



Dave Yost • Auditor of State

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

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**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE					
<i>Passed through Ohio Department of Education</i>					
Child Nutrition Cluster:					
Cash Assistance:					
School Breakfast Program-Cash Assistance	10.553	\$196,948		\$196,948	
National School Lunch Program	10.555	1,080,239		1,080,239	
Non-Cash Assistance: (Food Distribution)			\$385,498		\$385,498
Total National School Lunch Program		<u>1,080,239</u>	<u>385,498</u>	<u>1,080,239</u>	<u>385,498</u>
Total Child Nutrition Cluster		<u>1,277,187</u>	<u>385,498</u>	<u>1,277,187</u>	<u>385,498</u>
Child and Adult Care Food Program	10.558	<u>16,574</u>		<u>16,574</u>	
Team Nutrition Grants	10.574	<u>2,250</u>		<u>250</u>	
Total United States Department of Agriculture		<u>1,296,011</u>	<u>385,498</u>	<u>1,294,011</u>	<u>385,498</u>
UNITED STATES DEPARTMENT OF EDUCATION					
<i>Passed through Ohio Department of Education</i>					
Adult Education - Basic Grants to States	84.002	101,686		101,686	
Title I, Part A Cluster:					
Title I Grants to Local Educational Agencies	84.010	946,589		987,436	
ARRA Title I Grants to Local Educational Agencies	84.389	<u>171,062</u>		<u>255,339</u>	
Total Title I, Part A Cluster		<u>1,117,651</u>		<u>1,242,775</u>	
Special Education Cluster (IDEA):					
Special Education Grants to States	84.027	1,521,129		1,572,190	
ARRA Special Education Grants to States	84.391	322,177		312,891	
Special Education Preschool Grants	84.173	6,117		5,306	
ARRA Special Education Preschool Grants	84.392	<u>13,289</u>		<u>27,733</u>	
Total Special Education Cluster (IDEA)		<u>1,862,712</u>		<u>1,918,120</u>	
Safe and Drug-Free Schools and Communities State Grants	84.186	18,254		10,126	
Even Start State Educational Agencies	84.213	376,372		354,983	
Educational Technology State Grants	84.318	4,412		5,309	
Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	84.330	1,428		1,428	
English Language Acquisition Grants	84.365	44,138		48,923	
Improving Teacher Quality State Grants	84.367	188,841		197,959	
ARRA State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	936,377		979,086	
ARRA State Fiscal Stabilization Fund (SFSF) - Race to the Top Incentive Grants	84.395			1,152	
<i>Passed through Centerville City School District</i>					
Career and Technical Education - Basic Grants to States	84.048	<u>91,989</u>		<u>131,579</u>	
Total United States Department of Education		<u>4,743,860</u>		<u>4,993,126</u>	
Total Federal Assistance		<u>\$6,039,871</u>	<u>\$385,498</u>	<u>\$6,287,137</u>	<u>\$385,498</u>

The notes to this schedule are an integral part of this schedule.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – 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 D - MATCHING REQUIREMENTS

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



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INDEPENDENT ACCOUNTANTS' 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 the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kettering City School District, Montgomery County, (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 22, 2011 wherein we noted that that the District adopted provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings and questioned costs we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-001 described in the accompanying schedule of findings and questioned costs to be a material weakness.

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, providing an opinion 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*.

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated December 22, 2011.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities and others within the District. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

December 22, 2011



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

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

To the Board of Education:

Compliance

We have audited the compliance of Kettering City School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Kettering City School District's major federal programs for the year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings and questioned costs identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

As described in finding 2011-002 in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding Cash Management applicable to its ARRA State Fiscal Stabilization Fund (SFSF) major federal program. Compliance with this requirement is necessary, in our opinion, for the District to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Kettering City School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

The results of our auditing procedures also disclosed another instance of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings and questioned costs lists this instance as Finding 2011-003.

Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness and a deficiency that we consider to be a significant deficiency.

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 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2011-002 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2011-003 to be a significant deficiency.

The District's responses to the findings we identified are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on them.

We also noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated December 22, 2011.

Federal Awards Receipts and Expenditures Schedule

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Kettering City School District (the District) as of and for the year ended June 30, 2011, and have issued our report thereon dated December 22, 2011 wherein we noted that that the District adopted provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The accompanying federal awards receipts and expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We intend this report solely for the information and use of management, Board of Education, others within the District, and federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

December 22, 2011

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**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants – Qualified All Other – Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Title I, Part A Cluster: Title I Grants to Local Educational Agencies (CFDA #84.010) ARRA – Title I Grants to Local Educational Agencies (CFDA #84.389) ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants (CFDA #84.394) Child Nutrition Cluster: School Breakfast Program (CFDA #10.553) National School Lunch Program (CFDA #10.555)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2011-001

MATERIAL WEAKNESS – Due from Other Governments

Revenue resulting from non-exchange transactions, in which the District receives value without directly giving equal value in return is recognized in the fiscal year in which all eligibility requirements have been met. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Measurable means the amount of the transaction can be determined and available means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

The District reported monies received after the period of availability as revenue on the fund financial statements. This resulted in an overstatement of intergovernmental revenue and understatement of deferred revenue by \$394,723 in other non-major governmental funds. The misstatement was determined to be material and an audit adjustment was required to correctly present the amounts on the financial statements.

Policies and procedures should be established and implemented to verify that the District properly allocates its receivables at year end to either revenue or deferred revenue based on whether the receivable was available to fund the liabilities of the current fiscal year. Failure to do so could result in material misstatements on the District’s financial statements.

Official’s Response: See Pg. 12

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2011-002
CFDA Title and Number	ARRA State Fiscal Stabilization Fund (SFSF) – Education State Grants (84.394)
Federal Award Number / Year	2011
Federal Agency	United States Department of Education
Pass-Through Agency	Ohio Department of Education

NONCOMPLIANCE AND MATERIAL WEAKNESS

34 CFR 80.20 (b)(7) requires that when advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements.

In addition, **34 CFR 80.21 (h)(2)(i)** requires except for interest earned on advances of funds exempt under the Intergovernmental Cooperation Act (et seq.) and the Indian Self-Determination Act (450), grantees and sub-grantees shall promptly, but at least quarterly, remit interest earned on advances to the Federal agency. The grantee or sub-grantee may keep interest amounts up to \$100 per year for administrative expenses.

**FINDING NUMBER 2011-002
 (Continued)**

The District received advance payments of State Fiscal Stabilization Funds (SFSF) from the Ohio Department of Education via the state foundation settlement. During the year, the District accumulated a positive cash balance in the SFSF Fund (Fund 532) which ranged from as high as 323,942 in November 2010 to \$6,493 at June 30, 2011 due to the District not spending the cash received in a timely manner. Additionally, the District did not monitor the receipts from the Federal government, or track interest earned on the accumulated balance during the year.

The District should establish and implement policies and procedures to determine that Federal funds are not accumulated, but rather, are spent as close as possible to the date of receipt from the Federal government, and in this situation ODE. In addition, the District should implement procedures that would allow the District to track interest earned on Federal funds. The District should calculate interest earned on federal funds and if applicable remit interest earned in excess of \$100 to the Federal Government.

Official's Response: See Pg. 12

Finding Number	2011-003
CFDA Title and Number	ARRA Title I Grants to Local Educational Agencies (84.389)
Federal Award Number / Year	2011
Federal Agency	United States Department of Education
Pass-Through Agency	Ohio Department of Education

QUESTIONED COST AND SIGNIFICANT DEFICIENCY

2 CFR Part 225, Appendix B, paragraph 8.g.(2) states that severance payments (but not accruals) associated with normal turnover are allowable. Such payments shall be allocated to all activities of the governmental unit as an indirect cost.

A Title I Reading Teacher retired effective July 1, 2010. On January 13, 2011 the District made a severance payment in amount of \$29,580 and charged it to the ARRA Title I Grants to Local Education Agencies (Title I). Since the expenditure was associated with normal turnover, it could only be charged to the federal program as an indirect cost.

In accordance with the foregoing facts and pursuant to OMB Circular A133 Section .510 (a)(3) a federal questioned cost in amount of \$29,580 is hereby issued. Policies and procedures should be established and implemented to establish controls that would detect and prevent any noncompliance with the federal awards. Failure to do so could result in loss of grant revenue.

Official's Response: See Pg. 12

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
JUNE 30, 2011**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2011-001	This was a one-time error and will not be repeated in future years.		Steve Clark, Treasurer
2011 -002	We will watch this closely in the future. With interest rates at all-time lows, allocation has not been material; however, we will initiate a formula to calculate & monitor any interest due to federal funds.		Steve Clark, Treasurer
2011-003	This was a payroll processing error - severance pay was automatically coded to the same account as regular salary. This severance payment was reversed from the Title I Fund in Sept. 2011 and charged to the General Fund. We will assure that severance payments are not included in federal programs budgets in the future, and will code any final payroll checks for severance to the General Fund.		Steve Clark, Treasurer



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Independent Accountants' Report on Applying Agreed-Upon Procedure

Kettering City Schools
Montgomery County
3750 Far Hills Avenue
Kettering, Ohio 45429

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on December 7, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

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

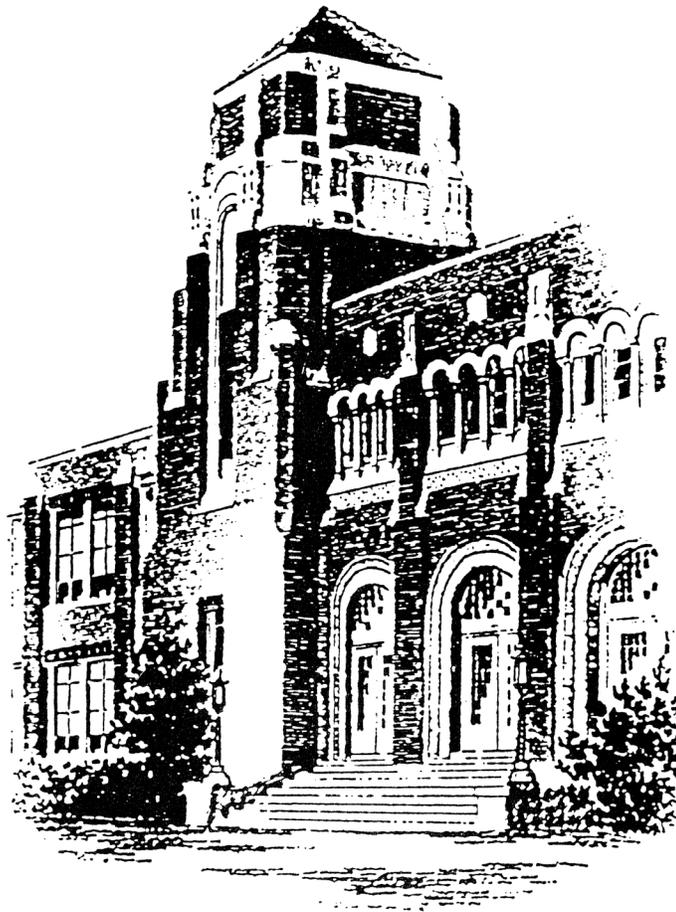
Dave Yost
Auditor of State

December 22, 2011

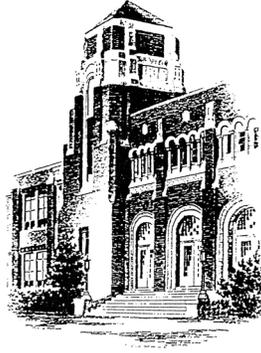
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KETTERING CITY SCHOOL DISTRICT

MONTGOMERY COUNTY, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011



KETTERING CITY SCHOOL DISTRICT

KETTERING CITY SCHOOL DISTRICT

Montgomery County, Ohio

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2011**

Prepared by:
Mr. Steven G. Clark
Treasurer

KETTERING CITY SCHOOL DISTRICT



KETTERING CITY SCHOOL DISTRICT

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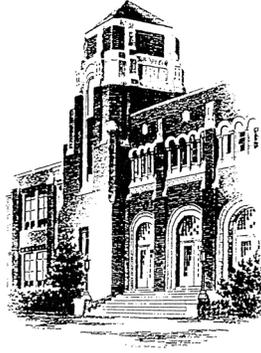
KETTERING CITY SCHOOL DISTRICT

III

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INTRODUCTORY SECTION



KETTERING CITY SCHOOL DISTRICT



Kettering City School District

3750 Far Hills Avenue
Kettering, Ohio 45429

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

fax (937)-499-1467

December 22, 2011

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

We are pleased to present the seventeenth Comprehensive Annual Financial Report (CAFR) of the Kettering City School District for the fiscal year ended June 30, 2011. This report was prepared by the Treasurer's Office, and includes the unqualified 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 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 Accountants' Report.

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

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

In addition to providing these general activities, the District receives pass-thru State funds, which are distributed to private and parochial schools located within the District boundaries. The private school served by the Kettering City School District is Alexandria Montessori. The parochial schools served by the Kettering City School District are St. Albert Elementary School, St. Charles Elementary School, Ascension Elementary School and Alter High School. While these organizations share operational and service similarity with the District, each are separate and distinct entities. 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

Letter of Transmittal For the Fiscal Year Ended June 30, 2011

HISTORY AND BACKGROUND

The 2011 school year marked the 168th 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 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

Letter of Transmittal For the Fiscal Year Ended June 30, 2011

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 64,038 and covers 21.3 square miles. The City of Moraine has 6,536 residents of whom approximately 1,370 reside within the Kettering City School District 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 7,241 (approximately 157 from Moraine) enrolled in eight elementary schools, two middle schools and one high school during the 2010-11 school year. 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 school 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, 2011 were as follows:

George Bayless
James A. Brown
Julie A. Gilmore
Lori Simms
James S. Trent

The Superintendent is the chief executive officer of the District, responsible directly to the Board for all operations. Dr. James Schoenlein was appointed as Superintendent effective August 1, 2010.

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

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2011

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 2010.

According to City of Kettering, although the city has been negatively impacted by an overall 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 down to smaller family owned businesses. The City's largest employers include Kettering Medical Center (KMC), G.E. Money, and Reynolds & Reynolds. KMC employs 3,100 and completed construction in 2010 of the Schuster Heart Hospital, at \$77 million, 114,000 sq ft addition to the front of the facility. The new Heart Hospital is a six story, state of the art facility focused on patient care with ninety private rooms. Reynolds & Reynolds, a fortune 1000 company based in Dayton since 1866, has transitioned nicely following the merger with Universal Computer Systems (UCS) in 2006. The company completed a \$19 million, 15,000 sq ft Data Center at the Miami Valley Research Park campus in 2009. The company continues to employ 1,300. G.E. Money's interior renovations at the Kettering Business Park (KBP) location are complete, and the company employs 1,400 at this site.

