052,920	-
Prior year encumbrances appropriated. . . . .	<u>31,407</u>	<u>31,407</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 1,011,474</u>	<u>\$ 1,219,028</u>	<u>\$ 207,554</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, 2016

**SPECIAL TRUST FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 10,069	\$ 30,617	\$ 20,548
Total expenditures and other financing uses. . . . .	26,994	12,928	14,066
Net change in fund balance . . . . .	(16,925)	17,689	34,614
Fund balance at beginning of year. . . . .	77,922	77,922	-
Fund balance at end of year . . . . .	<u>\$ 60,997</u>	<u>\$ 95,611</u>	<u>\$ 34,614</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, 2016

**PATHFINDER/PRESCHOOL FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 863,000	\$ 902,188	\$ 39,188
Total expenditures and other financing uses. . . . .	<u>857,924</u>	<u>910,418</u>	<u>(52,494)</u>
Net change in fund balance . . . . .	5,076	(8,230)	(13,306)
Fund balance at beginning of year. . . . .	10,977	10,977	-
Prior year encumbrances appropriated. . . . .	<u>112</u>	<u>112</u>	<u>-</u>
Fund balance at end of year . . . . .	<u><u>\$ 16,165</u></u>	<u><u>\$ 2,859</u></u>	<u><u>\$ (13,306)</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, 2016

**ATHLETIC FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 395,500	\$ 390,535	\$ (4,965)
Total expenditures and other financing uses. . . . .	<u>540,811</u>	<u>350,097</u>	<u>190,714</u>
Net change in fund balance . . . . .	(145,311)	40,438	185,749
Fund balance at beginning of year. . . . .	333,030	333,030	-
Prior year encumbrances appropriated. . . . .	<u>9,839</u>	<u>9,839</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 197,558</u>	<u>\$ 383,307</u>	<u>\$ 185,749</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, 2016

**AUXILIARY SERVICES FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 1,462,975	\$ 1,462,675	\$ (300)
Total expenditures and other financing uses. . . . .	<u>1,598,546</u>	<u>1,380,209</u>	<u>218,337</u>
Net change in fund balance . . . . .	(135,571)	82,466	218,037
Fund balance at beginning of year. . . . .	77,475	77,475	-
Prior year encumbrances appropriated. . . . .	<u>58,395</u>	<u>58,395</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 299</u>	<u>\$ 218,336</u>	<u>\$ 218,037</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, 2016

**PUBLIC SCHOOL PRESCHOOL FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 183,877	\$ 183,877	\$ -
Total expenditures and other financing uses. . . . .	148,000	148,000	-
Net change in fund balance . . . . .	35,877	35,877	-
Fund balance (deficit) at beginning of year. . . . .	(35,877)	(35,877)	-
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ -</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, 2016

**DATA COMMUNICATIONS FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 19,800	\$ 19,800	\$ -
Total expenditures and other financing uses. . . . .	<u>29,620</u>	<u>29,620</u>	<u>-</u>
Net change in fund balance . . . . .	(9,820)	(9,820)	-
Fund balance at beginning of year. . . . .	<u>9,820</u>	<u>9,820</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ -</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, 2016

**ALTERNATIVE FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 32,304	\$ 19,666	\$ (12,638)
Total expenditures and other financing uses. . . . .	<u>9,485</u>	<u>20,255</u>	<u>(10,770)</u>
Net change in fund balance . . . . .	22,819	(589)	(23,408)
Fund balance (deficit) at beginning of year. . . . .	(10,475)	(10,475)	-
Prior year encumbrances appropriated. . . . .	<u>9,485</u>	<u>9,485</u>	<u>-</u>
Fund balance (deficit) at end of year. . . . .	<u>\$ 21,829</u>	<u>\$ (1,579)</u>	<u>\$ (23,408)</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, 2016

**OTHER STATE FUNDS FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 25,000	\$ 25,000	\$ -
Total expenditures and other financing uses. . . . .	<u>25,000</u>	<u>25,000</u>	<u>-</u>
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, 2016

**ADULT BASIC EDUCATION FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 336,368	\$ 277,891	\$ (58,477)
Total expenditures and other financing uses. . . . .	<u>320,932</u>	<u>289,932</u>	<u>31,000</u>
Net change in fund balance . . . . .	15,436	(12,041)	(27,477)
Fund balance at beginning of year. . . . .	627	627	-
Prior year encumbrances appropriated. . . . .	<u>14,437</u>	<u>14,437</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 30,500</u>	<u>\$ 3,023</u>	<u>\$ (27,477)</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, 2016

**IMPROVING TEACHER QUALITY FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 445,472	\$ 287,952	\$ (157,520)
Total expenditures and other financing uses. . . . .	<u>466,824</u>	<u>338,598</u>	<u>128,226</u>
Net change in fund balance . . . . .	(21,352)	(50,646)	(29,294)
Fund balance at beginning of year. . . . .	181	181	-
Prior year encumbrances appropriated. . . . .	<u>51,171</u>	<u>51,171</u>	-
Fund balance at end of year. . . . .	<u>\$ 30,000</u>	<u>\$ 706</u>	<u>\$ (29,294)</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, 2016

**IDEA PART B FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 2,388,007	\$ 1,459,803	\$ (928,204)
Total expenditures and other financing uses. . . . .	<u>2,382,900</u>	<u>1,460,696</u>	<u>922,204</u>
Net change in fund balance . . . . .	5,107	(893)	(6,000)
Fund balance at beginning of year. . . . .	303	303	-
Prior year encumbrances appropriated. . . . .	590	590	-
Fund balance at end of year. . . . .	<u>\$ 6,000</u>	<u>\$ -</u>	<u>\$ (6,000)</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, 2016

**CARL D. PERKINS FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 95,158	\$ 95,158	\$ -
Total expenditures and other financing uses. . . . .	<u>203,182</u>	<u>98,797</u>	<u>104,385</u>
Net change in fund balance . . . . .	(108,024)	(3,639)	104,385
Fund balance at beginning of year. . . . .	99,035	99,035	-
Prior year encumbrances appropriated. . . . .	<u>9,656</u>	<u>9,656</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 667</u>	<u>\$ 105,052</u>	<u>\$ 104,385</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, 2016

**BILINGUAL EDUCATION FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 31,555	\$ 12,742	\$ (18,813)
Total expenditures and other financing uses. . . . .	<u>28,943</u>	<u>14,234</u>	<u>14,709</u>
Net change in fund balance . . . . .	2,612	(1,492)	(4,104)
Fund balance at beginning of year. . . . .	177	177	-
Prior year encumbrances appropriated. . . . .	<u>1,400</u>	<u>1,400</u>	<u>-</u>
Fund balance at end of year. . . . .	<u>\$ 4,189</u>	<u>\$ 85</u>	<u>\$ (4,104)</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, 2016

**TITLE I FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 2,895,179	\$ 1,663,329	\$ (1,231,850)
Total expenditures and other financing uses. . . . .	<u>2,873,793</u>	<u>1,810,210</u>	<u>1,063,583</u>
Net change in fund balance . . . . .	21,386	(146,881)	(168,267)
Fund balance at beginning of year. . . . .	403	403	-
Prior year encumbrances appropriated. . . . .	<u>147,711</u>	<u>147,711</u>	<u>-</u>
Fund balance at end of year. . . . .	<u><u>\$ 169,500</u></u>	<u><u>\$ 1,233</u></u>	<u><u>\$ (168,267)</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, 2016

**PRESCHOOL GRANT FUND**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources . . . . .	\$ 12,992	\$ 7,390	\$ (5,602)
Total expenditures and other financing uses. . . . .	<u>12,179</u>	<u>7,577</u>	<u>4,602</u>
Net change in fund balance . . . . .	813	(187)	(1,000)
Fund balance at beginning of year. . . . .	187	187	-
Fund balance at end of year. . . . .	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ (1,000)</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, 2016

**OTHER FEDERAL PROGRAMS FUND**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Total expenditures and other financing uses. . . . .	\$ 2,149	\$ -	\$ 2,149
Net change in fund balance . . . . .	(2,149)	-	2,149
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, 2016

**STRAIGHT A GRANT**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources . . . . .	\$ 5,105,000	\$ 4,816,058	\$ (288,942)
Total expenditures and other financing uses. . . . .	2,649,509	2,360,567	288,942
Net change in fund balance . . . . .	2,455,491	2,455,491	-
Fund balance (deficit) at beginning of year. . . . .	(5,101,216)	(5,101,216)	-
Prior year encumbrances appropriated. . . . .	2,645,725	2,645,725	-
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ -</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, 2016

**UNIFORM SCHOOL SUPPLIES FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 163,589	\$ 158,635	\$ (4,954)
Total expenditures and other financing uses. . . . .	<u>283,890</u>	<u>217,284</u>	<u>66,606</u>
Net change in fund balance . . . . .	(120,301)	(58,649)	61,652
Fund balance at beginning of year. . . . .	140,234	140,234	-
Prior year encumbrances appropriated. . . . .	<u>12,245</u>	<u>12,245</u>	<u>-</u>
Fund balance at end of year . . . . .	<u><u>\$ 32,178</u></u>	<u><u>\$ 93,830</u></u>	<u><u>\$ 61,652</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, 2016

**ROTARY SPECIAL SERVICES FUND**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 28,650	\$ 17,730	\$ (10,920)
Total expenditures and other financing uses. . . . .	40,720	22,864	17,856
Net change in fund balance . . . . .	(12,070)	(5,134)	6,936
Fund balance at beginning of year. . . . .	13,341	13,341	-
Fund balance at end of year . . . . .	\$ 1,271	\$ 8,207	\$ 6,936

**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, 2016

**PUBLIC SCHOOL SUPPORT FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 301,000	\$ 314,608	\$ 13,608
Total expenditures and other financing uses. . . . .	<u>467,920</u>	<u>275,718</u>	<u>192,202</u>
Net change in fund balance . . . . .	(166,920)	38,890	205,810
Fund balance at beginning of year. . . . .	307,300	307,300	-
Prior year encumbrances appropriated. . . . .	8,966	8,966	-
Fund balance at end of year . . . . .	<u>\$ 149,346</u>	<u>\$ 355,156</u>	<u>\$ 205,810</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, 2016