According to City of Kettering, the city is about 95% developed so a primary focus of economic development in the city is on the redevelopment of underutilized sites. The residential portion of the redevelopment of Kettering Pointe, formerly Van Buren Shopping Center, continued during 2010. The housing portion includes 35 lots of which 17 have been built or are under construction. The retail portion of the site is complete and fully leased with 10 retail sites, a post office and WesBanco Bank. Phase 3 of Madison's Grant, a Ryan Homes housing development continued during 2010. Twenty-two single family homes were constructed during 2010. Madison's Grant will include 154 new homes when the development is complete.

Economic Condition and Outlook (Moraine)

According to City of Moraine, the redevelopment of the former GM Moraine Assembly plant continues to be at the forefront for the City. During 2010 the City made significant progress in pushing for the sale and acquisition of the GM plant and properties. Several investment owner prospects were vetted during the year and a single candidate became the focus. The City expects future owner to be Industrial Realty Group (IRG), a highly successful and renowned development firm that owns millions of square feet of industrial property throughout the country and is known for significant success in repurposing former manufacturing facilities.

According to City of Moraine, the Oak Pointe neighborhood will see continued growth in 2011 as the City added Ryan Homes as a fifth home builder. Ryan Homes joins JD Enterprises, Shriner Building Company, Generations Construction and Duggan Homes as part of the Oak Pointe Homebuilders' Group.

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2011

EMPLOYEE RELATIONS

The Board employs 909.88 full-time equivalent (FTE) employees (including non-teaching personnel). Of the Board's current employees, 569.22 (FTE) are certificated by the Ohio Department of Education serving as classroom teachers, education specialists and administrators, all of whom have at least a bachelor's degree. The starting salary for a teacher with bachelor's degree for the period beginning August 1, 2010 was \$35,484. The maximum teacher salary in 2010-2011 for a doctorate degree was \$70,968 with 28 years longevity.

Five hundred twenty four (524) 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 July 1, 2010 and expires June 30, 2011.

Two hundred forty five (245) 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 July 1, 2010 and expires July 31, 2011.

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 and resulted in a third consecutive 4-year negotiated agreement with both employee bargaining groups.

MAJOR INITIATIVES

For the Year...and the future...

In accordance with the District Continuous Improvement Plan, Goal 4, that 'Annually, the District will increase the use of existing and emerging electronic technologies to improve teaching and student performance and to provide universal community access to District curriculum and instruction information,' Kettering City School District major initiatives for the 2011-12 school year expands Pinnacle Analytics data warehouse training to include teachers, counselors, and the secretarial staff. Technology Service is working closely with the Curriculum and Instruction Department to use data analysis to support and enhance student learning. Monthly training sessions bring together data from variety of disparate sources, aggregating student information systems, assessment systems and more, that help us analyze student progress, and will be ongoing this year. Our administrators, teachers, and counselors will be able to evaluate school programs, operations, and student data. With these solutions, our teachers can make instructional decisions to improve student achievement, and our administrators will be able to make informed decisions on current and future programs.

Other initiatives include Google Doc training for key technology personnel. A Google Docs and Google mail cloud computing pilot will be initiated in 2012. To prepare for transitioning over to Google Docs, administrators and key building personnel have been issued iPads to use wirelessly throughout our buildings for teacher evaluations and cloud computing.

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2011

Through an in-house grant application program, over the past five years, 250 electronic Smart Boards have been installed in teacher classrooms to support student learning. This year the in-house grant application will expand to include document cameras, iPads, iPods, assistive technology, and student response system.

OTHER INFORMATION

Independent Audit

The State of Ohio requires an annual audit by either the Auditor of State or by an independent public accounting firm. The State Auditor performed the audit for the fiscal year ended June 30, 2011. The auditor's report on the District's basic financial statements, combining and individual fund statements and schedules, is included in the financial section of this Comprehensive Annual Financial Report.

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, 2010. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for the preparation of the state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Kettering City School District has received a Certificate of Achievement for the last 16 consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

The Association of School Business Officials 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, 2010. 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 16 consecutive years. We believe our current report continues to conform to the Certificate of Excellence program requirements, and we are submitting it to ASBO.

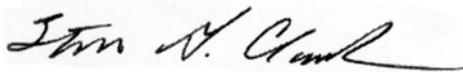
KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2011

Acknowledgments

The preparation of this seventeenth 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 Rosalinda G. Revels, Assistant Treasurer, for her exceptional individual effort and dedication to this achievement. A special thanks to Kenneth Lackey, and the Business Services staff; Student Services Director – James Justice; Director of Technology Services – Debbie LeValley; Montgomery County Auditor's Office; Kettering City Finance Department; Moraine City Finance Department; and the State Auditor's Office for their special support. Also, special thanks to Schonhardt & Associates and staff for assistance in the preparation of this financial report.

Sincerely,



Mr. Steven G. Clark, CFO
Treasurer



Dr. James Schoenlein, PhD.
Superintendent

KETTERING CITY SCHOOL DISTRICT

Principal Officials

For the Fiscal Year Ended June 30, 2011

Elected Officials

President – Board Of Education	....	Miss Julie Ann Gilmore
Vice President – Board Of Education	....	Ms. Lori Simms
Board Member	....	Mr. George Bayless
Board Member	....	Mr. James Trent
Board Member	....	Mr. James A. Brown

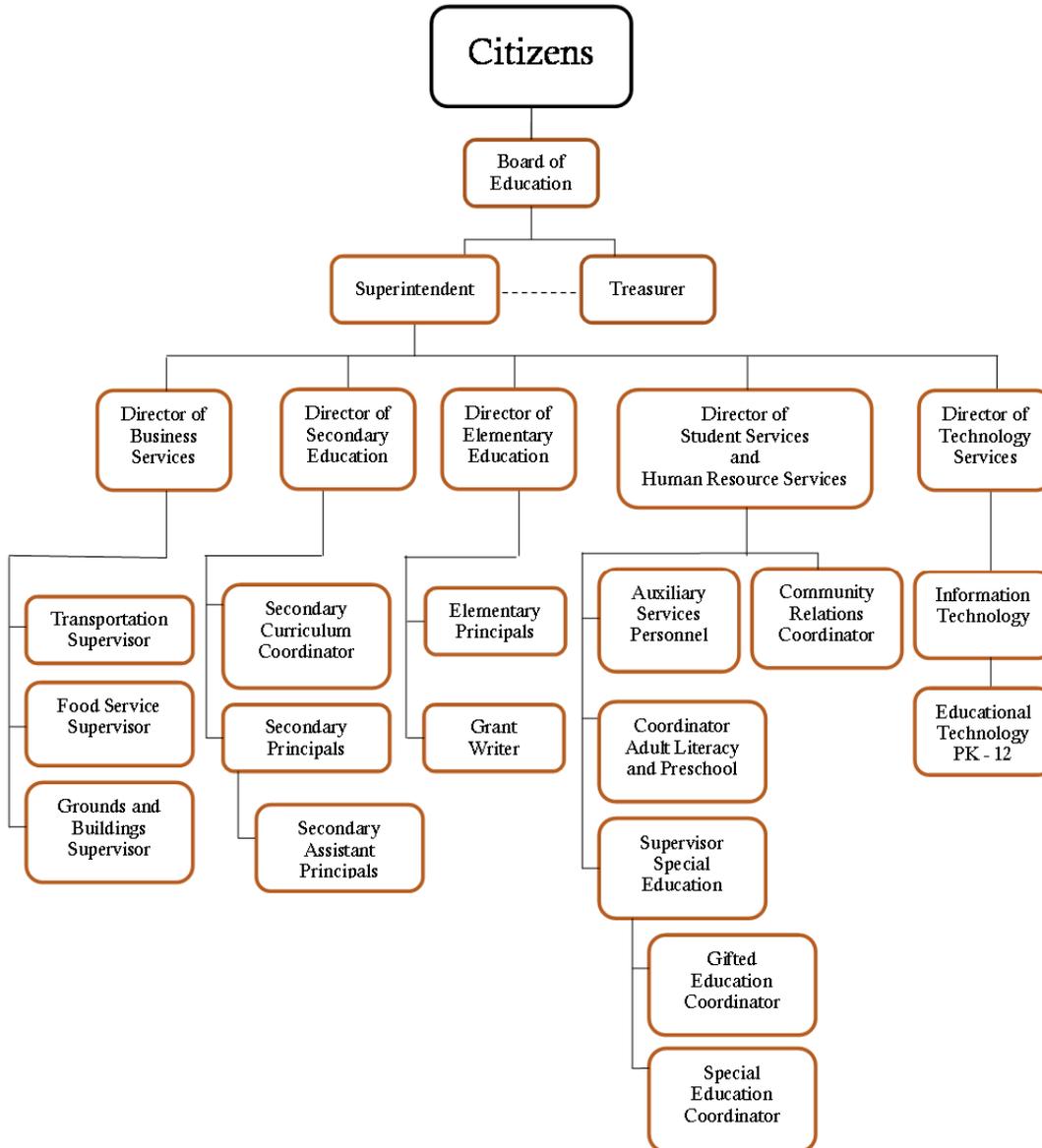
Administrative Officials

Superintendent	....	Dr. James Schoenlein, PhD.
Treasurer	....	Mr. Steven G. Clark
Director – Student Services	....	Mr. James Justice
Director – Human Resources	....	Mr. James Justice
Director – Business Services	....	Mr. Ken Lackey
Director – Technology Services	....	Ms. Debbie LeValley
Director – Curriculum and Instruction	....	Dr. Kyle Ramey

KETTERING CITY SCHOOL DISTRICT

Organizational Chart

For the Fiscal Year Ended June 30, 2011

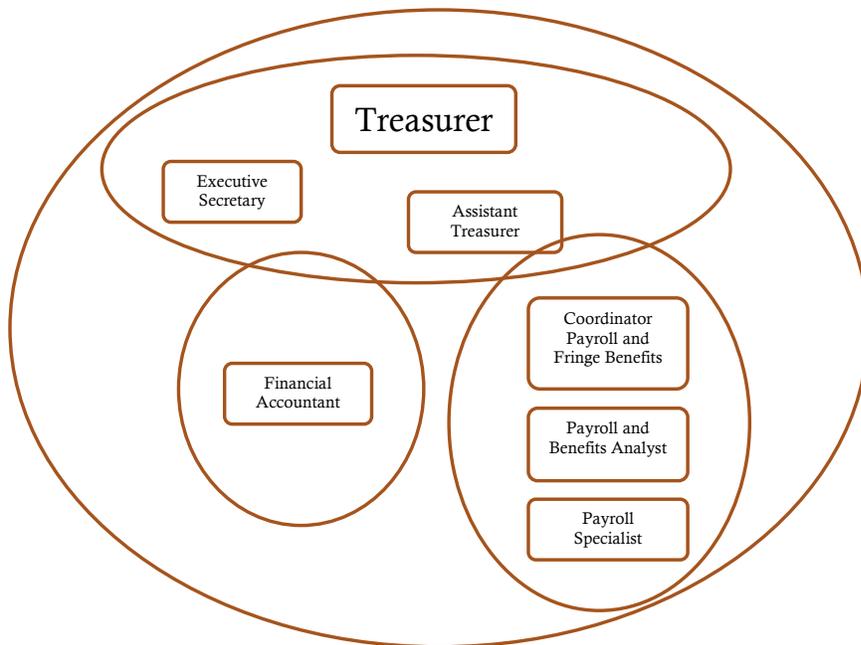


KETTERING CITY SCHOOL DISTRICT

*Office of the Treasurer
For the Fiscal Year Ended June 30, 2011*

Team Organization

Treasurer	....	Steven G. Clark
Assistant Treasurer	....	Rosalinda G. Revels
Coordinator – Payroll and Fringe Benefits	....	Jill E. Lopez
Payroll and Benefits Analyst	....	Denise Lay
Executive Secretary	....	B. Diane Pence
Payroll Specialist	....	Vicki McCloud
Financial Accountant	....	Robin Keogh



KETTERING CITY SCHOOL DISTRICT

*Government Finance Officers Association of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting*

**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, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

KETTERING CITY SCHOOL DISTRICT

*Association of School Business Officials
Certificate of Excellence in Financial Reporting*

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL



This Certificate of Excellence in Financial Reporting
is presented to
Kettering City School District



For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2010
upon recommendation of the Association's Panel of Review
which has judged that the Report substantially conforms
to principles and standards of ASBO's Certificate of Excellence

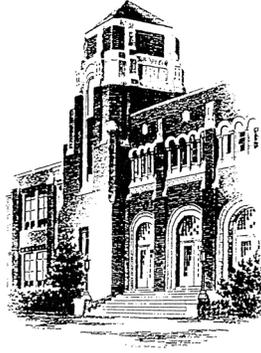


President



Executive Director

FINANCIAL SECTION



KETTERING CITY SCHOOL DISTRICT



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kettering City School District, Montgomery County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Kettering City School District, Montgomery County, Ohio, as of June 30, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, during 2011, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2011, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* as 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise 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 provide additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.



Dave Yost
Auditor of State

December 22, 2011

KETTERING CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011*

Unaudited

The discussion and analysis of Kettering City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2011 are as follows:

In total, net assets increased \$5,593,398, a 25.7% increase from 2010.

General revenues accounted for \$80,545,462 in revenue or 78.6% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$21,964,829 or 21.4% of total revenues of \$102,510,291.

The District had \$96,916,893 in expenses related to governmental activities; only \$21,964,829 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$80,545,462 were adequate to provide for these programs.

Among major funds, the General Fund had \$82,487,328 in revenues and \$80,260,968 in expenditures and other financing uses. The General Fund's fund balance increased \$2,217,251, to \$6,156,226. Revenues increased from 2010 by 11.8% primarily due to an increase in tax revenues. Expenditures increased from 2010 by .45% primarily due to increases in salaries and wages.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis*, the *basic financial statements*, and an optional section that presents *combining statements and schedules* for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the District:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the District's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

KETTERING CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011*

Unaudited

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net-assets (the difference between the District's assets and liabilities) are one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional nonfinancial factors such as the property tax base, current property tax laws, student enrollment growth and facility conditions.

The government-wide financial statements of the District reflect the following category for its activities:

- *Governmental Activities* – The District's programs and services are reported as governmental activities and include instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

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 an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Fund – The District uses an internal service fund to report activities that provide services for the District's other programs and activities. The proprietary fund is reported in the same manner that all activities are reported in the Statement of Net Assets and the Statement of Activities.

KETTERING CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011**

Unaudited

Fiduciary Funds – The District is the trustee, or fiduciary, for various student-managed activity programs and for employee benefit deposits listed as agency funds. All of the District's fiduciary activities are reported in the Statement of Fiduciary Assets and Liabilities. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The following table provides a summary of the District's net assets for 2011 compared to 2010.

	Governmental Activities		Increase (Decrease)
	2011	2010	
Current and other assets	\$85,067,403	\$81,512,531	\$3,554,872
Capital assets, Net	112,487,010	114,144,354	(1,657,344)
Total assets	197,554,413	195,656,885	1,897,528
Long-term debt outstanding	103,912,869	107,600,307	(3,687,438)
Other liabilities	66,267,989	66,276,421	(8,432)
Total liabilities	170,180,858	173,876,728	(3,695,870)
Net assets			
Invested in capital assets, net of related debt	18,472,838	16,447,133	2,025,705
Restricted	4,180,135	3,175,151	1,004,984
Unrestricted	4,720,582	2,157,873	2,562,709
Total net assets	\$27,373,555	\$21,780,157	\$5,593,398

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KETTERING CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for fiscal years 2011 and 2010:

	Governmental Activities		Increase (Decrease)
	2011	2010	
Revenues			
Program Revenues:			
Charges for Services and Sales	\$4,103,238	\$3,608,739	\$494,499
Operating Grants and Contributions	17,861,591	18,430,968	(569,377)
Capital Grants and Contributions	0	83,724	(83,724)
Total Program Revenues	<u>21,964,829</u>	<u>22,123,431</u>	<u>(158,602)</u>
General revenues:			
Taxes	61,540,434	53,552,069	7,988,365
Grants and Entitlements	18,477,287	18,883,431	(406,144)
Investment earnings	73,241	184,639	(111,398)
Miscellaneous	454,500	1,045,328	(590,828)
Total General Revenues	<u>80,545,462</u>	<u>73,665,467</u>	<u>6,879,995</u>
Total Revenues	<u>102,510,291</u>	<u>95,788,898</u>	<u>6,721,393</u>
Program Expenses			
Instruction:			
Regular	35,764,848	36,080,724	(315,876)
Special	9,096,792	9,075,308	21,484
Vocational	2,695,255	2,726,098	(30,843)
Adult/Continuing	87,962	80,190	7,772
Other Instruction	2,273,126	2,333,372	(60,246)
Support Services:			
Pupils	7,761,518	8,570,082	(808,564)
Instructional Staff	5,749,533	5,617,159	132,374
Board of Education	62,685	67,166	(4,481)
Administration	5,250,963	5,676,841	(425,878)
Fiscal Services	1,785,522	1,570,448	215,074
Business	591,628	617,931	(26,303)
Operation and Maintenance of Plant	8,877,007	8,764,444	112,563
Pupil Transportation	3,531,175	3,531,497	(322)
Central	1,927,323	1,895,046	32,277
Non-Instructional Services	5,473,549	4,730,528	743,021
Extracurricular Activities	1,776,337	1,841,347	(65,010)
Interest and Fiscal Charges	4,211,670	4,321,249	(109,579)
Total expenses	<u>96,916,893</u>	<u>97,499,430</u>	<u>(582,537)</u>
Change in Net Assets	5,593,398	(1,710,532)	7,303,930
Net Assets Beginning of Year	<u>21,780,157</u>	<u>23,490,689</u>	<u>(1,710,532)</u>
Net Assets End of Year	<u>\$27,373,555</u>	<u>\$21,780,157</u>	<u>\$5,593,398</u>

KETTERING CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011**

Unaudited

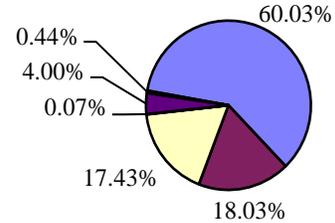
Governmental Activities

Net assets of the District's governmental activities increased by \$5,593,398. This was due to a combination of factors, predominantly the increase in tax revenue and the decrease in expenses.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. In general, the overall revenue generated by the levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00. However, the assessed millage cannot be reduced below 20 mills, according to state statutes.

The District's reliance upon tax revenues is demonstrated by the following graph indicating 60.03% of total revenues from general tax revenues:

Revenue Sources	2011 Amount	Percent of Total
Taxes	\$ 61,540,434	60.03%
Grants and Entitlements	18,477,287	18.03%
Operating Grants and Contributions	17,861,591	17.43%
Investment earnings	73,241	0.07%
Charges for Services and Sales	4,103,238	4.00%
Miscellaneous	454,500	0.44%
Total revenues	\$102,510,291	100.00%



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$11,251,274, which is greater than last year's total of \$8,291,177. The schedule below indicates the fund balance and the total change in fund balance by fund as of June 30, 2011 and 2010.

	Fund Balance June 30, 2011	Restated Fund Balance June 30, 2010	Increase (Decrease)
General	\$6,156,226	\$3,938,975	\$2,217,251
Bond Retirement	3,525,419	2,358,342	1,167,077
Other Governmental	1,569,629	1,993,860	(424,231)
Total	\$11,251,274	\$8,291,177	\$2,960,097

KETTERING CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011**

Unaudited

Bond Retirement Fund – The District's Bond Retirement Fund balance increase is due to higher tax revenue collections in 2011.

General Fund – The District's General Fund balance increase is due to several factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2011 Revenues	2010 Revenues	Increase (Decrease)
Taxes	\$53,859,786	\$45,982,170	\$7,877,616
Tuition and Fees	327,383	368,068	(40,685)
Transportation	36,955	34,700	2,255
Interest	64,159	182,825	(118,666)
Intergovernmental	26,565,957	26,619,538	(53,581)
Extracurricular Activities	283,492	56,502	226,990
Classroom Materials and Fees	179,143	4,764	174,379
Miscellaneous	1,170,453	557,670	612,783
Total	\$82,487,328	\$73,806,237	\$8,681,091

General Fund revenues in 2011 increased approximately 11.8% compared to revenues in fiscal year 2010. The major factor contributing to this increase was the increase in tax revenues.

	2011 Expenditures	2010 Expenditures	Increase (Decrease)
Instruction:			
Regular	\$33,610,690	\$34,201,523	(\$590,833)
Special	6,708,247	6,100,808	607,439
Vocational	2,561,806	2,471,938	89,868
Other Instruction	2,214,279	2,286,766	(72,487)
Supporting Services:			
Pupils	7,200,620	6,851,231	349,389
Instructional Staff	4,710,809	4,681,449	29,360
Board of Education	62,748	67,089	(4,341)
Administration	5,211,009	5,748,227	(537,218)
Fiscal Services	1,682,772	1,494,161	188,611
Business	588,832	610,037	(21,205)
Operation & Maintenance of Plant	8,377,529	8,410,576	(33,047)
Pupil Transportation	3,278,245	3,208,582	69,663
Central	1,823,275	1,831,405	(8,130)
Non-Instructional Services	472,331	100,469	371,862
Extracurricular Activities	1,202,113	1,266,392	(64,279)
Facility Acquisition and Construction	34,596	47,499	(12,903)
Debt Service:			
Principal Retirement	476,507	466,975	9,532
Interest & Fiscal Charges	31,060	39,269	(8,209)
Total	\$80,247,468	\$79,884,396	\$363,072

KETTERING CITY SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011***

Unaudited

The expenditures increased by \$363,072 or .45% over the prior year mostly due to salaries and wages increases which affect the increase in fringe benefits, as well.

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 2011, the District amended its General Fund budget several times, none significant.

For the General Fund, budget basis revenue of \$85.5 million was an increase from the original budget estimates of \$77.5 million. This was due to an increase in tax revenues. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2011 the District had \$112,487,010 net of accumulated depreciation invested in land, buildings and improvements, furniture, vehicles and equipment. All capital assets are related to governmental activities. The following table shows fiscal year 2011 and 2010 balances:

	Governmental Activities		Increase (Decrease)
	2011	2010	
Land	\$466,616	\$466,616	\$0
Building and Improvements	136,196,566	136,196,566	0
Furniture, Vehicles and Equipment	8,217,387	8,095,982	121,405
Less: Accumulated Depreciation	<u>(32,393,559)</u>	<u>(30,614,810)</u>	<u>(1,778,749)</u>
Totals	<u>\$112,487,010</u>	<u>\$114,144,354</u>	<u>(\$1,657,344)</u>

The only activity within the current year took place in the furniture and equipment category. Additional information can be found in Note 11.

KETTERING CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011*

Unaudited

Debt

At June 30, 2011, the District had \$95,327,159 in bonds outstanding, \$3,103,198 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Governmental Activities:		
General Obligation Bonds	\$95,327,159	\$98,551,482
Capital Leases Payable	172,361	648,868
Early Retirement Incentive	0	138,000
Compensated Absences	8,413,349	8,261,957
Totals	<u>\$103,912,869</u>	<u>\$107,600,307</u>

Under current state statutes, the District's combined voted and unvoted general obligation bonded debt issues are subject to a legal limitation based on 9% of the total assessed value of real and personal property. At June 30, 2011, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 14.

ECONOMIC FACTORS

The District is financially sound, although not overly affluent. The District relies on its property taxes and State Foundation Funds to provide the funds necessary to maintain the educational programs.

REQUESTS FOR INFORMATION

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

KETTERING CITY SCHOOL DISTRICT



KETTERING CITY SCHOOL DISTRICT

Statement of Net Assets **June 30, 2011**

	Governmental Activities
Assets:	
Cash and Cash Equivalents	\$ 10,329,982
Investments	11,443,087
Receivables:	
Taxes	60,409,384
Accounts	13,454
Intergovernmental	1,817,144
Inventory of Supplies at Cost	254,318
Inventory Held for Resale	52,946
Restricted Assets:	
Cash and Cash Equivalents	12,801
Deferred Charges	734,287
Non-Depreciable Capital Assets	466,616
Depreciable Capital Assets, Net	<u>112,020,394</u>
Total Assets	<u>197,554,413</u>
Liabilities:	
Accounts Payable	987,289
Accrued Wages and Benefits	8,946,756
Intergovernmental Payable	1,943,463
Claims Payable	1,169,766
Unearned Revenue	52,857,789
Accrued Interest Payable	362,926
Long Term Liabilities:	
Due Within One Year	3,930,427
Due in More Than One Year	<u>99,982,442</u>
Total Liabilities	<u>170,180,858</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	18,472,838
Restricted For:	
Capital Projects	575,916
Debt Service	3,014,264
Permanent Fund:	
Expendable	2,355
Nonexpendable	12,801
Other Purposes	574,799
Unrestricted	<u>4,720,582</u>
Total Net Assets	<u>\$ 27,373,555</u>

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Statement of Activities For the Fiscal Year Ended June 30, 2011

		Program Revenues		Net (Expense) Revenues and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$ 35,764,848	\$ 491,487	\$ 8,377,327	\$ (26,896,034)
Special	9,096,792	0	3,086,493	(6,010,299)
Vocational	2,695,255	169,574	293,519	(2,232,162)
Adult/Continuing	87,962	0	97,720	9,758
Other Instruction	2,273,126	0	0	(2,273,126)
Support Services:				
Pupils	7,761,518	446,810	534,663	(6,780,045)
Instructional Staff	5,749,533	255,312	963,601	(4,530,620)
Board of Education	62,685	0	0	(62,685)
Administration	5,250,963	0	635,090	(4,615,873)
Fiscal Services	1,785,522	0	0	(1,785,522)
Business	591,628	0	0	(591,628)
Operation and Maintenance of Plant	8,877,007	0	684,787	(8,192,220)
Pupil Transportation	3,531,175	36,955	1,269,191	(2,225,029)
Central	1,927,323	0	222,777	(1,704,546)
Non-Instructional Services	5,473,549	2,040,451	1,696,423	(1,736,675)
Extracurricular Activities	1,776,337	662,649	0	(1,113,688)
Interest and Fiscal Charges	4,211,670	0	0	(4,211,670)
Total Governmental Activities	\$ 96,916,893	\$ 4,103,238	\$ 17,861,591	(74,952,064)
General Revenues				
Property Taxes				61,540,434
Grants and Entitlements not Restricted to Specific Programs				18,477,287
Investment Earnings				73,241
Miscellaneous				454,500
Total General Revenues				80,545,462
Change in Net Assets				5,593,398
Net Assets Beginning of Year				21,780,157
Net Assets End of Year				\$ 27,373,555

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2011

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 3,771,127	\$ 811,555	\$ 2,554,235	\$ 7,136,917
Investments	9,201,207	2,241,880	0	11,443,087
Receivables:				
Taxes	53,023,995	6,816,756	568,633	60,409,384
Accounts	13,454	0	0	13,454
Intergovernmental	36,955	0	1,780,189	1,817,144
Due from Other Funds	181,343	0	0	181,343
Inventory of Supplies at Cost	254,318	0	0	254,318
Inventory Held for Resale	0	0	52,946	52,946
Restricted Assets:				
Cash and Cash Equivalents	0	0	12,801	12,801
Total Assets	\$ 66,482,399	\$ 9,870,191	\$ 4,968,804	\$ 81,321,394
Liabilities:				
Accounts Payable	\$ 447,078	\$ 0	\$ 540,211	\$ 987,289
Accrued Wages and Benefits	8,317,148	0	629,608	8,946,756
Intergovernmental Payable	1,792,879	0	150,584	1,943,463
Due to Other Funds	0	0	181,343	181,343
Deferred Revenue	49,769,068	6,344,772	1,897,429	58,011,269
Total Liabilities	60,326,173	6,344,772	3,399,175	70,070,120
Fund Balances:				
Nonspendable	254,318	0	65,747	320,065
Restricted	0	3,525,419	1,906,962	5,432,381
Assigned	655,959	0	0	655,959
Unassigned	5,245,949	0	(403,080)	4,842,869
Total Fund Balances	6,156,226	3,525,419	1,569,629	11,251,274
Total Liabilities and Fund Balances	\$ 66,482,399	\$ 9,870,191	\$ 4,968,804	\$ 81,321,394

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Reconciliation Of Total Governmental Fund Balances To Net Assets Of Governmental Activities June 30, 2011

Total Governmental Fund Balances \$ 11,251,274

***Amounts reported for governmental activities in the
statement of net assets are different because***

Capital Assets used in governmental activities are not resources and therefore are not reported in the funds. 112,487,010

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.