**SPECIAL ENTERPRISE FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 505,680	\$ 550,244	\$ 44,564
Total expenditures and other financing uses. . . . .	<u>517,953</u>	<u>416,202</u>	<u>101,751</u>
Net change in fund balance . . . . .	(12,273)	134,042	146,315
Fund balance at beginning of year. . . . .	149,304	149,304	-
Prior year encumbrances appropriated. . . . .	<u>14,483</u>	<u>14,483</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 151,514</u>	<u>\$ 297,829</u>	<u>\$ 146,315</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 CAPITAL PROJECTS FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**PERMANENT IMPROVEMENT FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 2,650,000	\$ 2,208,474	\$ (441,526)
Total expenditures and other financing uses. . . . .	<u>3,596,670</u>	<u>3,204,982</u>	<u>391,688</u>
Net change in fund balance . . . . .	(946,670)	(996,508)	(49,838)
Fund balance at beginning of year. . . . .	534,948	534,948	-
Prior year encumbrances appropriated . . . . .	<u>516,870</u>	<u>516,870</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 105,148</u>	<u>\$ 55,310</u>	<u>\$ (49,838)</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 CAPITAL PROJECTS FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**BUILDING FUND**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Total expenditures and other financing uses. . . . .	\$ 13,863	\$ 134,599	\$ (120,736)
Net change in fund balance . . . . .	(13,863)	(134,599)	(120,736)
Fund balance at beginning of year. . . . .	129,091	129,091	-
Prior year encumbrances appropriated . . . . .	7,440	7,440	-
Fund balance at end of year . . . . .	\$ 122,668	\$ 1,932	\$ (120,736)

**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, 2016

**REPLACEMENT FUND**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources . . . . .	\$ 4,000	\$ 3,837	\$ (163)
Total expenditures and other financing uses. . . . .	<u>22,000</u>	<u>16,599</u>	<u>5,401</u>
Net change in fund balance . . . . .	(18,000)	(12,762)	5,238
Fund balance at beginning of year. . . . .	18,285	18,285	-
Fund balance at end of year . . . . .	<u>\$ 285</u>	<u>\$ 5,523</u>	<u>\$ 5,238</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 PERMANENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**PERMANENT FUND**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources . . . . .	\$ 10	\$ 41	\$ 31
Total expenditures and other financing uses. . . . .	1,000	210	790
Net change in fund balance . . . . .	(990)	(169)	821
Fund balance at beginning of year. . . . .	13,522	13,522	-
Fund balance at end of year . . . . .	<u>\$ 12,532</u>	<u>\$ 13,353</u>	<u>\$ 821</u>

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**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, 2016

	<b>Dental Insurance</b>	<b>Health Insurance</b>	<b>Total Internal Service Funds</b>
<b>Assets:</b>			
Equity in pooled cash and investments. . . . .	\$ 517,601	\$ 3,501,047	\$ 4,018,648
Total assets. . . . .	517,601	3,501,047	4,018,648
<b>Net position:</b>			
Unrestricted . . . . .	517,601	3,501,047	4,018,648
Total net position. . . . .	\$ 517,601	\$ 3,501,047	\$ 4,018,648

**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, 2016

	<b>Dental Insurance</b>	<b>Health Insurance</b>	<b>Total Internal Service Funds</b>
<b>Operating revenues:</b>			
Charges for services . . . . .	\$ 432,151	\$ 6,436,615	\$ 6,868,766
Total operating revenues . . . . .	<u>432,151</u>	<u>6,436,615</u>	<u>6,868,766</u>
<b>Operating expenses:</b>			
Purchased services . . . . .	29,513	806,703	836,216
Claims expense . . . . .	<u>481,583</u>	<u>5,871,422</u>	<u>6,353,005</u>
Total operating expenses . . . . .	<u>511,096</u>	<u>6,678,125</u>	<u>7,189,221</u>
Operating income (loss) . . . . .	<u>(78,945)</u>	<u>(241,510)</u>	<u>(320,455)</u>
<b>Nonoperating revenues:</b>			
Interest revenue . . . . .	<u>1,270</u>	-	<u>1,270</u>
Total nonoperating revenues . . . . .	<u>1,270</u>	-	<u>1,270</u>
Change in net position . . . . .	(77,675)	(241,510)	(319,185)
<b>Net position at beginning of year . . . . .</b>	<u>595,276</u>	<u>3,742,557</u>	<u>4,337,833</u>
<b>Net position at end of year . . . . .</b>	<u>\$ 517,601</u>	<u>\$ 3,501,047</u>	<u>\$ 4,018,648</u>

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

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<b>Dental Insurance</b>	<b>Health Insurance</b>	<b>Total Internal Service Funds</b>
<b>Cash flows from operating activities:</b>			
Cash received from charges for services. . . . .	\$ 432,151	\$ 6,436,615	\$ 6,868,766
Cash payments for purchased services. . . . .	(29,513)	(806,703)	(836,216)
Cash payments for claims . . . . .	(579,583)	(6,938,422)	(7,518,005)
Net cash provided by operating activities . . . . .	(176,945)	(1,308,510)	(1,485,455)
<b>Cash flows from investing activities:</b>			
Interest received . . . . .	1,270	-	1,270
Net cash provided by investing activities . . . . .	1,270	-	1,270
Net increase in cash and investments . . . . .	(175,675)	(1,308,510)	(1,484,185)
<b>Cash and investments at beginning of year . . .</b>	<b>693,276</b>	<b>4,809,557</b>	<b>5,502,833</b>
<b>Cash and investments at end of year . . . . .</b>	<b>\$ 517,601</b>	<b>\$ 3,501,047</b>	<b>\$ 4,018,648</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss). . . . .	\$ (78,945)	\$ (241,510)	\$ (320,455)
Changes in assets and liabilities:			
Decrease in claims payable. . . . .	(98,000)	(1,067,000)	(1,165,000)
Net cash provided by operating activities . . . . .	\$ (176,945)	\$ (1,308,510)	\$ (1,485,455)



**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, 2016

**HEALTH INSURANCE FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues. . . . .	\$ 14,350,000	\$ 6,436,615	\$ (7,913,385)
Total expenditures. . . . .	<u>12,766,864</u>	<u>11,085,758</u>	<u>1,681,106</u>
Net change in fund balance . . . . .	1,583,136	(4,649,143)	(6,232,279)
Fund balance at beginning of year. . . . .	<u>4,809,557</u>	<u>4,809,557</u>	-
Fund balance at end of year . . . . .	<u>\$ 6,392,693</u>	<u>\$ 160,414</u>	<u>\$ (6,232,279)</u>

**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, OHIO**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<b>Beginning Balance July 1, 2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance June 30, 2016</b>
<b><u>Student Managed Activity Fund</u></b>				
<b>Assets:</b>				
Equity in pooled cash and investments. . . . .	\$ 67,166	\$ 135,648	\$ 138,189	\$ 64,625
Total assets . . . . .	<u>\$ 67,166</u>	<u>\$ 135,648</u>	<u>\$ 138,189</u>	<u>\$ 64,625</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ -	\$ 1,472	\$ -	\$ 1,472
Due to students . . . . .	67,166	134,176	138,189	63,153
Total liabilities . . . . .	<u>\$ 67,166</u>	<u>\$ 135,648</u>	<u>\$ 138,189</u>	<u>\$ 64,625</u>
<b><u>Rotary Fund</u></b>				
<b>Assets:</b>				
Equity in pooled cash and investments. . . . .	\$ 702	\$ 15,551	\$ 15,090	\$ 1,163
Total assets . . . . .	<u>\$ 702</u>	<u>\$ 15,551</u>	<u>\$ 15,090</u>	<u>\$ 1,163</u>
<b>Liabilities:</b>				
Due to others . . . . .	\$ 702	\$ 15,551	\$ 15,090	\$ 1,163
Total liabilities . . . . .	<u>\$ 702</u>	<u>\$ 15,551</u>	<u>\$ 15,090</u>	<u>\$ 1,163</u>
<b><u>Employee Benefits Fund</u></b>				
<b>Assets:</b>				
Equity in pooled cash and investments. . . . .	\$ 173,068	\$ 38,538	\$ 94,286	\$ 117,320
Total assets . . . . .	<u>\$ 173,068</u>	<u>\$ 38,538</u>	<u>\$ 94,286</u>	<u>\$ 117,320</u>
<b>Liabilities:</b>				
Claims payable . . . . .	\$ 20,116	\$ 23,572	\$ 20,116	\$ 23,572
Due to others . . . . .	152,952	14,966	74,170	93,748
Total liabilities . . . . .	<u>\$ 173,068</u>	<u>\$ 38,538</u>	<u>\$ 94,286</u>	<u>\$ 117,320</u>

(Continued)