Taxes Receivable - accrual basis	3,787,976	
Grants Receivable - accrual basis	1,365,504	
Total		5,153,480

The 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 is included in governmental activities in the statement of net assets. 2,023,299

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Amounts Due Within One Year	(3,930,427)	
Amounts Due in More Than One Year	(99,982,442)	
Deferred Charges for Issuance Costs	734,287	
Accrued Interest on Long-Term Debt	(362,926)	
Total		(103,541,508)

Net Assets of Governmental Activities **\$ 27,373,555**

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2011

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 53,859,786	\$ 7,433,358	\$ 606,934	\$ 61,900,078
Tuition and Fees	327,383	0	388,524	715,907
Transportation	36,955	0	0	36,955
Interest	64,159	8,665	417	73,241
Sales	0	0	1,585,503	1,585,503
Intergovernmental	26,565,957	1,209,518	7,914,100	35,689,575
Extracurricular Activities	283,492	0	394,995	678,487
Classroom Materials and Fees	179,143	0	0	179,143
Miscellaneous	1,170,453	0	191,290	1,361,743
Total Revenue	82,487,328	8,651,541	11,081,763	102,220,632
Expenditures:				
Current:				
Regular	33,610,690	0	1,155,143	34,765,833
Special	6,708,247	0	2,348,424	9,056,671
Vocational	2,561,806	0	131,318	2,693,124
Adult/Continuing	0	0	88,051	88,051
Other Instruction	2,214,279	0	61,146	2,275,425
Supporting Services:				
Pupils	7,200,620	0	672,924	7,873,544
Instructional Staff	4,710,809	0	1,021,333	5,732,142
Board of Education	62,748	0	0	62,748
Administration	5,211,009	5,629	15,984	5,232,622
Fiscal Services	1,682,772	91,063	7,423	1,781,258
Business	588,832	0	0	588,832
Operation and Maintenance of Plant	8,377,529	0	430,493	8,808,022
Pupil Transportation	3,278,245	0	72,177	3,350,422
Central	1,823,275	0	43,162	1,866,437
Non-Instructional Services	472,331	0	4,979,375	5,451,706
Extracurricular Activities	1,202,113	0	403,030	1,605,143
Facility Acquisition and Construction	34,596	0	91,796	126,392
Debt Service:				
Principal Retirement	476,507	3,164,276	0	3,640,783
Interest and Fiscal Charges	31,060	4,223,496	0	4,254,556
Total Expenditures	80,247,468	7,484,464	11,521,779	99,253,711

KETTERING CITY SCHOOL DISTRICT

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues				
Over Expenditures	2,239,860	1,167,077	(440,016)	2,966,921
Other Financing Sources (Uses):				
Transfers In	0	0	13,500	13,500
Transfers Out	(13,500)	0	0	(13,500)
Total Other Financing Sources (Uses)	(13,500)	0	13,500	0
Net Change in Fund Balance	2,226,360	1,167,077	(426,516)	2,966,921
Fund Balances at Beginning of Year, Restated	3,938,975	2,358,342	1,993,860	8,291,177
Increase (Decrease) in Inventory Reserve	(9,109)	0	2,285	(6,824)
Fund Balances End of Year	\$ 6,156,226	\$ 3,525,419	\$ 1,569,629	\$ 11,251,274

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities For The Fiscal Year Ended June 30, 2011

Net Change in Fund Balances - Total Governmental Funds	\$ 2,966,921
 <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. This is the amount by which depreciation exceeded capital outlays in the current period.	(1,639,347)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(17,997)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	289,659
The repayment of principal of long-term debt consumes current financial resources of governmental funds, but does not have any effect on net assets.	3,640,783
In the statement of activities, interest is accrued on outstanding bonds whereas in governmental funds, an interest expenditure is reported when due.	42,886
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(20,216)
The internal service fund is used by management to charge the costs of services to individual funds and is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities.	<u>330,709</u>
<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$ 5,593,398</u></u>

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT



KETTERING CITY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 49,555,157	\$ 57,596,786	\$ 51,342,549	\$ (6,254,237)
Tuition and Fees	861,000	471,388	327,633	(143,755)
Transportation	0	0	34,700	34,700
Interest	313,000	81,000	94,596	13,596
Intergovernmental	25,545,806	26,157,785	26,565,957	408,172
Extracurricular Activities	313,000	313,000	54,543	(258,457)
Classroom Material and Fees	68,000	68,000	3,690	(64,310)
Miscellaneous	675,064	675,064	513,582	(161,482)
Total Revenues	77,331,027	85,363,023	78,937,250	(6,425,773)
Expenditures:				
Current:				
Instruction:				
Regular	35,145,164	34,281,841	33,574,396	707,445
Special	6,785,855	6,619,163	6,713,711	(94,548)
Vocational	2,566,699	2,503,649	2,516,608	(12,959)
Other Instruction	2,815,351	2,746,193	2,227,006	519,187
Support Services:				
Pupils	7,097,285	6,922,943	6,997,088	(74,145)
Instructional Staff	4,703,897	4,588,348	4,706,971	(118,623)
Board of Education	79,924	77,961	62,701	15,260
Administration	5,561,857	5,425,232	5,263,292	161,940
Fiscal Services	1,971,052	1,922,634	1,684,034	238,600
Business	616,052	600,919	592,591	8,328
Operation and Maintenance of Plant	8,916,606	8,697,573	8,638,716	58,857
Pupil Transportation	3,448,892	3,364,171	3,343,846	20,325
Central	1,986,061	1,937,274	1,931,092	6,182
Non-Instructional Services	75,426	73,573	64,878	8,695
Extracurricular Activities	1,246,963	1,216,332	1,199,184	17,148
Facility Acquisition and Construction	42,399	41,357	36,459	4,898
Debt Service:				
Principal Retirement	488,307	476,312	476,163	149
Interest and Fiscal Charges	23,416	22,841	22,739	102
Total Expenditures	83,571,206	81,518,316	80,051,475	1,466,841

KETTERING CITY SCHOOL DISTRICT

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,240,179)	3,844,707	(1,114,225)	(4,958,932)
Other Financing Sources (Uses):				
Sale of Capital Assets	73,000	73,000	0	(73,000)
Transfers Out	(13,500)	(13,500)	(13,500)	0
Refund of Prior Year's Expenditures	113,000	45,300	33,147	(12,153)
Refund of Prior Year's Receipts	(1,000)	(1,000)	0	1,000
Total Other Financing Sources (Uses):	171,500	103,800	19,647	(84,153)
Net Change in Fund Balance	(6,068,679)	3,948,507	(1,094,578)	(5,043,085)
Fund Balance at Beginning of Year	11,803,764	11,803,764	11,803,764	0
Prior Year Encumbrances	1,158,056	1,158,056	1,158,056	0
Fund Balance at End of Year	\$ 6,893,141	\$ 16,910,327	\$ 11,867,242	\$ (5,043,085)

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

***Statement of Net Assets
Proprietary Fund
June 30, 2011***

	<u>Governmental Activities - Internal Service Funds</u>
Assets:	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 3,193,065
Total Assets	<u>3,193,065</u>
Liabilities:	
<i>Current Liabilities:</i>	
Claims Payable	<u>1,169,766</u>
Total Liabilities	<u>1,169,766</u>
Net Assets:	
Unrestricted	<u>2,023,299</u>
Total Net Assets	<u>\$ 2,023,299</u>

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

***Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2011***

	Governmental Activities - Internal Service Funds
Operating Revenues:	
Charges for Services	\$ 9,993,453
Total Operating Revenues	<u>9,993,453</u>
Operating Expenses:	
Purchased Services	1,147,062
Claims Expense	8,515,740
Total Operating Expenses	<u>9,662,802</u>
Operating Income (Loss)	330,651
Nonoperating Revenue (Expenses):	
Interest	<u>58</u>
Total Nonoperating Revenues (Expenses)	<u>58</u>
Change in Net Assets	330,709
Net Assets Beginning of Year	<u>1,692,590</u>
Net Assets End of Year	<u>\$ 2,023,299</u>

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2011

	Governmental Activities - Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Interfund Charges	\$9,993,453
Cash Payments for Goods and Services	(1,147,062)
Cash Payments for Claims	(8,364,269)
Net Cash Provided by Operating Activities	<u>482,122</u>
<u>Cash Flows from Investing Activities:</u>	
Receipts of Interest	58
Net Cash Provided by Investing Activities	<u>58</u>
Net Increase in Cash and Cash Equivalents	482,180
Cash and Cash Equivalents at Beginning of Year	<u>2,710,885</u>
Cash and Cash Equivalents at End of Year	<u><u>\$3,193,065</u></u>
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income	\$330,651
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Claims Payable	<u>151,471</u>
Total Adjustments	<u>151,471</u>
Net Cash Provided by Operating Activities	<u><u>\$482,122</u></u>

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

***Statement of Assets and Liabilities
Fiduciary Funds
June 30, 2011***

	<u>Agency Funds</u>
Assets:	
Cash and Cash Equivalents	\$ 225,841
Total Assets	<u>225,841</u>
Liabilities:	
Claims Payable	19,220
Due to Others	126,156
Due to Students	<u>80,465</u>
Total Liabilities	<u>\$ 225,841</u>

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Kettering City School District (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 as authorized by its charter or further mandated by state and/or federal agencies. This Board controls the District's instructional and support facilities staffed by 340.66 (FTE) classified personnel and 569.22 (FTE) certificated teaching and administrative personnel to provide services to students and other community members.

In terms of enrollment the District is the 35th largest in the State of Ohio (among 613 districts) and the third largest in Montgomery County. It currently operates eight elementary schools, two middle schools (grades 6-8), and one comprehensive high school (grades 9-12).

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*", in that the financial statements include all organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either the District's ability to impose its will over the organization or the possibility that the organization will provide a financial benefit to, or impose a financial burden on, the District. Based on the foregoing, the District does not have any component units. The reporting entity of the District includes the following services: instructional (regular, special education, vocational, adult/continuing, other), student guidance, extracurricular activities, food service, pupil transportation and care and upkeep of grounds and buildings.

The accounting policies and financial reporting practices of the District conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies.

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are grouped into the categories governmental, proprietary and fiduciary.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds - These are funds through which most governmental functions typically are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the District's major governmental funds:

General Fund - This fund is the general operating fund of the District and is used to account for all financial resources except those accounted for 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 for, and the payment of, general long-term debt principal and interest.

The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds - The proprietary funds are accounted for on a "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of the proprietary funds are included on the balance sheet. The proprietary funds operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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 or to other governments on a cost-reimbursement basis. The Dental Insurance and Health Insurance Funds account for the premiums and claims payments applicable to the employee dental and health plans.

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary 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's agency funds account for various student-managed activity programs, deposits to be utilized for background checks and for the employee's cafeteria benefits plan. The agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function or program of the School District’s governmental activities. Direct expenses are those that are specifically associated with a service, program or department and 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 School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements – Fund financial statements report detailed information about the School District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is 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. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of revenues, expenses and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operation.

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the District is considered to be 60 days after fiscal year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Under the modified accrual basis, the following revenue sources are considered susceptible to accrual at year end: property taxes, tuition, grants and entitlements, student fees, and interest on investments.

Current property taxes measurable at June 30, 2011, and which are not intended to finance fiscal 2011 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end.

The accrual basis of accounting is utilized for reporting purposes by the government-wide financial statements, the proprietary funds and agency funds. Revenues are recognized when they are earned and expenses are recognized when incurred.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting," the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

Revenues – Exchange and Non-exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property 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. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the 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.

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 fund level for all funds of the District except the General Fund which is at the object level. Supplemental budgetary modifications may only be made by resolution of the Board of Education.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

1. 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 June 30, 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 2011.

2. 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.

3. 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.

KETTERING CITY SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

4. 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 reappropriated.

5. 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 reservations of fund balance (GAAP basis).

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

Net Change in Fund Balance	General Fund
GAAP Basis (as reported)	\$2,226,360
Increase (Decrease):	
Accrued Revenues at June 30, 2011, received during FY 2012	(3,301,415)
Accrued Revenues at June 30, 2010, received during FY 2011	841,801
Accrued Expenditures at June 30, 2011, paid during FY 2012	10,557,105
Accrued Expenditures at June 30, 2010, paid during FY 2011	(10,556,529)
Encumbrances Outstanding	(865,655)
Perspective Difference:	
Activity of Funds Reclassified for GAAP Reporting Purposes	3,755
Budget Basis	(\$1,094,578)

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and investments with original maturities of less than three months.

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 6, "Cash, Cash Equivalents and Investments."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the District records all its investments at fair value. See Note 6, "Cash, Cash Equivalents and Investments."

The District has invested funds in the STAR Ohio during 2011. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2011. Also, the District invested in repurchase agreements which are valued at cost, and U.S. Government securities which are stated at fair value. See Note 6, "Cash, Cash Equivalents and Investments."

Under existing Ohio statutes, the Board of Education has, by resolution, specified the funds to receive allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2011 totaled \$64,159, which includes \$35,654 assigned from other District funds, and \$9,082 was credited to other governmental funds of the District.

H. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased.

KETTERING CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets and Depreciation

Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,500.

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements.

Contributed capital assets are recorded at fair market value at the date received. Infrastructure capital assets (e.g., driveways, fencing, retaining walls and other assets that are immovable and of value only to the District) are capitalized if the cost or estimated historical cost to purchase or construct equals or exceeds \$2,500. Governmental activities capital asset values were initially determined by identifying historical costs where such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

2. Depreciation

All capital assets, other than land and construction in progress, are depreciated. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives (in years)</u>
Buildings and Improvements	80
Furniture, Vehicles and Equipment	5-20

J. Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	Debt Service Fund
Capital Leases	General Fund
Early Retirement Incentive	General Fund
Compensated Absences	General Fund, Food Services Fund, Pathfinder/Preschool Fund, Special Enterprise Fund, Auxiliary Services Fund, Public School Preschool Fund, Adult Basic Education Fund, EESA Title VI-B Fund, Title I Fund

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences

GASB Statement No. 16 specifies that compensated absences should be accrued as employees earn them if both of the following conditions are met:

1. The employee's rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employee for the benefits through paid time off or cash payment. The District includes in its liabilities any employee who has at least 20 years of service or an employee who has five years of service and is at least 60 years of age.

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.

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net Assets restricted for Other Purposes include restricted state and federal grants.

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

M. 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. The classifications are as follows:

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

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balance (Continued)

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

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

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

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

N. Pensions

The provision for pension costs are recorded when the related payroll is accrued and the obligation is incurred.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. 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 governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

P. Restricted Assets

Restricted assets in the permanent fund represent cash and cash equivalents restricted based upon applicable trust agreements.

Q. Estimates

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

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are interfund charges for the internal service funds. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE – RECLASSIFICATION OF FUND BALANCES

For fiscal 2011 the District implemented GASB Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*”.

Statement No. 54 provides more clearly defined categories to make the nature and extent of the constraints placed on a governments fund balances more transparent. It also clarifies the existing governmental fund type definitions. While the application of this new standard did not have an effect on total prior year fund balances, it did result in the reclassification of funds as detailed below:

	<u>General Fund</u>	<u>Other Governmental Funds</u>
Fund Balance		
at June 30, 2010	\$3,664,598	\$2,268,237
Fund Reclassification	<u>274,377</u>	<u>(274,377)</u>
Fund Balance, as restated	<u><u>\$3,938,975</u></u>	<u><u>\$1,993,860</u></u>



KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 3 – FUND BALANCES

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 government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Supplies Inventory	\$254,318	\$0	\$52,946	\$307,264
Endowments	0	0	12,801	12,801
Total Nonspendable	254,318	0	65,747	320,065
Restricted:				
Food Service	0	0	756,330	756,330
Endowments	0	0	2,355	2,355
Staff Development and Support	0	0	108,017	108,017
Auxiliary Services	0	0	31,515	31,515
Extracurricular Activities	0	0	164,611	164,611
Preschool Programs	0	0	212,368	212,368
Technology Improvements	0	0	11,255	11,255
Special Education	0	0	20,134	20,134
Targeted Academic Assistance	0	0	57,514	57,514
Debt Service Payments	0	3,525,419	0	3,525,419
Capital Acquisition and Improvement	0	0	542,863	542,863
Total Restricted	0	3,525,419	1,906,962	5,432,381
Assigned to Other Purposes	655,959	0	0	655,959
Unassigned	5,245,949	0	(403,080)	4,842,869
Total Fund Balances	\$6,156,226	\$3,525,419	\$1,569,629	\$11,251,274

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 4 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government – wide statement of activities. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

Amount by which depreciation exceeded capital outlays in the current period:

Capital Asset Additions	\$420,773
Depreciation Expense	(2,060,120)
	<u>(\$1,639,347)</u>

Governmental revenues not reported in the funds:

Decrease in Delinquent Tax Revenue	(\$359,644)
Increase in Grants Receivable	649,303
	<u>\$289,659</u>

Net amount of long-term debt issuance and bond and lease principal payments:

Bond Principal Payment	\$3,164,276
Capital Lease Payment	476,507
	<u>\$3,640,783</u>

Interest expense not reported in the funds:

Increase in accrued interest on long term debt	(\$24,857)
Amortization of Deferred Charges	(36,714)
Amortization of Deferred Loss on Defeasance	(158,701)
Amortization of Bond Premium	263,158
	<u>\$42,886</u>

Expenses not reported in the funds:

Increase in compensated absences	(\$151,392)
Decrease in early retirement incentive	138,000
Decrease in supplies inventory	(6,824)
	<u>(\$20,216)</u>

KETTERING CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011*

NOTE 5 – COMPLIANCE AND ACCOUNTABILITY

A. Fund Deficits

The following is a summary of deficit fund equities at June 30, 2011:

<u>Fund</u>	<u>Deficit Fund Equity</u>
Special Revenue Funds:	
Public School Preschool Fund	\$575
Adult Basic Education Fund	4,581
Race to the Top Fund	1,781
Title II Fund	41,706
EESA Title VI-B Fund	190,920
Technology Title II-D Fund	71
Bilingual Education Fund	4,917
Even Start Program Fund	19,995
Title I Fund	138,534

The deficits arise from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. Other deficits also existed under the budgetary/cash basis of accounting. The General Fund often provides operating transfers when cash is required, not when accruals occur.