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

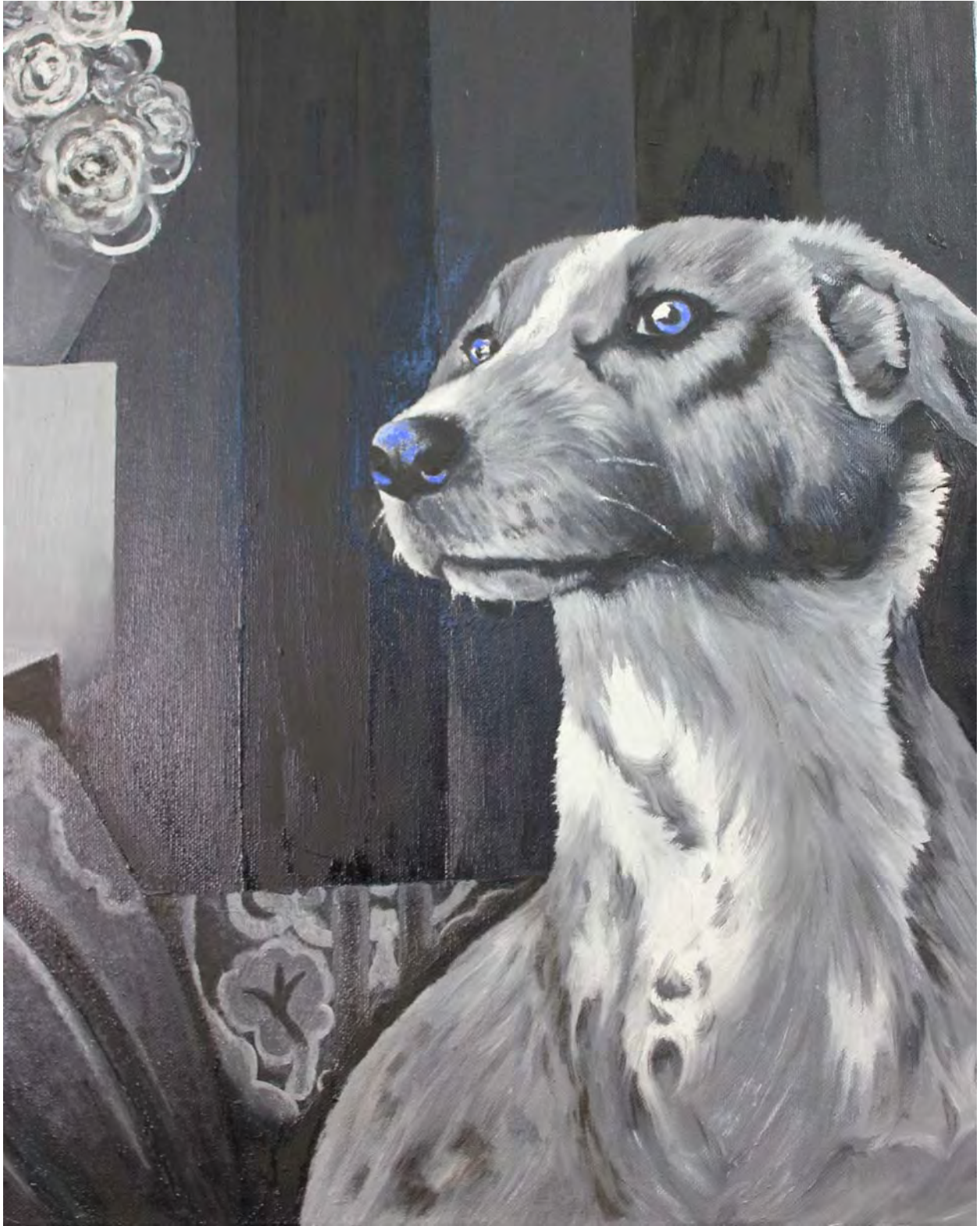
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016 (CONTINUED)

	<b>Beginning Balance July 1, 2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance June 30, 2016</b>
<b><u>District Agency Fund</u></b>				
<b>Assets:</b>				
Equity in pooled cash and investments. . . . .	\$ -	\$ 187,629	\$ 187,629	\$ -
Total assets . . . . .	<u>\$ -</u>	<u>\$ 187,629</u>	<u>\$ 187,629</u>	<u>\$ -</u>
<b>Liabilities:</b>				
Due to students . . . . .	\$ -	\$ 187,629	\$ 187,629	\$ -
Total liabilities . . . . .	<u>\$ -</u>	<u>\$ 187,629</u>	<u>\$ 187,629</u>	<u>\$ -</u>
<b><u>Total Agency Funds</u></b>				
<b>Assets:</b>				
Equity in pooled cash and investments. . . . .	\$ 240,936	\$ 377,366	\$ 435,194	\$ 183,108
Total assets . . . . .	<u>\$ 240,936</u>	<u>\$ 377,366</u>	<u>\$ 435,194</u>	<u>\$ 183,108</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ -	\$ 1,472	\$ -	\$ 1,472
Due to students . . . . .	67,166	321,805	325,818	63,153
Due to others . . . . .	153,654	30,517	89,260	94,911
Claims payable . . . . .	20,116	23,572	20,116	23,572
Total liabilities . . . . .	<u>\$ 240,936</u>	<u>\$ 377,366</u>	<u>\$ 435,194</u>	<u>\$ 183,108</u>

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

*Statistical Section*

KETTERING CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO



Hannah Gatlin – 12<sup>th</sup> 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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	<b>136-149</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	<b>150-157</b>
<b>Debt Capacity</b> 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.	<b>158-165</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	<b>166-169</b>
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**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)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Governmental activities</b>				
Net investment in capital assets	\$ 11,380,187	\$ 14,042,346	\$ 14,593,555	\$ 16,447,133
Restricted for:				
Capital projects	645,202	621,820	316,338	407,428
Debt service	4,356,490	2,524,780	2,058,605	1,873,907
Permanent	14,866	15,468	15,672	15,140
Locally funded programs	-	-	-	-
State funded programs	-	-	-	-
Federally funded programs	-	-	-	-
Student activities	-	-	-	-
Other purposes	589,735	444,932	492,031	878,676
Unrestricted (deficit)	4,671,211	4,329,914	6,014,488	2,157,873
Total governmental activities net position	<u>\$ 21,657,691</u>	<u>\$ 21,979,260</u>	<u>\$ 23,490,689</u>	<u>\$ 21,780,157</u>

**Source:** District financial records.

(1) Amounts have been restated to reflect implementation of GASB Statement No. 68 and 71 which was implemented in 2015.



<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014 (1)</b>	<b>2015</b>	<b>2016</b>
\$ 18,472,838	\$ 19,433,829	\$ 21,078,401	\$ 23,611,501	\$ 26,144,415	\$ 28,744,903
575,916	700,616	742,890	834,883	1,134,197	501,355
3,014,264	3,224,803	2,880,116	2,696,993	2,998,825	2,824,484
15,156	14,577	14,017	13,695	13,522	13,353
-	-	20,312	-	-	-
-	-	30,354	260,053	1,408,671	126,319
-	-	1,075,191	197,904	1,124,813	210,672
-	-	209,881	290,476	339,644	384,726
574,799	725,954	747,872	839,948	851,755	1,085,783
4,720,582	5,461,309	(280,522)	(128,483,988)	(118,893,609)	(112,723,237)
<u>\$ 27,373,555</u>	<u>\$ 29,561,088</u>	<u>\$ 26,518,512</u>	<u>\$ (99,738,535)</u>	<u>\$ (84,877,767)</u>	<u>\$ (78,831,642)</u>

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

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Expenses</b>				
Governmental activities:				
Instruction:				
Regular	\$ 33,962,450	\$ 33,619,843	\$ 35,494,431	\$ 36,080,724
Special	7,999,070	7,840,416	8,267,476	9,075,308
Vocational	2,047,759	2,091,488	2,206,443	2,726,098
Adult/continuing	34,254	37,255	41,716	80,190
Other instructional	4,373,656	4,253,666	2,706,076	2,333,372
Support services:				
Pupil	6,663,259	6,520,008	7,662,489	8,570,082
Instructional staff	4,749,251	4,766,122	4,710,916	5,617,159
Board of education	66,612	68,541	73,370	67,166
Administration	6,822,367	6,889,537	6,918,465	5,676,841
Fiscal	1,796,626	1,899,405	1,894,159	1,570,448
Business	595,008	612,826	574,690	617,931
Operations and maintenance	7,812,668	8,595,610	8,463,308	8,764,444
Pupil transportation	3,077,737	3,421,844	3,319,938	3,531,497
Central	1,733,260	1,723,029	1,772,667	1,895,046
Operation of non-instructional services	4,797,572	4,774,211	4,724,183	4,730,528
Extracurricular activities	1,733,777	1,862,353	2,000,014	1,841,347
Debt service:				
Interest and fiscal charges	3,929,935	4,644,799	4,423,719	4,321,249
Total governmental activities expenses	<u>\$ 92,195,261</u>	<u>\$ 93,620,953</u>	<u>\$ 95,254,060</u>	<u>\$ 97,499,430</u>

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 35,764,848	\$ 34,695,073	\$ 35,679,782	\$ 36,363,264	\$ 41,231,524	\$ 37,126,604
9,096,792	9,646,917	9,745,956	12,931,044	12,022,267	12,699,706
2,695,255	2,711,654	2,765,023	2,630,263	2,390,795	2,598,543
87,962	55,404	91,829	92,941	105,455	140,961
2,273,126	3,462,802	3,982,459	4,515,328	4,602,409	4,705,340
7,761,518	7,599,142	7,444,865	7,399,986	7,191,640	7,567,845
5,749,533	6,118,959	6,052,370	3,465,511	3,883,487	4,136,935
62,685	66,586	53,648	78,949	40,157	49,887
5,250,963	5,870,320	5,533,408	5,684,412	5,521,070	5,960,346
1,785,522	1,753,709	1,740,590	1,962,857	2,131,832	2,104,772
591,628	657,346	489,754	550,804	504,545	588,140
8,877,007	8,338,608	8,183,719	8,006,649	8,038,558	9,158,808
3,531,175	3,751,327	3,803,988	3,860,361	3,762,241	3,821,722
1,927,323	1,830,592	1,800,269	877,877	940,385	1,512,012
5,473,549	5,316,205	5,781,286	5,337,227	6,036,568	5,796,310
1,776,337	1,574,598	1,522,424	1,478,447	1,482,241	1,539,334
4,211,670	4,041,701	4,139,486	3,874,893	3,685,941	3,435,947
<u>\$ 96,916,893</u>	<u>\$ 97,490,943</u>	<u>\$ 98,810,856</u>	<u>\$ 99,110,813</u>	<u>\$ 103,571,115</u>	<u>\$ 102,943,212</u>

(Continued)