B. Excess of Expenditures Plus Encumbrances Over Final Appropriations

For the fiscal year ended June 30, 2011, expenditures plus encumbrances exceeded appropriations in the General Fund at the Fringe Benefit object level by \$1,086,675.

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KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments. In addition, investments are separately held by a number of individual funds.

Statutes require the classification of funds held by the District into three categories. Category 1 consists of “active” funds - those funds required to be kept in a “cash” or “near cash” status for immediate use by the District. Such funds must be maintained either as cash in the District Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of “inactive” funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of “interim” funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- 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;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

KETTERING CITY SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011***

NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. The District has no formal policy on custodial credit risk and is governed by Ohio Revised Code as described under Deposits. Protection of District cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the District's deposits was \$4,633,471 and the bank balance was \$5,077,804. The Federal Deposit Insurance Corporation (FDIC) covered \$1,474,314 of the bank balance and \$3,603,490 was uninsured. Of the remaining uninsured bank balance, the District was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the District's name	<u>\$3,603,490</u>
Total Balance	<u><u>\$3,603,490</u></u>

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KETTERING CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011**

NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The District's investments at June 30, 2011 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)		
			less than 1	1-3	3-5
STAR Ohio	\$5,935,153	AAAm ¹	\$5,935,153	\$0	\$0
FHLMC	2,846,572	AAA ¹ , Aaa ²	673,873	1,170,449	1,002,250
FHLB	4,408,045	AAA ¹ , Aaa ²	0	3,398,475	1,009,570
FNMA	3,688,385	AAA ¹ , Aaa ²	0	1,525,467	2,162,918
FFCB	500,085	AAA ¹ , Aaa ²	0	500,085	0
Total Investments	<u>\$17,378,240</u>		<u>\$6,609,026</u>	<u>\$6,594,476</u>	<u>\$4,174,738</u>

¹ Standard & Poor's

² Moody's Investor Service

Interest Rate Risk – The District's investment policy mitigates interest rate risk by following Ohio Revised Code, which generally limits security purchases to those that mature within five years of settlement date.

Credit Risk – The District follows the Ohio Revised Code (ORC) which limits the amount of credit risk it's going to allow any district to become involved in. It accomplishes this by compiling a specific list of investments, to the exclusion of all other investments, which school districts are legally allowed to participate in.

Concentration of Credit Risk – The District places no limit on the amount the District may invest in one issuer. Of the District's total investments, 34.15% are STAR Ohio, 16.38% are FHLMC, 25.37% are FHLB, 21.22% are FNMA and 2.88% are FFCB.

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 investment or collateral securities that are in the possession of an outside party. The District has no formal policy on custodial credit risk and is governed by Ohio Revised Code as described under Deposits.

KETTERING CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011**

NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. Certificates of deposit with an original maturity of three months or less are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

	<u>Cash & Cash Equivalents/ Deposits *</u>	<u>Investments</u>
Per GASB Statement No. 9	\$10,568,624	\$11,443,087
STAR Ohio	(5,935,153)	5,935,153
Per GASB Statement No. 3	<u>\$4,633,471</u>	<u>\$17,378,240</u>

* - Includes restricted cash

NOTE 7 - 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 collections are received by the District in the second half of the fiscal year. Second half distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the District. Real property taxes (other than public utility) collected during 2011 were levied after April 1, 2010 on assessed values as of January 1, 2010, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made the third year following reappraisal. The last revaluation was completed in 2008. Real property taxes are payable annually or semi-annually. The first payment is due December 31, with the remainder payable by June 20.

Tangible personal property tax revenues received in 2011 (other than public utility property) represent the collection of 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after October 1, 2010 on values as of December 31, 2010. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 7 - PROPERTY TAXES (Continued)

The tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. House Bill No. 66 was to hold districts harmless by replacing a portion of the revenue lost by the District due to the phasing out of the tax. In fiscal years 2006-2009, the District was fully reimbursed for the lost revenue. In fiscal years after 2010, the District will not be reimbursed for the lost revenue.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The School District receives property taxes from Montgomery County. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2011 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 revenue.

The amount available as an advance at June 30, 2011 was \$3,254,927 in the general fund, \$471,984 in the debt service fund, and \$36,708 in the permanent improvement capital projects fund.

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

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second Half Collections	2011 First Half Collections
Agricultural/Residential and Other Real Estate	\$1,307,881,230	\$1,281,069,450
Public Utility Personal	72,380,190	78,792,780
Tangible Personal Property	1,002,490	0
Total Assessed Value	<u>\$1,381,263,910</u>	<u>\$1,359,862,230</u>
Tax rate per \$1,000 of assessed valuation	\$73.10	\$78.00

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 8 - RECEIVABLES

Receivables at June 30, 2011 consisted of taxes, accounts receivable and intergovernmental receivables. 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.

NOTE 9 - TRANSFERS

Following is a summary of transfers in and out for all funds at June 30, 2011:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$0	\$13,500
Other Governmental Funds	13,500	0
Total All Funds	<u>\$13,500</u>	<u>\$13,500</u>

Transfers are used to (a) 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 (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 10 - INTERFUND BALANCES

Following is a summary of interfund receivables/payables for all funds at June 30, 2011:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$181,343	\$0
Other Governmental Funds	0	181,343
Totals	<u>\$181,343</u>	<u>\$181,343</u>

The Interfund Loan is a short-term loan arising from timing differences. Due to/from other funds represent normal balances between funds that occur due to timing differences.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 11 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at June 30, 2011:

<i>Historical Cost:</i>	June 30,			June 30,
Class	2010	Additions	Deletions	2011
Capital assets not being depreciated:				
Land	\$466,616	\$0	\$0	\$466,616
Capital assets being depreciated:				
Buildings and Improvements	136,196,566	0	0	136,196,566
Furniture, Vehicles and Equipment	8,095,982	420,773	(299,368)	8,217,387
Total Cost	<u>\$144,759,164</u>	<u>\$420,773</u>	<u>(\$299,368)</u>	<u>\$144,880,569</u>
Accumulated Depreciation:	June 30,			June 30,
Class	2010	Additions	Deletions	2011
Buildings and Improvements	(\$25,687,203)	(\$1,700,213)	\$0	(\$27,387,416)
Furniture, Vehicles and Equipment	(4,927,607)	(359,907)	281,371	(5,006,143)
Total Depreciation	<u>(\$30,614,810)</u>	<u>(\$2,060,120) *</u>	<u>\$281,371</u>	<u>(\$32,393,559)</u>
Net Value:	<u>\$114,144,354</u>			<u>\$112,487,010</u>

* Depreciation expenses were charged to governmental functions as follows:

Instruction:	
Regular	\$1,093,041
Special	38,098
Vocational	65,349
Support Services:	
Pupils	10,872
Instructional Staff	57,139
Administration	154,251
Operations & Maintenance of Plant	80,697
Pupil Transportation	222,226
Central	26,340
Other Noninstructional Services	132,159
Extracurricular Activities	179,948
Total Depreciation Expense	<u>\$2,060,120</u>

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 12 - DEFINED BENEFIT PENSION PLANS

All of the District's full-time employees participate in one of two separate retirement systems which are cost-sharing, multiple-employer defined benefit pension plans.

A. School Employee Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. Interested parties may obtain a copy by making a written request to SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2011, 11.81 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$1,500,371, \$1,421,001 and \$1,121,498 respectively, which were equal to the required contributions for each year.

B. State Teachers Retirement System

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2010, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$5,446,974, \$5,519,927, and \$5,312,032 respectively; which were equal to the required contributions for each year. Contributions to the DC and Combined Plans for fiscal year 2011 were \$289,497 made by the District and \$206,783 made by the plan members.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description – The District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2011, this amount was \$35,800.

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, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$371,652, \$241,469, and \$690,596 respectively; which were equal to the required contributions for each year.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2011, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$96,552, \$97,847, and \$92,533 respectively; which were equal to the required contributions for each year.

B. State Teachers Retirement System

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

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 13 - POSTEMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System (Continued)

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$418,998, \$424,610, and \$408,618 respectively; which were equal to the required contributions for each year.



KETTERING CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011**

NOTE 14- LONG-TERM DEBT AND OTHER OBLIGATIONS

Detail of the changes in the long-term debt of the District for the year ended June 30, 2011 is as follows:

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011	Amount Due Within One Year
2003 School Improvement	\$16,930,000	\$0	(\$2,035,000)	\$14,895,000	\$2,095,000
2004 School Improvement	1,510,000	0	(355,000)	1,155,000	370,000
2005 School Improvement Refunding	9,949,989	0	(620,000)	9,329,989	374,989
2006 School Improvement Refunding	9,569,994	0	(35,000)	9,534,994	35,000
2007 School Improvement Refunding	56,554,996	0	(35,000)	56,519,996	35,000
2002 Energy Conservation	577,731	0	(84,276)	493,455	88,752
Sub-Total General Obligation Bonds	95,092,710	0	(3,164,276)	91,928,434	2,998,741
Interest Accretion	197,113	44,410	0	241,523	0
Deferred Loss on Defeasance	(1,928,486)	0	158,701	(1,769,785)	(158,701)
Premium General Obligation Bonds	5,190,145	0	(263,158)	4,926,987	263,158
Total General Obligation Bonds	98,551,482	44,410	(3,268,733)	95,327,159	3,103,198
Capital Leases Payable	648,868	0	(476,507)	172,361	172,361
Early Retirement Incentive	138,000	0	(138,000)	0	0
Compensated Absences	8,261,957	8,413,349	(8,261,957)	8,413,349	654,868
Total Governmental Long-Term Debt	\$107,600,307	\$8,457,759	(\$12,145,197)	\$103,912,869	\$3,930,427

2003 School Improvement Bond

Purpose:	Finance new construction and renovations at each of the District's 12 schools.
Original Issue Amount:	\$87,400,000
Issue Date:	2003
Payment Dates:	June 1 and December 1
Interest Rate:	3.15% at June 30, 2011; rate changes to 3.3% in 2012, 3.5% in 2014 and 5% from 2015 - 2030
Maturity Date:	2030

2004 School Improvement Bond

Purpose:	Finance new construction and renovations at each of the District's 12 schools.
Original Issue Amount:	\$15,000,000
Issue Date:	2004
Payment Dates:	June 1 and December 1
Interest Rate:	3.5% at June 30, 2011; rate changes to 3.75% in 2012, 4% from 2013-2015
Maturity Date:	2015

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 14- LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

2005 School Improvement Refunding Bond

Purpose: To advance refund 2003 School Improvement Bond
Original Issue Amount: \$12,149,989
Issue Date: 2005
Payment Dates: June 1 and December 1
Interest Rate: 3.25% at June 30, 2011; rate changes to 3.5% in 2012,
and to 5% from 2015 - 2022
Maturity Date: 2022

2006 School Improvement Refunding Bond

Purpose: To partially refund 2003 School Improvement Bond
Original Issue Amount: \$9,639,994
Issue Date: 2006
Payment Dates: June 1 and December 1
Interest Rate: 4% at June 30, 2011; rate changes to 4.05% in 2016 and 4.375% in 2018,
Maturity Date: 2031

2007 School Improvement Refunding Bond

Purpose: To partially refund portions of the 2003 & 2004 School Improvement Bonds
Original Issue Amount: \$57,359,996
Issue Date: 2007
Payment Dates: June 1 and December 1
Interest Rate: 4.0% at June 30, 2011; rate changes to 4.05% in 2015, 4% in 2016, 5% in 2017,
4.75% in 2019, 4.25% in 2024 and 5.25% from 2027 - 2032
Maturity Date: 2032

2002 Energy Conservation Bond

Purpose: Finance renovations that will significantly reduce energy consumption at the District's
facilities.
Original Issue Amount: \$1,200,000
Issue Date: 2002
Payment Dates: December 1
Interest Rate: 5.31%
Maturity Date: 2015

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 14- LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

A. Principal and Interest Requirements

A summary of the District's future long-term debt funding requirements including principal and interest payments as of June 30, 2011, follows:

Years	General Obligation Bonds		
	Principal	Interest	Total
2012	\$2,998,741	\$4,129,476	\$7,128,217
2013	3,538,464	4,024,294	7,562,758
2014	3,658,427	3,878,348	7,536,775
2015	3,518,650	4,057,850	7,576,500
2016	3,969,158	3,587,942	7,557,100
2017-2021	21,564,994	15,707,356	37,272,350
2022-2026	23,710,000	9,613,235	33,323,235
2027-2031	28,075,000	3,731,579	31,806,579
2032	895,000	23,494	918,494
Totals	<u>\$91,928,434</u>	<u>\$48,753,574</u>	<u>\$140,682,008</u>

The effects of the debt limitations described above at June 30, 2011, are an overall debt margin of \$34,487,041; and an unvoted debt margin of \$1,359,862.