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

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

<b>Program revenues</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Governmental activities:				
Charges for services and sales:				
Instruction:				
Regular	\$ 571,307	\$ 678,013	\$ 477,910	\$ 552,513
Special	155,477	104,445	74,964	34,700
Vocational	-	-	-	-
Adult/continuing	16,750	28,008	30,352	42,500
Support services:				
Pupil	-	-	-	119,368
Instructional staff	401,284	674,654	513,678	471,644
Administration	49,277	46,140	51,507	-
Business	-	-	-	-
Operations and maintenance	-	-	-	-
Pupil transportation	-	-	-	-
Central	-	-	-	-
Operation of non-instructional services	1,831,394	1,792,888	1,767,093	1,687,589
Extracurricular activities	666,435	509,738	488,330	700,425
Operating grants and contributions:				
Instruction:				
Regular	329,286	296,781	226,969	7,473,371
Special	2,582,847	2,497,407	2,912,482	3,346,402
Vocational	283,366	294,615	353,015	286,128
Adult/continuing	39,579	31,823	43,281	98,527
Other instructional	-	-	-	-
Support services:				
Pupil	259,281	601,674	788,766	1,055,244
Instructional staff	285,300	479,462	568,709	850,810
Board of education	-	-	-	-
Administration	204,007	254,747	246,945	579,451
Operations and maintenance	-	-	20,437	598,523
Pupil transportation	181,267	1,070,470	1,323,273	898,521
Central	61,234	69,871	72,533	162,603
Operation of non-instructional services	2,550,820	2,794,445	2,807,184	3,081,388
Extracurricular activities	-	-	-	-
Capital grants and contributions:				
Instruction:				
Regular	-	-	-	-
Support services:				
Operations and maintenance	111,299	107,095	72,312	83,724
Central	-	50,923	-	-
Total governmental program revenues	<u>10,580,210</u>	<u>12,383,199</u>	<u>12,839,740</u>	<u>22,123,431</u>
<b>Net (expense)/revenue</b>				
Governmental activities	(81,615,051)	(81,237,754)	(82,414,320)	(75,375,999)
Total primary government net expense	<u>\$ (81,615,051)</u>	<u>\$ (81,237,754)</u>	<u>\$ (82,414,320)</u>	<u>\$ (75,375,999)</u>

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$	491,487	\$ 766,581	\$ 963,092	\$ 833,159	\$ 484,616	\$ 935,793
	-	226,565	174,734	160,630	163,978	253,057
	169,574	59,929	50,520	91,964	86,416	20,333
	-	-	-	-	-	66,722
	446,810	124,352	257,003	291,301	360,981	445,199
	255,312	155,842	182,229	179,752	263,346	321,760
	-	-	29,939	13,579	17,527	19,388
	-	-	-	-	1,148	-
	-	-	151,458	55,884	47,428	75,807
	36,955	45,698	42,356	42,201	45,477	48,018
	-	804	2,180	2,585	682	496
	2,040,451	2,101,177	1,977,126	1,951,446	2,070,894	2,223,488
	662,649	691,845	456,719	430,862	433,890	437,980
	8,377,327	370,134	130,978	185,977	7,754,536	134,776
	3,086,493	3,445,819	3,258,348	4,007,433	4,550,043	3,666,080
	293,519	294,535	303,589	423,911	444,481	387,753
	97,720	56,783	83,735	96,774	121,631	133,368
	-	-	88,603	82,781	101,664	69,890
	534,663	588,001	409,911	285,134	333,734	263,071
	963,601	830,284	963,951	295,220	808,276	487,272
	-	-	41	2,400	-	-
	635,090	294,143	289,339	297,761	424,293	283,419
	684,787	41,188	16,703	23	222	3,341
	1,269,191	30,503	253,873	270,393	270,705	278,869
	222,777	33,267	218,948	18,804	19,835	19,818
	1,696,423	3,258,352	3,191,496	3,398,721	3,869,754	3,824,287
	-	2,325	7,185	2,148	8,252	3,266
	-	-	-	-	562,204	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>21,964,829</u>	<u>13,418,127</u>	<u>13,504,056</u>	<u>13,420,843</u>	<u>23,246,013</u>	<u>14,403,251</u>
	<u>(74,952,064)</u>	<u>(84,072,816)</u>	<u>(85,306,800)</u>	<u>(85,689,970)</u>	<u>(80,325,102)</u>	<u>(88,539,961)</u>
\$	<u><u>(74,952,064)</u></u>	<u><u>(84,072,816)</u></u>	<u><u>(85,306,800)</u></u>	<u><u>(85,689,970)</u></u>	<u><u>(80,325,102)</u></u>	<u><u>(88,539,961)</u></u>

(Continued)

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

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>General revenues and other changes in net position</b>				
Governmental activities:				
Property taxes	\$ 60,149,130	\$ 58,323,623	\$ 57,874,816	\$ 53,552,069
Payment in lieu of taxes	-	-	-	-
Grants and entitlements not restricted to specific programs	18,921,497	21,120,885	24,253,458	18,883,431
Investment earnings	1,670,128	1,215,189	654,210	184,639
Net increase/(decrease) in fair market value of investments	-	-	-	-
Miscellaneous	902,832	899,626	1,143,265	1,045,328
Total governmental activities	<u>81,643,587</u>	<u>81,559,323</u>	<u>83,925,749</u>	<u>73,665,467</u>
<b>Change in net position</b>				
Governmental activities	<u>\$ 28,536</u>	<u>\$ 321,569</u>	<u>\$ 1,511,429</u>	<u>\$ (1,710,532)</u>

**Source:** District financial records.

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 61,540,434	\$ 61,048,275	\$ 57,281,151	\$ 65,014,848	\$ 68,245,757	\$ 66,924,832
-	151,425	582,655	633,323	406,797	402,177
18,477,287	25,145,742	23,933,755	24,145,012	26,015,342	25,162,006
73,241	95,301	91,520	162,671	68,161	124,392
-	21,193	(140,157)	-	-	-
454,500	532,700	515,300	461,224	449,813	1,972,679
<u>80,545,462</u>	<u>86,994,636</u>	<u>82,264,224</u>	<u>90,417,078</u>	<u>95,185,870</u>	<u>94,586,086</u>
<u>\$ 5,593,398</u>	<u>\$ 2,921,820</u>	<u>\$ (3,042,576)</u>	<u>\$ 4,727,108</u>	<u>\$ 14,860,768</u>	<u>\$ 6,046,125</u>

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

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>General fund:</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	3,604,839	4,124,451	3,963,090	1,706,751
Unreserved (deficit)	<u>5,757,962</u>	<u>4,261,563</u>	<u>5,797,826</u>	<u>1,957,847</u>
Total general fund	<u>9,362,801</u>	<u>8,386,014</u>	<u>9,760,916</u>	<u>3,664,598</u>
<b>All other governmental funds:</b>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned (deficit)	-	-	-	-
Reserved	1,524,602	1,104,400	677,325	688,912
Unreserved (deficit), reported in:				
Special revenue funds	1,131,065	1,233,206	1,070,848	1,346,377
Debt service funds	4,035,349	2,914,350	2,309,582	2,236,522
Capital projects funds	134,847	176,958	253,203	352,429
Permanent fund	<u>2,065</u>	<u>2,667</u>	<u>2,871</u>	<u>2,339</u>
Total all other governmental funds	<u>6,827,928</u>	<u>5,431,581</u>	<u>4,313,829</u>	<u>4,626,579</u>
Total governmental funds	<u>\$ 16,190,729</u>	<u>\$ 13,817,595</u>	<u>\$ 14,074,745</u>	<u>\$ 8,291,177</u>

**Source:** District financial records.

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



<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 254,318	\$ 111,440	\$ 221,889	\$ 241,196	\$ 253,919	\$ 298,314
655,959	755,801	2,641,974	5,325,510	8,280,756	9,876,858
5,245,949	6,233,898	-	-	997,964	5,679,056
-	-	-	-	-	-
-	-	-	-	-	-
<u>6,156,226</u>	<u>7,101,139</u>	<u>2,863,863</u>	<u>5,566,706</u>	<u>9,532,639</u>	<u>15,854,228</u>
65,747	60,665	69,292	75,208	23,744	23,972
5,432,381	5,996,748	5,422,499	6,211,091	6,411,211	5,349,526
-	-	20,682	20,745	18,285	5,523
(403,080)	(534,876)	(432,084)	(644,271)	(304,556)	(1,355,877)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,095,048</u>	<u>5,522,537</u>	<u>5,080,389</u>	<u>5,662,773</u>	<u>6,148,684</u>	<u>4,023,144</u>
<u>\$ 11,251,274</u>	<u>\$ 12,623,676</u>	<u>\$ 7,944,252</u>	<u>\$ 11,229,479</u>	<u>\$ 15,681,323</u>	<u>\$ 19,877,372</u>

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

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Revenues</b>				
From local sources:				
Property taxes	\$ 61,267,771	\$ 57,556,743	\$ 57,658,781	\$ 52,813,987
Payment in lieu of taxes	-	-	-	-
Tuition	609,365	613,261	693,321	763,831
Transportation fees	157,477	104,445	74,964	34,700
Earnings on investments	1,653,214	1,205,909	680,404	184,639
Net increase/(decrease) in fair market value of investments	-	-	-	-
Charges for services	1,827,929	1,792,888	1,767,093	1,687,589
Extracurricular	892,333	735,312	701,920	683,015
Classroom materials and fees	260,652	251,374	205,572	181,273
Rental income	-	-	-	-
Contributions and donations	-	-	-	-
Contract services	-	-	-	-
Other local revenues	847,000	1,236,232	1,104,229	1,303,659
Intergovernmental	25,771,927	29,622,757	33,117,698	37,499,623
Total revenues	<u>93,287,668</u>	<u>93,118,921</u>	<u>96,003,982</u>	<u>95,152,316</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	32,288,016	32,454,270	33,672,384	35,757,961
Special	7,842,597	7,775,400	8,147,614	9,112,354
Vocational	2,001,139	1,987,377	2,091,786	2,603,181
Adult/continuing	34,254	37,255	41,716	80,097
Other	4,373,656	4,253,666	2,706,076	2,330,680
Support services:				
Pupil	6,559,484	6,523,471	7,655,385	8,670,527
Instructional staff	4,543,760	4,675,328	4,638,447	5,556,122
Board of education	66,612	68,541	73,370	67,089
Administration	6,537,621	6,716,620	6,680,120	5,811,186
Fiscal	1,777,309	1,884,587	1,900,061	1,572,373
Business	536,772	568,496	571,214	610,412
Operations and maintenance	7,885,136	8,276,731	8,323,159	8,757,425
Pupil transportation	2,758,153	3,352,988	3,505,177	3,448,507
Central	2,082,946	1,667,372	1,689,751	1,857,867
Operation of non-instructional services	4,600,634	4,832,456	4,625,262	4,680,816
Extracurricular activities	1,630,658	1,676,487	1,724,190	1,667,391
Facilities acquisition and construction	2,119,606	558,345	34,781	459,417
Debt service:				
Principal retirement	2,925,887	3,746,555	3,228,503	3,522,002
Interest and fiscal charges	4,888,769	4,716,400	4,466,790	4,364,486
Bond issuance costs	-	-	-	-
Total expenditures	<u>\$ 95,453,009</u>	<u>\$ 95,772,345</u>	<u>\$ 95,775,786</u>	<u>\$ 100,929,893</u>

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 61,900,078	\$ 61,313,023	\$ 58,566,436	\$ 64,774,216	\$ 68,112,932	\$ 66,964,174
-	151,425	582,655	633,323	406,797	402,177
715,907	1,003,619	1,291,273	1,240,584	1,078,899	1,701,906
36,955	45,698	42,356	42,201	45,477	48,018
73,241	95,301	82,560	168,717	74,313	127,867
-	21,193	(140,157)	-	-	-
1,585,503	1,579,194	1,487,003	1,430,120	1,424,763	1,531,369
678,487	696,663	698,243	654,001	660,066	656,823
179,143	193,980	158,212	164,675	167,984	165,706
-	-	136,758	55,433	47,428	75,807
-	-	90,545	77,654	76,582	100,205
-	-	473,511	466,125	526,147	575,937
1,361,743	1,186,339	562,405	459,448	475,432	2,157,578
35,689,575	34,521,364	32,495,959	34,194,621	43,333,152	36,168,258
<u>102,220,632</u>	<u>100,807,799</u>	<u>96,527,759</u>	<u>104,361,118</u>	<u>116,429,972</u>	<u>110,675,825</u>
34,765,833	33,628,807	34,747,413	35,291,949	42,869,785	36,206,615
9,056,671	9,629,379	9,838,655	12,704,073	12,881,537	12,748,248
2,693,124	2,672,615	2,691,544	2,608,737	2,530,733	2,532,114
88,051	55,383	82,493	102,281	110,171	143,698
2,275,425	3,461,507	3,983,494	4,507,303	4,612,838	4,707,311
7,873,544	7,567,554	7,481,367	7,411,865	7,747,320	7,540,388
5,732,142	6,115,213	6,122,031	3,415,173	4,027,511	4,121,704
62,748	66,561	53,648	78,949	40,157	49,887
5,232,622	5,679,526	5,418,708	5,548,374	5,738,086	5,859,133
1,781,258	1,756,320	1,752,336	1,947,797	2,218,653	2,108,463
588,832	521,438	519,095	519,969	537,359	573,723
8,808,022	8,331,933	8,137,122	8,412,588	8,363,446	9,577,240
3,350,422	3,823,489	3,810,720	3,852,619	3,906,427	3,937,663
1,866,437	1,814,594	1,780,400	937,351	995,181	1,493,489
5,451,706	5,149,411	5,736,424	5,181,719	6,098,387	5,705,429
1,605,143	1,408,717	1,364,531	1,272,279	1,328,980	1,400,977
126,392	34,312	209,674	2,676,433	213,335	90,270
3,640,783	3,436,113	3,538,464	3,738,427	4,178,654	4,300,158
4,254,556	4,134,565	3,613,066	3,692,977	3,580,378	3,441,977
-	-	277,689	74,812	-	-
<u>\$ 99,253,711</u>	<u>\$ 99,287,437</u>	<u>\$ 101,158,874</u>	<u>\$ 103,975,675</u>	<u>\$ 111,978,938</u>	<u>\$ 106,538,487</u>

(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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Excess of revenues over (under) expenditures	\$ (2,165,341)	\$ (2,653,424)	\$ 228,196	\$ (5,777,577)
<b>Other financing sources (uses)</b>				
Issuance of general obligation bonds	-	-	-	-
Premium on general obligation bonds	-	-	-	-
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	1,155,270	281,708	-	-
Sale of assets	-	-	-	-
Transfers in	58,574	13,500	13,500	343,500
Transfers (out)	(58,574)	(13,500)	(13,500)	(343,500)
Total other financing sources (uses)	<u>2,036,413</u>	<u>281,708</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (128,928)</u>	<u>\$ (2,371,716)</u>	<u>\$ 228,196</u>	<u>\$ (5,777,577)</u>
Debt service as a percentage of noncapital expenditures	8.42%	8.90%	8.09%	7.84%

**Source:** District financial records.

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$	2,966,921	\$ 1,520,362	\$ (4,631,115)	\$ 385,443	\$ 4,451,034	\$ 4,137,338
	-	-	-	2,823,000	-	-
	-	-	-	73,122	-	-
	-	-	14,979,940	-	-	-
	-	-	1,223,592	-	-	-
	-	-	(16,247,473)	-	-	-
	-	-	-	-	-	-
	-	-	6,000	-	-	-
	13,500	13,500	13,500	13,500	13,500	18,500
	(13,500)	(13,500)	(13,500)	(13,500)	(13,500)	(18,500)
	-	-	(37,941)	2,896,122	-	-
\$	<u>2,966,921</u>	<u>\$ 1,520,362</u>	<u>\$ (4,669,056)</u>	<u>\$ 3,281,565</u>	<u>\$ 4,451,034</u>	<u>\$ 4,137,338</u>
	7.99%	7.66%	7.11%	7.39%	7.01%	7.33%

**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	2007	2008	2009	2010	2011
<b>Real Property</b>					
Assessed	\$ 1,275,658,100	\$ 1,284,465,470	\$ 1,287,214,020	\$ 1,307,881,230	\$ 1,281,069,450
Actual	3,644,737,429	3,669,901,343	3,677,754,343	3,736,803,514	3,660,198,429
<b>Public Utility</b>					
Assessed	66,290,158	61,379,830	67,124,670	72,380,190	78,792,780
Actual	75,329,725	69,749,807	76,278,034	82,250,216	89,537,250
<b>Tangible Personal Property</b>					
Assessed	61,403,477	50,549,093	6,132,430	1,002,490	-
Actual	491,227,816	808,785,488	61,324,300	10,024,900	-
<b>Total</b>					
Assessed	1,403,351,735	1,396,394,393	1,360,471,120	1,381,263,910	1,359,862,230
Actual	4,211,294,970	4,548,436,638	3,815,356,677	3,829,078,630	3,749,735,679
<b>Assessed Value as a Percentage of Actual Value</b>					
	33.32%	30.70%	35.66%	36.07%	36.27%
<b>Total Direct Tax Rate</b>					
	\$67.80	\$71.30	\$72.20	\$73.10	\$78.00

**Source:** Montgomery County Auditor, Ohio Department of Taxation

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

**Note:** 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.

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
\$ 1,169,058,260	\$ 1,172,169,030	\$ 1,166,011,970	\$ 1,112,021,360	\$ 1,115,708,750
3,340,166,457	3,349,054,371	3,331,462,771	3,177,203,886	3,187,739,286
80,829,600	102,770,980	112,802,920	114,250,870	117,490,250
91,851,818	116,785,205	128,185,136	129,830,534	133,511,648
-	-	-	-	-
-	-	-	-	-
1,249,887,860	1,274,940,010	1,278,814,890	1,226,272,230	1,233,199,000
3,432,018,275	3,465,839,576	3,459,647,908	3,307,034,420	3,321,250,934
36.42%	36.79%	36.96%	37.08%	37.13%
\$78.00	\$78.00	\$82.89	\$82.99	\$82.99

**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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Direct district rates</b>				
General fund	\$61.70	\$66.60	\$66.60	\$67.50
Permanent improvement fund	0.60	0.60	0.60	0.60
Bond retirement fund	5.50	4.10	5.00	5.00
Total	<u>67.80</u>	<u>71.30</u>	<u>72.20</u>	<u>73.10</u>
<b>Overlapping rates</b>				
City of Kettering	6.80	6.80	6.79	6.79
City of Moraine	2.50	2.50	2.50	2.50
Montgomery County	15.74	17.74	17.74	17.74
Sinclair Community College	2.50	2.50	3.20	3.20
Greene County	11.55	11.55	12.25	12.25
Dayton Metro Library	1.25	1.25	1.25	1.75
Total	<u>\$108.14</u>	<u>\$113.64</u>	<u>\$115.93</u>	<u>\$117.33</u>

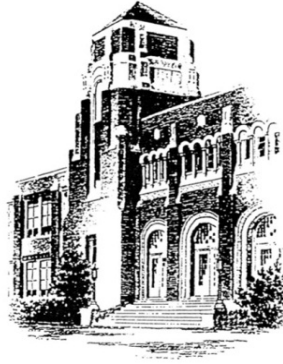
**Source:** Montgomery County Auditor, Ohio Department of Taxation

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



<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$71.50	\$71.50	\$71.50	\$76.39	\$76.39	\$76.39
0.60	0.60	0.60	0.60	0.60	0.60
5.90	5.90	5.90	5.90	6.00	6.00
<u>78.00</u>	<u>78.00</u>	<u>78.00</u>	<u>82.89</u>	<u>82.99</u>	<u>82.99</u>
6.79	6.79	6.79	6.79	6.79	6.79
2.50	2.50	2.50	2.50	2.50	2.50
17.74	17.74	17.74	17.74	18.74	18.74
3.20	3.20	3.20	3.20	3.20	4.20
12.25	12.25	12.25	12.25	12.65	14.45
1.75	1.75	3.31	3.31	3.31	3.31
<u>\$122.23</u>	<u>\$122.23</u>	<u>\$123.79</u>	<u>\$128.68</u>	<u>\$130.18</u>	<u>\$132.98</u>

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



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

PRINCIPAL TAXPAYERS  
REAL ESTATE AND PUBLIC UTILITY PROPERTY TAXES  
DECEMBER 31, 2015 AND DECEMBER 31, 2006

		<b>December 31, 2015</b>		
<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>Percent of Total Assessed Value</u>
Dayton Power and Light	Gas and Electric Utility	\$107,896,540	1	8.80%
Vectren Energy Delivery of Ohio	Utility	12,705,350	2	1.04%
Reynolds and Reynolds Co.	Fortune 1000	11,948,960	3	0.97%
Huber Management Corp.	Property Management	8,558,290	4	0.70%
F1 Kettering LLC	Real Estate	6,935,420	5	0.57%
Miami Valley Research Foundation	Research	5,556,260	6	0.45%
Residenz LLC	Property Management	4,580,530	7	0.37%
Dayton Town and Country	Property Management	4,485,640	8	0.37%
BWIP Georgetown Owner LLC	Real Estate	4,460,000	9	0.36%
MIMG LXXXIX Van Buren Village	Property Management	4,368,700	10	0.36%
Total Principal Taxpayers		171,495,690		13.99%
All Others		1,054,776,540		86.01%
Total Assessed Value		<u>\$1,226,272,230</u>		<u>100.00%</u>