B. Defeased Debt

In November 2006, the District partially refunded \$9,640,000 of General Obligation Bonds for School Improvement Series 2003, dated March 27, 2003, through the issuance of \$9,639,994 of General Obligation Bonds. The net proceeds of the 2006 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$9,640,000 at June 30, 2011, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

In March 2007, the District partially refunded \$45,960,000 of General Obligation Bonds for School Improvement Series 2003, dated March 27, 2003, and partially refunded \$11,400,000 of General Obligation Bonds for School Improvement Series 2004, dated April 29, 2004, through the issuance of \$57,359,996 of General Obligation Bonds. The net proceeds of the 2010 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have outstanding balances of \$45,960,000 and \$11,400,000, respectively, at June 30, 2011, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 14- LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

C. Early Retirement Incentive

During 2006, the Board of Education offered an early retirement incentive to those individuals that met the following criteria:

- a) The employee must be currently eligible for service retirement in accordance with rules of the State Teachers Retirement System (STRS).
- b) The employee must be under contract and a member of the bargaining unit and must have completed a minimum of ten years of service with the Board.
- c) The employee must actually retire and receive benefits from STRS no later than August 1, 2006.
- d) The employee must not already be receiving retirement benefits from the STRS.

If all of the conditions were met the District would establish a Health Reimbursement Arrangement (HRA) on behalf of the employees and their spouses. Each qualifying employee will receive a tax sheltered HRA totaling \$30,000 to be paid in equal annual installments beginning on or around August 15th for a period of 5 years. 23 employees took advantage of the Board's offer.

NOTE 15 - CAPITAL LEASE COMMITMENTS

The District is party to five leases, two for school buses, one for a telephone system and two technology leases (computer equipment) that meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease as one which transfers benefits and risks of ownership to the lessee. The costs of the leased assets are accounted for in the Governmental Activities Capital Assets and the related liabilities in the Governmental Activities Long-Term Liabilities. The original costs of the assets under capital lease are \$481,648 for the school buses, \$653,538 for the phone system, and \$1,155,270 for the technology equipment. The leased assets are recorded as furniture, vehicles and equipment within the Capital Asset Footnote.

The following is a schedule of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2011:

<u>Year Ending June 30,</u>	<u>Capital Leases</u>
2012	<u>\$177,476</u>
Minimum Lease Payments	177,476
Less: Amount representing interest at the District's incremental borrowing rate of interest	<u>(5,115)</u>
Present value of minimum lease payments	<u><u>\$172,361</u></u>

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 16 - RISK MANAGEMENT

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 2011, the District contracted with Ohio Casualty through Brower Insurance Agency for general liability insurance with a \$1,000,000 per occurrence limit and a \$2,000,000 aggregate. Property is protected by Ohio Casualty through Brower Insurance Agency and holds a \$5,000 occurrence deductible.

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

The District has earthquake (\$5,000,000 limit) and flood (\$1,000,000 limit) insurance with Ohio Casualty through Brower Insurance Agency.

The District has a \$10,000,000 limit umbrella policy with \$10,000 self-insured with Ohio Casualty through Brower Insurance Agency.

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

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

The District provides life insurance and accidental death and dismemberment insurance to most employees through Prudential Life Insurance Company. Beginning January 1, 2010 the District became self-insured for medical/surgical benefits.

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

The District is self-insured for employee dental care benefits and became self-insured for health benefits on January 1, 2010. The dental program is administered by CoreSource, which provides claims review and processing services. The health program is administered by United Health Care, which provides claims review and processing services. Both of the self-insurance programs are accounted for as Internal Service Funds.

KETTERING CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011**

NOTE 16 - RISK MANAGEMENT (Continued)

Changes in the dental fund's claims liability amount in 2011 and 2010 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2010	\$231,904	\$922,584	(\$914,193)	\$240,295
2011	240,295	888,741	(882,270)	246,766

Changes in the health fund's claims liability amount in 2011 and 2010 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2010	\$0	\$2,871,404	(\$2,093,404)	\$778,000
2011	778,000	7,626,999	(7,481,999)	923,000

NOTE 17 – STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2011, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Acquisition Reserve
Set-aside Cash Balance as of June 30, 2010	\$0	\$0
Carryover Balance from Prior Year	(1,688,242)	0
Current Year Set-Aside Requirement	1,104,081	1,104,081
Current Year Offset Credits	0	(579,685)
Qualifying Disbursements	(1,205,961)	(1,092,030)
Totals	<u>(\$1,790,122)</u>	<u>(\$567,634)</u>
Qualifying Carryover Amounts to FY 2012	<u>(\$1,790,122)</u>	<u>(\$104,000,000)</u>

Qualifying carryover amount to fiscal year 2011 cannot exceed (\$104,000,000) for capital acquisition set-aside. The \$104,000,000 represents the debt issuances from fiscal years 1998 and 2003.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011

NOTE 18 - CONTINGENCIES

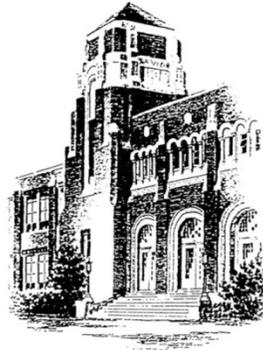
A. Grants

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 is 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 position of the District at June 30, 2011.

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, 2011.

KETTERING CITY SCHOOL DISTRICT



KETTERING CITY SCHOOL DISTRICT

COMBINING AND ***I***NDIVIDUAL ***F***UND
STATEMENTS AND ***S***CHEDULES

THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE
THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS.

KETTERING CITY SCHOOL DISTRICT

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to private purpose trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Food Services Fund

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

Special Trust Fund

A fund used to account for assets held by a school system in a trustee capacity or as an agent for individuals, private organizations, other governmental and/or other funds.

Uniform School Supplies Fund

This fund accounts for the purchase and sale of school supplies for use in the School District. Profits derived from such sales are used for school purposes or activities connected with the school. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

Rotary Special Services Fund

A fund provided to account for income and expenses made in connection with goods and services provided by the School District. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

Public School Support Fund

To support the various needs of the school such as supplies and equipment for use in the school; for support and recognition of school activities as deemed appropriate by the building principal. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

Pathfinder/Preschool Fund

To account for receipts and expenditures in conjunction with preschool activities.

Special Enterprise Fund

To account for the financial transactions related to the child care program called "morning and afternoon supervision program". This fund also accounts for building rental revenue associated with Trent Arena. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

(Continued)

KETTERING CITY SCHOOL DISTRICT

Special Revenue Funds

Athletic Fund

This fund is a combination of subject matters and experiences usually not provided in a regular class, designed for pupils who wish to pursue satisfying individual/group interest and study in specific aspects of the subject matter provided in a regular classroom.

Auxiliary Services Fund

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

Education Management Information System Fund

Accounts for state monies which support the development of hardware and software or other costs associated with the requirements of the management information system.

Public School Preschool Fund

To account for programs for early childhood education for disadvantaged four and five year olds.

Data Communications Fund

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

District Professional Development Fund

To account for the District's professional development. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

OhioReads Fund

Grants received at the building level to support the building coordinators for Ohio Reads. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Alternative Fund

To account for the District's alternative education challenge grant.

Other State Funds Fund

To account for State monies to provide the need for support and education of parents of children with disabilities, and to provide the opportunity for parents to participate in regularly scheduled support groups. 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.

Adult Basic Education Fund

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

Race to the Top Fund

To account for monies received to provide either a new program or expansion of an existing program in specific educational areas.

(Continued)

KETTERING CITY SCHOOL DISTRICT

Special Revenue Funds

Title II Fund

Provided for strengthening instruction in science, mathematics, modern foreign languages, English, the arts and computer learning.

Education for Economic Security Act (EESA Title VI-B) Fund

This federal program assists 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.

Carl D. Perkins Fund

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.

State Fiscal Stabilization Fund

To account for federal revenues received from the American Recovery and Reinvestment Act (ARRA) to help stabilize state and local budgets in order to minimize and avoid reductions in education and other essential services.

Technology Title II-D Fund

To account for federal revenues received to be used for technology.

Nutrition Education and Training Program Fund

To account for federal revenues used to encourage the effective dissemination of scientifically valid information to children participating or eligible to participate in the school lunch and related nutrition programs.

Bilingual Education Fund

Provision of funds to develop and carry out elementary and secondary school programs, including activities at the pre-school level, to meet the educational needs of children of limited English proficiency.

Even Start Program Fund

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

Title I Fund

Accounts for federal monies used to assist the School District in meeting the special needs of educationally deprived children.

Drug Free School Grant Fund

Accounts for federal revenues which support the implementation of programs for drug abuse education and prevention. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

(Continued)

KETTERING CITY SCHOOL DISTRICT

Special Revenue Funds

Preschool Grant Fund

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

Other Federal Programs Fund

To account for the activities of systemic grants, classrooms reduction grant, America Reads program, and school to work program.

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

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

Building Fund

A fund to account for financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Replacement Fund

A fund 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.

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

A fund 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

***Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011***

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 1,994,376	\$ 557,504	\$ 2,355	\$ 2,554,235
Receivables:				
Taxes	0	568,633	0	568,633
Intergovernmental	1,780,189	0	0	1,780,189
Inventory Held for Resale	52,946	0	0	52,946
Restricted Assets:				
Cash and Cash Equivalents	0	0	12,801	12,801
Total Assets	\$ 3,827,511	\$ 1,126,137	\$ 15,156	\$ 4,968,804
Liabilities:				
Accounts Payable	\$ 488,862	\$ 51,349	\$ 0	\$ 540,211
Accrued Wages and Benefits	629,608	0	0	629,608
Intergovernmental Payable	150,584	0	0	150,584
Due to Other Funds	181,343	0	0	181,343
Deferred Revenue	1,365,504	531,925	0	1,897,429
Total Liabilities	2,815,901	583,274	0	3,399,175
Fund Balances:				
Nonspendable	52,946	0	12,801	65,747
Restricted	1,361,744	542,863	2,355	1,906,962
Unassigned	(403,080)	0	0	(403,080)
Total Fund Balances	1,011,610	542,863	15,156	1,569,629
Total Liabilities and Fund Balances	\$ 3,827,511	\$ 1,126,137	\$ 15,156	\$ 4,968,804

KETTERING CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2011

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 0	\$ 606,934	\$ 0	\$ 606,934
Tuition and Fees	388,524	0	0	388,524
Interest	0	401	16	417
Sales	1,585,503	0	0	1,585,503
Intergovernmental	7,840,950	73,150	0	7,914,100
Extracurricular Activities	394,995	0	0	394,995
Miscellaneous	116,347	74,943	0	191,290
Total Revenue	10,326,319	755,428	16	11,081,763
Expenditures:				
Current:				
Regular	1,074,684	80,459	0	1,155,143
Special	2,347,988	436	0	2,348,424
Vocational	131,318	0	0	131,318
Adult/Continuing	88,051	0	0	88,051
Other Instruction	61,146	0	0	61,146
Supporting Services:				
Pupils	646,139	26,785	0	672,924
Instructional Staff	1,021,333	0	0	1,021,333
Administration	12,308	3,676	0	15,984
Fiscal Services	0	7,423	0	7,423
Operation and Maintenance of Plant	44,701	385,792	0	430,493
Pupil Transportation	0	72,177	0	72,177
Central	43,162	0	0	43,162
Non-Instructional Services	4,979,375	0	0	4,979,375
Extracurricular Activities	403,030	0	0	403,030
Facility Acquisition and Construction	87,148	4,648	0	91,796
Total Expenditures	10,940,383	581,396	0	11,521,779
Excess (Deficiency) of Revenues				
Over Expenditures	(614,064)	174,032	16	(440,016)
Other Financing Sources (Uses):				
Transfers In	13,500	0	0	13,500
Total Other Financing Sources (Uses)	13,500	0	0	13,500
Net Change in Fund Balance	(600,564)	174,032	16	(426,516)
Fund Balances at Beginning of Year	1,609,889	368,831	15,140	1,993,860
Increase in Inventory Reserve	2,285	0	0	2,285
Fund Balances End of Year	\$ 1,011,610	\$ 542,863	\$ 15,156	\$ 1,569,629

KETTERING CITY SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2011**

	<u>Food Services</u>	<u>Special Trust</u>	<u>Pathfinder / Preschool</u>	<u>Athletic</u>
Assets:				
Cash and Cash Equivalents	\$ 980,436	\$ 106,065	\$ 225,838	\$ 175,721
Receivables:				
Intergovernmental	0	0	0	0
Inventory Held for Resale	52,946	0	0	0
Total Assets	<u>\$ 1,033,382</u>	<u>\$ 106,065</u>	<u>\$ 225,838</u>	<u>\$ 175,721</u>
Liabilities:				
Accounts Payable	\$ 5,746	\$ 0	\$ 0	\$ 11,110
Accrued Wages and Benefits	143,300	0	17,955	0
Intergovernmental Payable	75,060	0	3,740	0
Due to Other Funds	0	0	0	0
Deferred Revenue	0	0	0	0
Total Liabilities	<u>224,106</u>	<u>0</u>	<u>21,695</u>	<u>11,110</u>
Fund Balances:				
Nonspendable	52,946	0	0	0
Restricted	756,330	106,065	204,143	164,611
Unassigned	0	0	0	0
Total Fund Balances (Deficit)	<u>809,276</u>	<u>106,065</u>	<u>204,143</u>	<u>164,611</u>
Total Liabilities and Fund Balances	<u>\$ 1,033,382</u>	<u>\$ 106,065</u>	<u>\$ 225,838</u>	<u>\$ 175,721</u>

KETTERING CITY SCHOOL DISTRICT

Auxiliary Services	Education Management Information System	Public School Preschool	Data Communications	Alternative	Other State Funds
\$ 412,850	\$ 5,000	\$ 0	\$ 6,255	\$ 0	\$ 20,134
0	0	6,767	0	12,103	22,500
0	0	0	0	0	0
<u>\$ 412,850</u>	<u>\$ 5,000</u>	<u>\$ 6,767</u>	<u>\$ 6,255</u>	<u>\$ 12,103</u>	<u>\$ 42,634</u>
\$ 290,204	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
80,750	0	4,041	0	0	0
10,381	0	653	0	927	0
0	0	1,527	0	2,584	0
0	0	1,121	0	3,029	22,500
<u>381,335</u>	<u>0</u>	<u>7,342</u>	<u>0</u>	<u>6,540</u>	<u>22,500</u>
0	0	0	0	0	0
31,515	5,000	0	6,255	5,563	20,134
0	0	(575)	0	0	0
<u>31,515</u>	<u>5,000</u>	<u>(575)</u>	<u>6,255</u>	<u>5,563</u>	<u>20,134</u>
<u>\$ 412,850</u>	<u>\$ 5,000</u>	<u>\$ 6,767</u>	<u>\$ 6,255</u>	<u>\$ 12,103</u>	<u>\$ 42,634</u>

(Continued)

KETTERING CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2011***

	Adult Basic Education	Race to the Top	Title II	EESA Title VI-B
Assets:				
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 4,451	\$ 0
Receivables:				
Intergovernmental	26,796	0	199,800	557,361
Inventory Held for Resale	0	0	0	0
Total Assets	\$ 26,796	\$ 0	\$ 204,251	\$ 557,361
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 45,408	\$ 110,728
Accrued Wages and Benefits	8,615	0	645	214,259
Intergovernmental Payable	2,536	629	104	31,239
Due to Other Funds	414	1,152	0	102,787
Deferred Revenue	19,812	0	199,800	289,268
Total Liabilities	31,377	1,781	245,957	748,281
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Unassigned	(4,581)	(1,781)	(41,706)	(190,920)
Total Fund Balances (Deficit)	(4,581)	(1,781)	(41,706)	(190,920)
Total Liabilities and Fund Balances	\$ 26,796	\$ 0	\$ 204,251	\$ 557,361