		<b>December 31, 2006</b>		
<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>Percent of Total Assessed Value</u>
Dayton Power and Light	Utility	\$51,747,940	1	3.87%
Delphi Automotive	Auto parts plant	9,971,080	2	0.75%
General Motors Corporation	Automotive manufacturer	9,807,410	3	0.73%
Reynolds and Reynolds Co.	Retail business forms	8,392,250	4	0.63%
Forward One, LLC	Banking Services	7,710,140	5	0.58%
Residenz	Nursing Home	7,389,380	6	0.55%
Vectren	Utility	6,774,930	7	0.51%
Ohio Bell	Telephone Utility	5,844,380	8	0.44%
Dayton Town & Country	Property Management	4,920,920	9	0.37%
Lincoln Park Association	Property Management	4,118,160	10	0.31%
Total Principal Taxpayers		116,676,590		8.74%
All Others		1,220,813,228		91.26%
Total Assessed Value		<u>\$1,337,489,818</u>		<u>100.00%</u>

**Source:** Montgomery County Auditor - Land and Buildings based on valuation of property in 2015 and 2006

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

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

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN CALENDAR YEARS

Collection Year	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Total Tax Levy (1)</b>	\$ 59,374,793	\$ 55,461,256	\$ 56,386,305
<b>Collections within the Fiscal Year of the Levy</b>			
Current Tax Collections (2)	\$ 57,609,301	\$ 55,134,931	\$ 54,818,766
Percent of Levy Collected	97.03%	99.41%	97.22%
Delinquent Tax Collections	<u>3,273,718</u>	<u>1,608,958</u>	<u>4,163,001</u>
Total Tax Collections	<u>\$ 60,883,019</u>	<u>\$ 56,743,889</u>	<u>\$ 58,981,767</u>
<b>Percent of Total Tax Collections To Tax Levy</b>	102.54%	102.31%	104.60%
<b>Accumulated Outstanding Delinquent Taxes (3)</b>	\$ 2,426,623	\$ 2,386,797	\$ 2,464,561
<b>Percentage of Accumulated Delinquent Taxes to Total Tax Levy</b>	4.09%	4.30%	4.37%

**Source:** Montgomery and Greene County Auditor's Offices

**Notes:**

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

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.

- (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.

<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
\$ 54,771,300	\$ 58,823,873	\$ 69,552,184	\$ 67,660,920	\$ 76,121,264	\$ 74,540,824	\$ 75,038,035
\$ 53,730,645	\$ 57,247,393	\$ 67,400,196	\$ 65,734,803	\$ 74,133,882	\$ 72,672,977	\$ 72,869,095
98.10%	97.32%	96.91%	97.15%	97.39%	97.49%	97.11%
3,852,544	2,385,567	940,112	2,492,740	2,482,559	1,607,891	2,032,735
<u>\$ 57,583,189</u>	<u>\$ 59,632,960</u>	<u>\$ 68,340,308</u>	<u>\$ 68,227,543</u>	<u>\$ 76,616,441</u>	<u>\$ 74,280,868</u>	<u>\$ 74,901,830</u>
105.13%	101.38%	98.26%	100.84%	100.65%	99.65%	99.82%
\$ 2,547,957	\$ 2,861,478	\$ 2,842,448	\$ 2,483,646	\$ 2,478,575	\$ 2,611,400	\$ 2,572,058
4.65%	4.86%	4.09%	3.67%	3.26%	3.50%	3.43%

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

RATIO OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Governmental activities (1)</b>				
General obligation bonds payable*	\$ 110,372,671	\$ 106,752,841	\$ 103,756,937	\$ 100,479,968
Capital leases	1,646,041	1,573,354	1,115,843	648,868
Total primary government	<u>\$ 112,018,712</u>	<u>\$ 108,326,195</u>	<u>\$ 104,872,780</u>	<u>\$ 101,128,836</u>
<b>Population (2)</b>				
Cities of Kettering and Moraine	64,399	64,399	64,399	64,399
Outstanding debt per capita*	1,739	1,682	1,628	1,570
<b>Income (3)</b>				
Personal (in thousands)	\$ 2,012,242	\$ 2,063,213	\$ 2,297,048	\$ 2,267,786
Percentage of personal income*	5.57%	5.25%	4.57%	4.46%

**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 include premiums, discounts, and accreted interest on bonds.

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
\$ 97,096,944	\$ 93,593,522	\$ 90,714,795	\$ 89,776,084	\$ 85,503,967	\$ 81,085,012
172,361	-	-	-	-	-
<u>\$ 97,269,305</u>	<u>\$ 93,593,522</u>	<u>\$ 90,714,795</u>	<u>\$ 89,776,084</u>	<u>\$ 85,503,967</u>	<u>\$ 81,085,012</u>
62,470	62,470	62,470	62,470	62,470	62,470
1,557	1,498	1,452	1,437	1,369	1,298
\$ 2,015,923	\$ 2,067,089	\$ 2,067,089	\$ 2,119,372	\$ 2,184,210	N/A
4.83%	4.53%	4.39%	4.24%	3.91%	N/A

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

RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS

Year	2007	2008	2009	2010
<b>Population</b> (1)	64,399	64,399	64,399	64,399
<b>Assessed value</b> (in thousands) (2)	\$ 1,403,352	\$ 1,396,394	\$ 1,360,471	\$ 1,381,264
<b>Estimated actual value</b> (in thousands) (2)	4,211,295	4,548,437	3,815,357	3,829,079
<b>General bonded debt</b> (3)				
General obligation bonds*	110,372,671	106,752,841	103,756,937	100,479,968
<b>Resources available to pay principal</b> (4)	4,356,490	2,524,780	2,058,605	1,873,907
<b>Net general bonded debt</b> *	106,016,181	104,228,061	101,698,332	98,606,061
<b>Ratio of net general bonded Debt to assessed value</b> *	7.55%	7.46%	7.48%	7.14%
<b>Ratio of net general bonded Debt to estimated actual value</b>	2.52%	2.29%	2.67%	2.58%
<b>Net general bonded debt per capita</b> *	\$ 1,646	\$ 1,618	\$ 1,579	\$ 1,531

**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) Represents the restricted for debt service balance on the statement of net position

\*Balances of general obligation bonds, ratios of net bonded debt to assessed value, and net bonded debt per capita include premiums, discounts, and accreted interest on bonds.



<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
62,470	62,470	62,470	62,470	62,470	62,470
\$ 1,359,862	\$ 1,249,888	\$ 1,274,940	\$ 1,278,815	\$ 1,226,272	\$ 1,233,199
3,749,736	3,432,018	3,465,840	3,459,648	3,307,034	3,321,251
97,096,944	93,593,522	90,714,795	89,776,084	85,503,967	81,085,012
3,014,264	3,224,803	2,880,116	2,696,993	2,998,825	2,824,484
94,082,680	90,368,719	87,834,679	87,079,091	82,505,142	78,260,528
6.92%	7.23%	6.89%	6.81%	6.73%	6.35%
2.51%	2.63%	2.53%	2.52%	2.49%	2.36%
\$ 1,506	\$ 1,447	\$ 1,406	\$ 1,394	\$ 1,321	\$ 1,253

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



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

COMPUTATION OF DIRECT AND OVERLAPPING  
DEBT ATTRIBUTABLE TO GOVERNMENTAL ACTIVITIES  
JUNE 30, 2016

<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>
<b>Direct:</b>			
Kettering City School District	\$ 81,085,012	100.00%	\$ 81,085,012
<b>Overlapping:</b>			
Montgomery County	27,229,728	13.48%	3,670,567
City of Kettering	27,988,792	98.56%	27,585,753
City of Moraine	6,787,090	72.44%	4,916,568
Greene County	23,800,649	0.34%	80,922
Dayton Metro Library	169,280,000	17.14%	29,014,592
Subtotal	<u>255,086,259</u>		<u>65,268,402</u>
Total	<u>\$ 336,171,271</u>		<u>\$ 146,353,414</u>

**Source:** Ohio Municipal Advisory Council

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

All outstanding debt amounts for the overlapping subdivisions are as of December 31, 2015 as this is the latest information available.

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

**DEBT LIMITATIONS  
LAST TEN FISCAL YEARS**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Net Assessed Valuation</b>	\$ 1,403,351,735	\$ 1,396,394,393	\$ 1,360,471,120	\$ 1,381,263,910
<b>Overall Direct Debt Limitation</b>				
Legal Debt Limitation (%) (1)	9.00%	9.00%	9.00%	9.00%
Legal Debt Limitation (\$) (1)	126,301,656	125,675,495	122,442,401	124,313,752
Applicable District Debt Outstanding	103,339,979	100,184,979	97,489,979	94,514,979
Less: Applicable Debt Service				
Fund Amounts (2)	<u>(4,356,490)</u>	<u>(2,524,780)</u>	<u>(2,058,605)</u>	<u>(1,873,907)</u>
Net Indebtedness Subject to Limitation	<u>98,983,489</u>	<u>97,660,199</u>	<u>95,431,374</u>	<u>92,641,072</u>
Overall Legal Debt Margin	<u>\$ 27,318,167</u>	<u>\$ 28,015,296</u>	<u>\$ 27,011,027</u>	<u>\$ 31,672,680</u>
<b>Unvoted Direct Debt Limitation</b>				
Legal Debt Limitation (%) (1)	0.10%	0.10%	0.10%	0.10%
Legal Debt Limitation (\$) (1)	\$ 1,403,352	\$ 1,396,394	\$ 1,360,471	\$ 1,381,264
Applicable District Debt Outstanding	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unvoted Legal Debt Margin	<u>\$ 1,403,352</u>	<u>\$ 1,396,394</u>	<u>\$ 1,360,471</u>	<u>\$ 1,381,264</u>
<b>Energy Conservation Bond Limitation</b>				
Legal Debt Limitation (%) (1)	0.90%	0.90%	0.90%	0.90%
Legal Debt Limitation (\$) (1)	\$ 12,630,166	\$ 12,567,550	\$ 12,244,240	\$ 12,431,375
Authorized by the Board	<u>(970,910)</u>	<u>(733,750)</u>	<u>(657,758)</u>	<u>(577,731)</u>
Unvoted Energy Conservation				
Bond Legal Debt Margin	<u>\$ 11,659,256</u>	<u>\$ 11,833,800</u>	<u>\$ 11,586,482</u>	<u>\$ 11,853,644</u>
<b>Total Net Indebtedness Subject to Limitation as a Percentage of Debt Limit</b>	78.37%	77.71%	77.94%	74.52%

(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.

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 1,359,862,230	\$ 1,249,887,860	\$ 1,274,940,010	\$ 1,278,814,890	\$ 1,226,272,230	\$ 1,233,199,000
9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
122,387,601	112,489,907	114,744,601	115,093,340	110,364,501	110,987,910
91,434,979	88,524,990	85,079,930	81,852,930	78,432,980	74,381,980
<u>(3,014,264)</u>	<u>(3,224,803)</u>	<u>(3,449,104)</u>	<u>(3,502,105)</u>	<u>(3,480,330)</u>	<u>(3,486,254)</u>
<u>88,420,715</u>	<u>85,300,187</u>	<u>81,630,826</u>	<u>78,350,825</u>	<u>74,952,650</u>	<u>70,895,726</u>
<u>\$ 33,966,886</u>	<u>\$ 27,189,720</u>	<u>\$ 33,113,775</u>	<u>\$ 36,742,515</u>	<u>\$ 35,411,851</u>	<u>\$ 40,092,184</u>
0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
\$ 1,359,862	\$ 1,249,888	\$ 1,274,940	\$ 1,278,815	\$ 1,226,272	\$ 1,233,199
-	-	-	-	-	-
<u>\$ 1,359,862</u>	<u>\$ 1,249,888</u>	<u>\$ 1,274,940</u>	<u>\$ 1,278,815</u>	<u>\$ 1,226,272</u>	<u>\$ 1,233,199</u>
0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
\$ 12,238,760	\$ 11,248,991	\$ 11,474,460	\$ 11,509,334	\$ 11,036,450	\$ 11,098,791
<u>(493,455)</u>	<u>(404,703)</u>	<u>(311,239)</u>	<u>(2,622,812)</u>	<u>(2,384,158)</u>	<u>(2,135,000)</u>
<u>\$ 11,745,305</u>	<u>\$ 10,844,288</u>	<u>\$ 11,163,221</u>	<u>\$ 8,886,522</u>	<u>\$ 8,652,292</u>	<u>\$ 8,963,791</u>
72.25%	75.83%	71.14%	68.08%	67.91%	63.88%

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

DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN YEARS

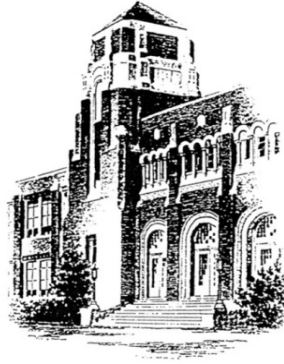
<b>Calendar Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Population (1)</b>			
Cities of Kettering and Moraine	64,399	64,399	64,399
Montgomery County	542,237	538,104	534,626
<b>Income (2) (a)</b>			
Total Personal (in thousands)	\$ 2,155,692	\$ 2,123,235	\$ 2,187,119
Per Capita	33,474	32,970	33,962
<b>Unemployment Rate</b>			
Federal (3)	4.6%	4.6%	5.8%
State (3)	5.5%	5.6%	6.6%
Montgomery County (4)	6.0%	7.3%	7.4%
<b>Fiscal Year</b>			
	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>School Enrollment (5)</b>			
Grades K - 5	3,331	3,353	3,321
Grades 6 - 8	1,685	1,676	1,677
Grades 9 - 12	2,451	2,398	2,378
Total	<u>7,467</u>	<u>7,427</u>	<u>7,376</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

<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
64,399	62,470	62,470	62,470	62,470	62,470	62,470
532,562	535,153	537,602	534,325	535,846	533,116	532,258
\$ 2,297,048	\$ 2,267,786	\$ 2,015,923	\$ 2,067,089	\$ 2,067,089	\$ 2,119,372	\$ 2,184,210
35,669	36,302	32,270	33,089	33,089	33,926	34,964
9.3%	9.6%	8.6%	8.1%	7.4%	6.2%	5.3%
10.2%	10.1%	8.9%	7.2%	7.1%	5.7%	4.9%
11.4%	11.1%	8.7%	7.8%	7.5%	6.0%	5.0%
<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
3,355	3,219	3,191	3,445	3,424	3,444	3,500
1,681	1,670	1,704	1,670	1,652	1,624	1,635
2,334	2,352	2,233	2,150	2,167	2,205	2,234
<u>7,370</u>	<u>7,241</u>	<u>7,128</u>	<u>7,265</u>	<u>7,243</u>	<u>7,273</u>	<u>7,369</u>

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





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

PRINCIPAL EMPLOYERS  
DECEMBER 31, 2015 AND DECEMBER 31, 2006

<u>Employer</u>	<u>Nature of Business</u>	<u>December 31, 2015</u>		
		<u>Number of Employees</u>	<u>Rank</u>	<u>% of Total Estimated Employment</u>
Kettering Medical Center	Private Hospital	3,570	1	12.89%
Synchrony Financial	Financial Services	2,000	2	7.22%
Reynolds and Reynolds Co.	Professional Services	1,350	3	4.87%
Kettering City School District	Education	1,032	4	3.73%
Limited Brands, Inc. (formerly Intimate Brands, Inc.)	Catalog Ordering Center	1,000	5	3.61%
Kroger	Retail Sales	630	6	2.27%
Meijer, Inc.	Retail Sales	550	7	1.99%
City of Kettering	Government	550	8	1.99%
Tenneco	Manufacturing	522	9	1.88%
Total Principal Employers		<u>11,204</u>		<u>40.45%</u>
Total Estimated Employment		<u>27,698</u>		<u>100.00%</u>

<u>Employer</u>	<u>Nature of Business</u>	<u>December 31, 2006</u>		
		<u>Number of Employees</u>	<u>Rank</u>	<u>% of Total Estimated Employment</u>
Kettering Medical Center	Private Hospital	3,100	1	10.41%
Delphi Automotive Systems, LLC	Automotive Manufacturer	1,600	2	5.37%
Reynolds and Reynolds Co.	Professional Services	1,200	3	4.03%
GE Consumer Finance	Credit Card Processing Center	1,200	4	4.03%
Intimate Brands, Inc.	Catalog Ordering Center	900	5	3.02%
Kettering City School District	Education	900	6	3.02%
Kodak Versamark	Digital Printing	625	7	2.10%
Meijer, Inc.	Retail Sales	550	8	1.85%
City of Kettering	Government	535	9	1.80%
Total Principal Employers		<u>10,610</u>		<u>35.63%</u>
Total Estimated Employment		<u>29,787</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 is not available.

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

DISTRICT EMPLOYEES BY TYPE  
LAST TEN FISCAL YEARS

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Official Administrative	37.00	38.00	37.00	34.00
Professional - Educational	533.96	509.06	518.10	525.40
Professional - Other	40.68	34.86	41.56	35.90
Technical	14.02	12.30	13.30	13.75
Office/Clerical	150.13	150.94	144.25	158.40
Crafts and Trades	16.00	13.00	14.00	11.00
Operative	32.82	33.79	36.08	35.14
Service Work/Laborer	108.94	103.02	103.27	103.73
Total Employees	<u>933.55</u>	<u>894.97</u>	<u>907.56</u>	<u>917.32</u>

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

**Source:** District records

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
33.00	33.09	33.00	32.00	31.33	33.33
510.00	514.29	503.17	512.49	510.24	516.60
36.55	40.40	37.10	35.19	41.64	43.80
14.29	15.29	15.29	23.36	23.36	23.56
157.95	171.53	162.65	157.63	171.29	172.40
11.00	11.00	10.00	11.00	11.00	11.00
35.26	33.36	34.50	35.35	34.40	35.98
105.15	107.28	104.97	111.96	117.73	119.21
<u>903.20</u>	<u>926.24</u>	<u>900.68</u>	<u>918.98</u>	<u>940.99</u>	<u>955.88</u>

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

OPERATING INDICATORS - COST PER PUPIL  
LAST TEN FISCAL YEARS

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Enrollment	7,467	7,427	7,376	7,370
Modified Accrual Basis				
Operating Expenditures	\$ 85,518,747	\$ 86,751,045	\$ 88,045,712	\$ 92,583,988
Cost per Pupil	11,453	11,680	11,937	12,562
Percentage of Change	4.8%	2.0%	2.2%	5.2%
Accrual Basis				
Operating Expenses	\$ 88,265,326	\$ 88,976,154	\$ 90,830,341	\$ 93,178,181
Cost per Pupil	11,821	11,980	12,314	12,643
Percentage of Change	11.5%	1.3%	2.8%	2.7%
Teaching Staff	624	556	574	564

**Source:** District records and Ohio Department of Education

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
7,241	7,128	7,265	7,243	7,273	7,369
\$ 91,231,980	\$ 91,682,447	\$ 93,519,981	\$ 93,793,026	\$ 104,006,571	\$ 98,706,082
12,599	12,862	12,873	12,949	14,300	13,395
0.3%	2.1%	0.1%	0.6%	10.4%	(6.3%)
\$ 92,705,223	\$ 93,449,242	\$ 94,671,370	\$ 95,235,920	\$ 99,885,174	\$ 99,507,265
12,803	13,110	13,031	13,149	13,734	13,503
1.3%	2.4%	(0.6%)	0.9%	4.4%	(1.7%)
524	512	527	535	542	543

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

OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Governmental activities</b>				
Instruction				
Regular	446	467	480	470
Special	92	94	94	94
Support Services				
Pupils				
Enrollment	7,467	7,427	7,376	7,370
Graduates	533	539	575	541
Percent of Students with Disabilities	14%	16%	16%	16%
Board of Education				
Members	5	5	5	5
Regular Meetings per Year	12	12	12	12
Administration				
School Attendance Rate	94.9%	95.1%	95.1%	95.3%
Fiscal Services				
Purchase Orders Processed	6,443	5,841	5,705	5,571
Checks Issued (non payroll)	7,445	7,033	6,384	6,360
Operation and Maintenance of Plant				
District Square Footage Maintained	1,346,597	1,346,597	1,346,597	1,346,597
District Square Acreage Maintained	254	254	254	254
Pupil Transportation				
Average Daily Students Transported	3,413	3,257	3,225	3,136
Average Daily Bus Fleet Miles	2,923	2,936	3,144	2,943
Number of Buses	61	61	66	66
Operation of Non-instructional Services				
Food Service				
Student Meals Served Yearly	668,413	700,592	689,048	715,958
Free/Reduced Price Meals Daily	1,540	1,604	1,748	2,082
Uniform School Supplies	3	3	3	3
Extracurricular Activities				
High School Varsity Teams	23	23	23	26