KETTERING CITY SCHOOL DISTRICT

Carl D. Perkins	State Fiscal Stabilization	Technology Title II-D	Nutrition Education and Training Program	Bilingual Education	Even Start Program
\$ 47,141	\$ 6,533	\$ 0	\$ 2,000	\$ 0	\$ 0
0	0	433	0	18,125	38,264
0	0	0	0	0	0
<u>\$ 47,141</u>	<u>\$ 6,533</u>	<u>\$ 433</u>	<u>\$ 2,000</u>	<u>\$ 18,125</u>	<u>\$ 38,264</u>
\$ 3,723	\$ 0	\$ 0	\$ 0	\$ 3,250	\$ 4,747
0	0	0	0	0	16,879
0	0	0	0	0	2,056
0	0	504	0	5,086	4,317
0	0	0	0	14,706	30,260
<u>3,723</u>	<u>0</u>	<u>504</u>	<u>0</u>	<u>23,042</u>	<u>58,259</u>
0	0	0	0	0	0
43,418	6,533	0	2,000	0	0
0	0	(71)	0	(4,917)	(19,995)
<u>43,418</u>	<u>6,533</u>	<u>(71)</u>	<u>2,000</u>	<u>(4,917)</u>	<u>(19,995)</u>
<u>\$ 47,141</u>	<u>\$ 6,533</u>	<u>\$ 433</u>	<u>\$ 2,000</u>	<u>\$ 18,125</u>	<u>\$ 38,264</u>

(Continued)

KETTERING CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2011***

	Title I	Preschool Grant	Other Federal Programs	Total Nonmajor Special Revenue Funds
Assets:				
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 1,952	\$ 1,994,376
Receivables:				
Intergovernmental	861,306	36,734	0	1,780,189
Inventory Held for Resale	0	0	0	52,946
Total Assets	\$ 861,306	\$ 36,734	\$ 1,952	\$ 3,827,511
Liabilities:				
Accounts Payable	\$ 13,946	\$ 0	\$ 0	\$ 488,862
Accrued Wages and Benefits	139,053	4,111	0	629,608
Intergovernmental Payable	22,599	660	0	150,584
Due to Other Funds	50,602	12,370	0	181,343
Deferred Revenue	773,640	11,368	0	1,365,504
Total Liabilities	999,840	28,509	0	2,815,901
Fund Balances:				
Nonspendable	0	0	0	52,946
Restricted	0	8,225	1,952	1,361,744
Unassigned	(138,534)	0	0	(403,080)
Total Fund Balances (Deficit)	(138,534)	8,225	1,952	1,011,610
Total Liabilities and Fund Balances	\$ 861,306	\$ 36,734	\$ 1,952	\$ 3,827,511

KETTERING CITY SCHOOL DISTRICT



KETTERING CITY SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2011**

	Food Services	Special Trust	Pathfinder / Preschool	Athletic
Revenues:				
Tuition and Fees	\$ 0	\$ 0	\$ 388,524	\$ 0
Sales	1,585,503	0	0	0
Intergovernmental	1,696,423	0	14,599	0
Extracurricular Activities	0	22,428	0	372,567
Miscellaneous	1,436	22,384	85,937	6,590
Total Revenue	3,283,362	44,812	489,060	379,157
Expenditures:				
Current:				
Instruction:				
Regular	0	0	25,230	0
Special	0	0	0	0
Vocational	0	0	0	0
Adult/Continuing	0	0	0	0
Other Instruction	0	0	0	0
Supporting Services:				
Pupils	0	396	119,998	0
Instructional Staff	0	16,280	211,032	0
Administration	0	0	0	0
Operation and Maintenance of Plant	28,047	0	3,273	5,150
Central	0	0	1,253	0
Non-Instructional Services	3,232,702	0	111,680	0
Extracurricular Activities	0	1,000	0	402,030
Facility Acquisition and Construction	0	0	0	0
Total Expenditures	3,260,749	17,676	472,466	407,180
Excess (Deficiency) of Revenues Over Expenditures	22,613	27,136	16,594	(28,023)
Other Financing Sources (Uses):				
Transfers In	0	0	0	13,500
Total Other Financing Sources (Uses)	0	0	0	13,500
Net Change in Fund Balance	22,613	27,136	16,594	(14,523)
Fund Balances at Beginning of Year	784,378	78,929	187,549	179,134
Increase in Inventory Reserve	2,285	0	0	0
Fund Balances End of Year	\$ 809,276	\$ 106,065	\$ 204,143	\$ 164,611

KETTERING CITY SCHOOL DISTRICT

Auxiliary Services	Education Management Information System	Public School Preschool	Data Communications	District Professional Development	OhioReads
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
1,183,472	5,000	146,880	25,025	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>1,183,472</u>	<u>5,000</u>	<u>146,880</u>	<u>25,025</u>	<u>0</u>	<u>0</u>
0	0	56,007	0	0	6,283
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	50,088	0	0	0
0	0	40,223	0	107	0
0	0	0	0	0	0
0	0	0	0	0	0
0	11,642	0	29,833	0	0
1,432,082	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>1,432,082</u>	<u>11,642</u>	<u>146,318</u>	<u>29,833</u>	<u>107</u>	<u>6,283</u>
(248,610)	(6,642)	562	(4,808)	(107)	(6,283)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(248,610)	(6,642)	562	(4,808)	(107)	(6,283)
280,125	11,642	(1,137)	11,063	107	6,283
0	0	0	0	0	0
<u>\$ 31,515</u>	<u>\$ 5,000</u>	<u>\$ (575)</u>	<u>\$ 6,255</u>	<u>\$ 0</u>	<u>\$ 0</u>

(Continued)

KETTERING CITY SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2011**

	Alternative	Other State Funds	Adult Basic Education	Race to the Top
Revenues:				
Tuition and Fees	\$ 0	\$ 0	\$ 0	\$ 0
Sales	0	0	0	0
Intergovernmental	16,802	3,257	159,864	0
Extracurricular Activities	0	0	0	0
Miscellaneous	0	0	0	0
Total Revenue	16,802	3,257	159,864	0
Expenditures:				
Current:				
Instruction:				
Regular	3,241	0	0	0
Special	0	13,413	0	0
Vocational	0	0	0	0
Adult/Continuing	0	0	88,051	0
Other Instruction	0	0	0	0
Supporting Services:				
Pupils	4,738	3,256	80,448	0
Instructional Staff	4,197	0	0	629
Administration	0	0	0	1,152
Operation and Maintenance of Plant	0	0	0	0
Central	0	0	0	0
Non-Instructional Services	0	0	384	0
Extracurricular Activities	0	0	0	0
Facility Acquisition and Construction	0	0	0	0
Total Expenditures	12,176	16,669	168,883	1,781
Excess (Deficiency) of Revenues Over Expenditures	4,626	(13,412)	(9,019)	(1,781)
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	4,626	(13,412)	(9,019)	(1,781)
Fund Balances at Beginning of Year	937	33,546	4,438	0
Increase in Inventory Reserve	0	0	0	0
Fund Balances End of Year	\$ 5,563	\$ 20,134	\$ (4,581)	\$ (1,781)

KETTERING CITY SCHOOL DISTRICT

Title II	EESA Title VI-B	Carl D. Perkins	State Fiscal Stabilization	Technology Title II-D	Nutrition Education and Training Program
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
142,409	1,947,337	91,990	936,377	4,845	2,000
0	0	0	0	0	0
0	0	0	0	0	0
<u>142,409</u>	<u>1,947,337</u>	<u>91,990</u>	<u>936,377</u>	<u>4,845</u>	<u>2,000</u>
0	0	0	917,940	2,499	0
0	1,083,042	0	0	0	0
0	0	131,318	0	0	0
0	0	0	0	0	0
0	0	0	61,146	0	0
772	268,773	0	0	0	0
220,888	409,814	0	0	2,510	0
1,295	530	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1,000	147,190	0	0	300	0
0	0	0	0	0	0
0	87,148	0	0	0	0
<u>223,955</u>	<u>1,996,497</u>	<u>131,318</u>	<u>979,086</u>	<u>5,309</u>	<u>0</u>
(81,546)	(49,160)	(39,328)	(42,709)	(464)	2,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(81,546)	(49,160)	(39,328)	(42,709)	(464)	2,000
39,840	(141,760)	82,746	49,242	393	0
0	0	0	0	0	0
<u>\$ (41,706)</u>	<u>\$ (190,920)</u>	<u>\$ 43,418</u>	<u>\$ 6,533</u>	<u>\$ (71)</u>	<u>\$ 2,000</u>

(Continued)

KETTERING CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds For the Fiscal Year Ended June 30, 2011

	Bilingual Education	Even Start Program	Title I	Drug Free School Grant
Revenues:				
Tuition and Fees	\$ 0	\$ 0	\$ 0	\$ 0
Sales	0	0	0	0
Intergovernmental	44,351	322,697	1,052,118	6,249
Extracurricular Activities	0	0	0	0
Miscellaneous	0	0	0	0
Total Revenue	<u>44,351</u>	<u>322,697</u>	<u>1,052,118</u>	<u>6,249</u>
Expenditures:				
Current:				
Instruction:				
Regular	9,309	2,280	51,895	0
Special	0	202,080	1,018,495	0
Vocational	0	0	0	0
Adult/Continuing	0	0	0	0
Other Instruction	0	0	0	0
Supporting Services:				
Pupils	35,630	48,049	23,865	10,126
Instructional Staff	0	55,451	60,202	0
Administration	0	0	9,331	0
Operation and Maintenance of Plant	0	0	0	0
Central	0	0	434	0
Non-Instructional Services	0	42,450	11,587	0
Extracurricular Activities	0	0	0	0
Facility Acquisition and Construction	0	0	0	0
Total Expenditures	<u>44,939</u>	<u>350,310</u>	<u>1,175,809</u>	<u>10,126</u>
Excess (Deficiency) of Revenues Over Expenditures	(588)	(27,613)	(123,691)	(3,877)
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(588)	(27,613)	(123,691)	(3,877)
Fund Balances at Beginning of Year	(4,329)	7,618	(14,843)	3,877
Increase in Inventory Reserve	0	0	0	0
Fund Balances End of Year	<u>\$ (4,917)</u>	<u>\$ (19,995)</u>	<u>\$ (138,534)</u>	<u>\$ 0</u>

KETTERING CITY SCHOOL DISTRICT

Preschool Grant	Other Federal Programs	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 388,524
0	0	1,585,503
39,255	0	7,840,950
0	0	394,995
0	0	116,347
39,255	0	10,326,319
0	0	1,074,684
30,958	0	2,347,988
0	0	131,318
0	0	88,051
0	0	61,146
0	0	646,139
0	0	1,021,333
0	0	12,308
0	8,231	44,701
0	0	43,162
0	0	4,979,375
0	0	403,030
0	0	87,148
30,958	8,231	10,940,383
8,297	(8,231)	(614,064)
0	0	13,500
0	0	13,500
8,297	(8,231)	(600,564)
(72)	10,183	1,609,889
0	0	2,285
\$ 8,225	\$ 1,952	\$ 1,011,610

KETTERING CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2011***

	Permanent Improvement	Replacement	Total Nonmajor Capital Projects Funds
Assets:			
Cash and Cash Equivalents	\$ 535,021	\$ 22,483	\$ 557,504
Receivables:			
Taxes	568,633	0	568,633
Total Assets	<u>\$ 1,103,654</u>	<u>\$ 22,483</u>	<u>\$ 1,126,137</u>
Liabilities:			
Accounts Payable	\$ 51,349	\$ 0	\$ 51,349
Deferred Revenue	531,925	0	531,925
Total Liabilities	<u>583,274</u>	<u>0</u>	<u>583,274</u>
Fund Balances:			
Restricted	520,380	22,483	542,863
Total Fund Balances	<u>520,380</u>	<u>22,483</u>	<u>542,863</u>
Total Liabilities and Fund Balances	<u>\$ 1,103,654</u>	<u>\$ 22,483</u>	<u>\$ 1,126,137</u>

KETTERING CITY SCHOOL DISTRICT

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2011***

	Permanent Improvement	Building	Replacement	Total Nonmajor Capital Projects Funds
Revenues:				
Taxes	\$ 606,934	\$ 0	\$ 0	\$ 606,934
Interest	401	0	0	401
Intergovernmental	73,150	0	0	73,150
Miscellaneous	74,943	0	0	74,943
Total Revenue	755,428	0	0	755,428
Expenditures:				
Current:				
Instruction:				
Regular	75,350	0	5,109	80,459
Special	436	0	0	436
Supporting Services:				
Pupils	26,785	0	0	26,785
Administration	3,676	0	0	3,676
Fiscal Services	7,423	0	0	7,423
Operation and Maintenance of Plant	378,494	0	7,298	385,792
Pupil Transportation	72,177	0	0	72,177
Facility Acquisition and Construction	0	4,648	0	4,648
Total Expenditures	564,341	4,648	12,407	581,396
Net Change in Fund Balance	191,087	(4,648)	(12,407)	174,032
Fund Balances at Beginning of Year	329,293	4,648	34,890	368,831
Fund Balances End of Year	\$ 520,380	\$ 0	\$ 22,483	\$ 542,863

KETTERING CITY SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Fiscal Year Ended June 30, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 49,555,157	\$ 57,596,786	\$ 51,342,549	\$ (6,254,237)
Tuition and Fees	861,000	471,388	327,633	(143,755)
Transportation	0	0	34,700	34,700
Interest	313,000	81,000	94,596	13,596
Intergovernmental	25,545,806	26,157,785	26,565,957	408,172
Extracurricular Activities	313,000	313,000	54,543	(258,457)
Classroom Materials and Fees	68,000	68,000	3,690	(64,310)
Miscellaneous	675,064	675,064	513,582	(161,482)
Total Revenues	<u>77,331,027</u>	<u>85,363,023</u>	<u>78,937,250</u>	<u>(6,425,773)</u>
Expenditures:				
Current:				
Salaries and Wages	52,223,437	50,587,014	49,453,949	1,133,065
Fringe Benefits	18,220,189	17,771,028	18,857,703	(1,086,675)
Purchased Services	8,563,490	8,399,407	7,458,547	940,860
Supplies and Materials	2,715,338	2,751,478	2,494,021	257,457
Other Expenditures	977,571	1,199,369	978,518	220,851
Capital Outlay - New	155,511	310,867	309,835	1,032
Debt Service:				
Principal Retirement	690,670	476,312	476,163	149
Interest and Fiscal Charges	25,000	22,841	22,739	102
Total Expenditures	<u>83,571,206</u>	<u>81,518,316</u>	<u>80,051,475</u>	<u>1,466,841</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,240,179)	3,844,707	(1,114,225)	(4,958,932)
Other Financing Sources (Uses):				
Sale of Capital Assets	73,000	73,000	0	(73,000)
Transfers Out	(13,500)	(13,500)	(13,500)	0
Refund of Prior Year's Expenditures	113,000	45,300	33,147	(12,153)
Refund of Prior Year's Receipts	(1,000)	(1,000)	0	1,000
Total Other Financing Sources (Uses)	<u>171,500</u>	<u>103,800</u>	<u>19,647</u>	<u>(84,153)</u>
Net Change in Fund Balance	(6,068,679)	3,948,507	(1,094,578)	(5,043,085)
Fund Balance at Beginning of Year	11,803,764	11,803,764	11,803,764	0
Prior Year Encumbrances	1,158,056	1,158,056	1,158,056	0
Fund Balance at End of Year	<u>\$ 6,893,141</u>	<u>\$ 16,910,327</u>	<u>\$ 11,867,242</u>	<u>\$ (5,043,085)</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Debt Service Fund – Bond Retirement Fund
For the Fiscal Year Ended June 30, 2011***