**Source:** District Treasurer's Office

N/A = Not available

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
430	417	414	418	428	421
94	95	113	117	114	122
7,241	7,128	7,265	7,243	7,273	7,369
542	523	535	536	522	511
16%	16%	14%	15%	14%	15%
5	5	5	5	5	5
12	12	18	18	19	27
95.7%	96.0%	96.0%	96.1%	96.0%	96.0%
5,459	4,867	5,053	4,702	4,760	4,529
6,045	5,271	4,651	3,328	2,904	2,967
1,346,597	1,346,597	1,346,597	1,346,597	1,346,597	1,346,597
254	254	254	254	254	254
3,372	3,171	3,539	2,989	3,214	3,175
2,112	2,825	3,039	3,022	3,017	2,951
66	66	57	57	57	57
708,981	722,428	704,886	674,536	664,398	675,339
2,215	2,254	2,333	2,247	2,259	1,314
3	3	3	3	3	3
24	27	27	27	27	27

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

OPERATING INDICATORS - TEACHER BASE SALARIES  
LAST TEN FISCAL YEARS

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Minimum Salary	\$ 32,465	\$ 33,439	\$ 34,442	\$ 35,484
Maximum Salary	83,110	85,604	88,172	90,839
District Average Salary	59,194	61,770	63,839	64,174
County Average Salary	51,971	54,212	55,124	56,459
State Average Salary	53,534	53,410	55,583	55,958

**Source:** District Treasurer's Office and Ohio Department of Education

OPERATING INDICATORS - TEACHERS BY EDUCATION  
LAST TEN FISCAL YEARS

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Bachelor's Degree	164	178	178	137
Master's Degree + 15	397	397	396	427
Total	<u>561</u>	<u>575</u>	<u>574</u>	<u>564</u>

**Source:** District records

N/A = Not Available



<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
\$ 35,484	\$ 35,484	\$ 35,484	\$ 35,484	\$ 35,484	\$ 36,918
90,839	90,839	90,839	90,839	90,839	94,510
67,310	66,366	64,289	63,601	66,021	65,045
58,081	57,451	N/A	N/A	N/A	N/A
56,715	56,715	56,307	55,916	55,242	57,154

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
136	123	142	161	174	175
388	389	385	374	368	368
524	512	527	535	542	543

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

**CAPITAL ASSET STATISTICS BY BUILDING  
LAST TEN FISCAL YEARS**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Secondary</b>				
Kettering Fairmont High School				
Square Footage	420,517	420,517	420,517	420,517
Capacity (students)	3,725	3,725	3,725	3,725
Enrollment	2,451	2,451	2,378	2,334
<b>Middle</b>				
Kettering Middle School				
Square Footage	245,522	245,522	245,522	245,522
Capacity (students)	2,250	2,250	2,250	2,250
Enrollment	996	996	972	1,001
Van Buren Middle School				
Square Footage	103,184	103,184	103,184	103,184
Capacity (students)	960	960	960	960
Enrollment	689	689	705	680
<b>Elementary</b>				
Beavertown Elementary School				
Square Footage	47,347	47,347	47,347	47,347
Capacity (students)	530	530	530	530
Enrollment	387	387	383	361
Greenmont Elementary School				
Square Footage	45,633	45,633	45,633	45,633
Capacity (students)	720	720	720	720
Enrollment	326	326	313	341
Indian Riffle Elementary School				
Square Footage	102,000	102,000	102,000	102,000
Capacity (students)	1,300	1,300	1,300	1,300
Enrollment	448	448	421	431
J.F.Kennedy Elementary School				
Square Footage	106,000	106,000	106,000	106,000
Capacity (students)	1,000	1,000	1,000	1,000
Enrollment	534	534	567	555
Moraine Meadows Elementary School *				
Square Footage	26,732	26,732	26,732	26,732
Capacity (students)	418	418	418	418
Enrollment	153	153	151	157

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
420,517	420,517	420,517	420,517	420,517	420,517
3,725	3,725	3,725	3,725	3,725	3,725
2,352	2,233	2,150	2,167	2,205	2,234
245,522	245,522	245,522	245,522	245,522	245,522
2,250	2,250	2,250	2,250	2,250	2,250
954	965	942	962	989	1,004
103,184	103,184	103,184	103,184	103,184	103,184
960	960	960	960	960	960
716	739	728	690	635	631
47,347	47,347	47,347	47,347	47,347	47,347
530	530	530	530	530	530
356	338	369	353	340	346
45,633	45,633	45,633	45,633	45,633	45,633
720	720	720	720	720	720
308	314	324	325	317	344
102,000	102,000	102,000	102,000	102,000	102,000
1,300	1,300	1,300	1,300	1,300	1,300
454	438	456	433	444	470
106,000	106,000	106,000	106,000	106,000	106,000
1,000	1,000	1,000	1,000	1,000	1,000
554	547	577	600	617	615
26,732	26,732	26,732	26,732	26,732	26,732
418	418	418	418	418	418
0	0	0	0	0	0

(Continued)

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

CAPITAL ASSET STATISTICS BY BUILDING (CONTINUED)  
LAST TEN FISCAL YEARS

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Oakview Elementary School				
Square Footage	49,056	49,056	49,056	49,056
Capacity (students)	500	500	500	500
Enrollment	402	402	382	395
Orchard Park Elementary School				
Square Footage	34,189	34,189	34,189	34,189
Capacity (students)	450	450	450	450
Enrollment	306	306	291	300
J.E.Prass Elementary School				
Square Footage	47,264	47,264	47,264	47,264
Capacity (students)	570	570	570	570
Enrollment	324	324	342	352
Southdale Elementary School				
Square Footage	47,185	47,185	47,185	47,185
Capacity (students)	530	530	530	530
Enrollment	451	451	471	463
<b>All Other</b>				
Central Administration Building				
Square Footage	26,968	26,968	26,968	26,968
Occupancy	153	153	153	153
Transportation Building				
Square Footage	30,000	30,000	30,000	30,000
Maintenance Building				
Square Footage	15,000	15,000	15,000	15,000

**Source:** District records

\* Moraine Meadows Elementary School was closed during 2011.

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
49,056	49,056	49,056	49,056	49,056	49,056
500	500	500	500	500	500
409	382	390	379	411	412
34,189	34,189	34,189	34,189	34,189	34,189
450	450	450	450	450	450
258	264	320	319	318	330
47,264	47,264	47,264	47,264	47,264	47,264
570	570	570	570	570	570
339	364	414	420	437	415
47,185	47,185	47,185	47,185	47,185	47,185
530	530	530	530	530	530
541	544	595	595	560	568
26,968	26,968	26,968	26,968	26,968	26,968
153	153	153	153	153	153
30,000	30,000	30,000	30,000	30,000	30,000
15,000	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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>ACT Scores (Average)</b>				
Kettering	22.7	22.7	23.6	23.0
Ohio	21.6	21.7	21.7	21.8
National	21.2	21.1	21.1	21.1
<b>SAT Scores (Average) (2)</b>				
Kettering				
Verbal/Critical Reading	525	517	540	550
Mathematical	532	531	556	558
Writing	N/A	N/A	N/A	N/A
Ohio				
Verbal/Critical Reading	536	534	537	538
Mathematical	542	544	546	548
Writing	N/A	N/A	N/A	N/A
National				
Verbal/Critical Reading	502	502	501	501
Mathematical	515	515	515	516
Writing	N/A	N/A	N/A	N/A
<b>National Merit Scholars</b>				
Finalist	0	2	1	0
Semi-Finalist	0	2	2	0
Commended Scholars	6	0	1	3
Hispanic Scholars	N/A	N/A	N/A	N/A
<b>Cost per Student (ODE)</b>				
Kettering	\$10,998	\$11,078	\$8,590	\$12,299
Ohio (Average)	\$9,586	\$9,939	\$10,254	\$10,512
<b>Attendance Rate</b>				
Kettering	94.9%	95.1%	95.1%	95.3%
Ohio (Average)	94.1%	94.2%	94.3%	94.3%
<b>Graduation Rate (1)</b>				
Kettering	98.7%	97.8%	97.9%	98.0%
Ohio (Average)	86.9%	86.2%	84.6%	83.0%

**Source:**

District records and Ohio Department of Education  
N/A = Not Available

**Notes:**

- (1) The Ohio Department of Education changed the method of calculating the graduation rate to a 4-year cohort during fiscal year 2012.
- (2) Beginning in fiscal year 2015, Juniors who are college bound were able to take the test. However, only the scores of Seniors are reported in the table above.

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
23.1	23.1	24.0	23.7	23.8	23.6
21.8	21.8	21.8	22.0	22.0	22.0
21.1	21.1	20.9	21.0	21.0	20.8
545	548	556	553	551	479
547	563	566	549	556	485
N/A	N/A	536	518	514	457
539	534	548	555	557	556
545	552	556	562	563	563
N/A	N/A	531	535	537	537
497	492	496	497	495	494
514	514	514	513	511	508
N/A	N/A	488	487	484	482
1	1	3	1	3	2
1	1	3	1	3	2
3	4	5	5	6	3
N/A	N/A	N/A	N/A	N/A	1
\$12,017	\$12,005	\$11,070	\$11,656	\$12,131	\$10,230
\$10,697	\$10,597	\$10,185	\$10,394	\$10,913	\$8,840
95.7%	96.0%	96.0%	96.1%	96.0%	96.0%
94.5%	94.5%	94.2%	94.3%	94.1%	N/A
97.1%	92.4%	92.4%	95.7%	94.3%	92.6%
84.3%	80.0%	81.3%	82.2%	82.2%	83.0%

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



Kate Bryan – 11<sup>th</sup> 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 19, 2017**