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total Revenues and Other Financing Sources	\$ 7,747,508	\$ 8,292,712	\$ 545,204
Total Expenditures and Other Financing Uses	7,621,277	7,484,464	136,813
Net Change in Fund Balance	126,231	808,248	682,017
Fund Balance at Beginning of Year	2,136,522	2,136,522	0
Fund Balance at End of Year	<u>\$ 2,262,753</u>	<u>\$ 2,944,770</u>	<u>\$ 682,017</u>

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 3,070,750	\$ 2,897,864	\$ (172,886)
Total Expenditures and Other Financing Uses	3,288,547	2,951,565	336,982
Net Change in Fund Balance	(217,797)	(53,701)	164,096
Fund Balance at Beginning of Year	905,913	905,913	0
Prior Year Encumbrances	59,512	59,512	0
Fund Balance at End of Year	\$ 747,628	\$ 911,724	\$ 164,096

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

	SPECIAL TRUST FUND		
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 32,350	\$ 44,812	\$ 12,462
Total Expenditures and Other Financing Uses	<u>31,725</u>	<u>17,738</u>	<u>13,987</u>
Net Change in Fund Balance	625	27,074	26,449
Fund Balance at Beginning of Year	78,647	78,647	0
Prior Year Encumbrances	<u>300</u>	<u>300</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 79,572</u>	<u>\$ 106,021</u>	<u>\$ 26,449</u>

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 139,000	\$ 154,105	\$ 15,105
Total Expenditures and Other Financing Uses	260,572	168,162	92,410
Net Change in Fund Balance	(121,572)	(14,057)	107,515
Fund Balance at Beginning of Year	12,357	12,357	0
Prior Year Encumbrances	57,284	57,284	0
Fund Balance at End of Year	<u>\$ (51,931)</u>	<u>\$ 55,584</u>	<u>\$ 107,515</u>

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

ROTARY SPECIAL SERVICES FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 169,500	\$ 169,575	\$ 75
Total Expenditures and Other Financing Uses	<u>208,087</u>	<u>168,412</u>	<u>39,675</u>
Net Change in Fund Balance	(38,587)	1,163	39,750
Fund Balance at Beginning of Year	(15,407)	(15,407)	0
Prior Year Encumbrances	<u>50</u>	<u>50</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (53,944)</u>	<u>\$ (14,194)</u>	<u>\$ 39,750</u>

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 327,725	\$ 327,812	\$ 87
Total Expenditures and Other Financing Uses	462,424	328,222	134,202
Net Change in Fund Balance	(134,699)	(410)	134,289
Fund Balance at Beginning of Year	218,356	218,356	0
Prior Year Encumbrances	7,039	7,039	0
Fund Balance at End of Year	<u>\$ 90,696</u>	<u>\$ 224,985</u>	<u>\$ 134,289</u>

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 473,000	\$ 489,060	\$ 16,060
Total Expenditures and Other Financing Uses	474,573	471,378	3,195
Net Change in Fund Balance	(1,573)	17,682	19,255
Fund Balance at Beginning of Year	204,899	204,899	0
Prior Year Encumbrances	1,574	1,574	0
Fund Balance at End of Year	<u>\$ 204,900</u>	<u>\$ 224,155</u>	<u>\$ 19,255</u>

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

	SPECIAL ENTERPRISE FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Financing Sources	\$ 374,550	\$ 405,825	\$ 31,275
Total Expenditures and Other Financing Uses	<u>451,442</u>	<u>445,718</u>	<u>5,724</u>
Net Change in Fund Balance	(76,892)	(39,893)	36,999
Fund Balance at Beginning of Year	141,750	141,750	0
Prior Year Encumbrances	<u>7,027</u>	<u>7,027</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 71,885</u>	<u>\$ 108,884</u>	<u>\$ 36,999</u>

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

	ATHLETIC FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	\$ 416,200	\$ 392,657	\$ (23,543)
Total Expenditures and Other Financing Uses	<u>585,860</u>	<u>403,292</u>	<u>182,568</u>
Net Change in Fund Balance	(169,660)	(10,635)	159,025
Fund Balance at Beginning of Year	175,707	175,707	0
Prior Year Encumbrances	<u>10,321</u>	<u>10,321</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 16,368</u>	<u>\$ 175,393</u>	<u>\$ 159,025</u>

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 1,294,000	\$ 1,294,910	\$ 910
Total Expenditures and Other Financing Uses	1,575,071	1,467,657	107,414
Net Change in Fund Balance	(281,071)	(172,747)	108,324
Fund Balance at Beginning of Year	230,884	230,884	0
Prior Year Encumbrances	54,324	54,324	0
Fund Balance at End of Year	<u>\$ 4,137</u>	<u>\$ 112,461</u>	<u>\$ 108,324</u>

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

EDUCATION MANAGEMENT INFORMATION SYSTEM FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 12,000	\$ 5,000	\$ (7,000)
Total Expenditures and Other Financing Uses	<u>23,642</u>	<u>23,642</u>	<u>0</u>
Net Change in Fund Balance	(11,642)	(18,642)	(7,000)
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances	<u>11,642</u>	<u>11,642</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ (7,000)</u>	<u>\$ (7,000)</u>

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 148,000	\$ 141,234	\$ (6,766)
Total Expenditures and Other Financing Uses	149,517	144,278	5,239
Net Change in Fund Balance	(1,517)	(3,044)	(1,527)
Fund Balance at Beginning of Year	1,302	1,302	0
Prior Year Encumbrances	215	215	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ (1,527)</u>	<u>\$ (1,527)</u>

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

DATA COMMUNICATIONS FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 22,000	\$ 25,025	\$ 3,025
Total Expenditures and Other Financing Uses	<u>33,063</u>	<u>33,063</u>	<u>0</u>
Net Change in Fund Balance	(11,063)	(8,038)	3,025
Fund Balance at Beginning of Year	63	63	0
Prior Year Encumbrances	<u>11,000</u>	<u>11,000</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 3,025</u>	<u>\$ 3,025</u>

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

DISTRICT PROFESSIONAL DEVELOPMENT FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 0	\$ 0	\$ 0
Total Expenditures and Other Financing Uses	107	107	0
Net Change in Fund Balance	(107)	(107)	0
Fund Balance at Beginning of Year	107	107	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

	OHIOREADS FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	\$ 0	\$ 0	\$ 0
Total Expenditures and Other Financing Uses	<u>6,283</u>	<u>6,283</u>	<u>0</u>
Net Change in Fund Balance	(6,283)	(6,283)	0
Fund Balance at Beginning of Year	<u>6,283</u>	<u>6,283</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

	ALTERNATIVE FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	\$ 19,598	\$ 7,728	\$ (11,870)
Total Expenditures and Other Financing Uses	<u>20,774</u>	<u>12,300</u>	<u>8,474</u>
Net Change in Fund Balance	(1,176)	(4,572)	(3,396)
Fund Balance at Beginning of Year	(1,528)	(1,528)	0
Prior Year Encumbrances	2,828	2,828	0
Fund Balance at End of Year	<u>\$ 124</u>	<u>\$ (3,272)</u>	<u>\$ (3,396)</u>

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 25,000	\$ 13,493	\$ (11,507)
Total Expenditures and Other Financing Uses	44,729	41,781	2,948
Net Change in Fund Balance	(19,729)	(28,288)	(8,559)
Fund Balance at Beginning of Year	20,054	20,054	0
Prior Year Encumbrances	3,256	3,256	0
Fund Balance at End of Year	<u>\$ 3,581</u>	<u>\$ (4,978)</u>	<u>\$ (8,559)</u>

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 208,546	\$ 181,750	\$ (26,796)
Total Expenditures and Other Financing Uses	194,356	171,257	23,099
Net Change in Fund Balance	14,190	10,493	(3,697)
Fund Balance at Beginning of Year	(12,106)	(12,106)	0
Prior Year Encumbrances	583	583	0
Fund Balance at End of Year	<u>\$ 2,667</u>	<u>\$ (1,030)</u>	<u>\$ (3,697)</u>

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 0	\$ 0	\$ 0
Total Expenditures and Other Financing Uses	3,300	1,152	2,148
Net Change in Fund Balance	(3,300)	(1,152)	2,148
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	<u>\$ (3,300)</u>	<u>\$ (1,152)</u>	<u>\$ 2,148</u>

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

	TITLE II FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	\$ 453,292	\$ 188,840	\$ (264,452)
Total Expenditures and Other Financing Uses	<u>402,209</u>	<u>272,559</u>	<u>129,650</u>
Net Change in Fund Balance	51,083	(83,719)	(134,802)
Fund Balance at Beginning of Year	(100,633)	(100,633)	0
Prior Year Encumbrances	<u>114,202</u>	<u>114,202</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 64,652</u>	<u>\$ (70,150)</u>	<u>\$ (134,802)</u>

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

EESA TITLE VI-B FUND			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 2,409,517	\$ 1,843,308	\$ (566,209)
Total Expenditures and Other Financing Uses	<u>2,341,585</u>	<u>1,997,489</u>	<u>344,096</u>
Net Change in Fund Balance	67,932	(154,181)	(222,113)
Fund Balance at Beginning of Year	(182,708)	(182,708)	0
Prior Year Encumbrances	<u>121,695</u>	<u>121,695</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 6,919</u>	<u>\$ (215,194)</u>	<u>\$ (222,113)</u>

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

CARL D. PERKINS FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 91,990	\$ 91,990	\$ 0
Total Expenditures and Other Financing Uses	<u>171,317</u>	<u>136,076</u>	<u>35,241</u>
Net Change in Fund Balance	(79,327)	(44,086)	35,241
Fund Balance at Beginning of Year	16,317	16,317	0
Prior Year Encumbrances	<u>70,414</u>	<u>70,414</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 7,404</u>	<u>\$ 42,645</u>	<u>\$ 35,241</u>

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 929,843	\$ 936,377	\$ 6,534
Total Expenditures and Other Financing Uses	979,086	979,086	0
Net Change in Fund Balance	(49,243)	(42,709)	6,534
Fund Balance at Beginning of Year	49,242	49,242	0
Fund Balance at End of Year	\$ (1)	\$ 6,533	\$ 6,534

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 5,420	\$ 4,412	\$ (1,008)
Total Expenditures and Other Financing Uses	5,720	5,309	411
Net Change in Fund Balance	(300)	(897)	(597)
Fund Balance at Beginning of Year	93	93	0
Prior Year Encumbrances	300	300	0
Fund Balance at End of Year	\$ 93	\$ (504)	\$ (597)

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 2,000	\$ 2,000	\$ 0
Total Expenditures and Other Financing Uses	0	0	0
Net Change in Fund Balance	2,000	2,000	0
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 0</u>

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 67,982	\$ 44,138	\$ (23,844)
Total Expenditures and Other Financing Uses	67,682	52,535	15,147
Net Change in Fund Balance	300	(8,397)	(8,697)
Fund Balance at Beginning of Year	(19,294)	(19,294)	0
Prior Year Encumbrances	18,993	18,993	0
Fund Balance at End of Year	<u>\$ (1)</u>	<u>\$ (8,698)</u>	<u>\$ (8,697)</u>

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 414,636	\$ 376,370	\$ (38,266)
Total Expenditures and Other Financing Uses	396,636	360,881	35,755
Net Change in Fund Balance	18,000	15,489	(2,511)
Fund Balance at Beginning of Year	(38,399)	(38,399)	0
Prior Year Encumbrances	12,693	12,693	0
Fund Balance at End of Year	<u>\$ (7,706)</u>	<u>\$ (10,217)</u>	<u>\$ (2,511)</u>

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

	TITLE I FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	\$ 2,041,219	\$ 1,117,649	\$ (923,570)
Total Expenditures and Other Financing Uses	<u>2,063,039</u>	<u>1,325,947</u>	<u>737,092</u>
Net Change in Fund Balance	(21,820)	(208,298)	(186,478)
Fund Balance at Beginning of Year	(2,312)	(2,312)	0
Prior Year Encumbrances	<u>76,834</u>	<u>76,834</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 52,702</u>	<u>\$ (133,776)</u>	<u>\$ (186,478)</u>

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 21,028	\$ 18,253	\$ (2,775)
Total Expenditures and Other Financing Uses	10,126	10,126	0
Net Change in Fund Balance	10,902	8,127	(2,775)
Fund Balance at Beginning of Year	(18,403)	(18,403)	0
Prior Year Encumbrances	10,276	10,276	0
Fund Balance at End of Year	<u>\$ 2,775</u>	<u>\$ 0</u>	<u>\$ (2,775)</u>

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 55,640	\$ 19,406	\$ (36,234)
Total Expenditures and Other Financing Uses	57,403	46,343	11,060
Net Change in Fund Balance	(1,763)	(26,937)	(25,174)
Fund Balance at Beginning of Year	(347)	(347)	0
Prior Year Encumbrances	1,610	1,610	0
Fund Balance at End of Year	<u>\$ (500)</u>	<u>\$ (25,674)</u>	<u>\$ (25,174)</u>

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 0	\$ 0	\$ 0
Total Expenditures and Other Financing Uses	8,231	8,231	0
Net Change in Fund Balance	(8,231)	(8,231)	0
Fund Balance at Beginning of Year	10,183	10,183	0
Fund Balance at End of Year	<u>\$ 1,952</u>	<u>\$ 1,952</u>	<u>\$ 0</u>

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 628,476	\$ 728,179	\$ 99,703
Total Expenditures and Other Financing Uses	1,019,342	959,563	59,779
Net Change in Fund Balance	(390,866)	(231,384)	159,482
Fund Balance at Beginning of Year	312,891	312,891	0
Prior Year Encumbrances	363,741	363,741	0
Fund Balance at End of Year	\$ 285,766	\$ 445,248	\$ 159,482

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

	BUILDING FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	\$ 0	\$ 0	\$ 0
Total Expenditures and Other Financing Uses	<u>4,648</u>	<u>4,648</u>	<u>0</u>
Net Change in Fund Balance	(4,648)	(4,648)	0
Fund Balance at Beginning of Year	<u>4,648</u>	<u>4,648</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

	REPLACEMENT FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>30,000</u>	<u>12,407</u>	<u>17,593</u>
Net Change in Fund Balance	(30,000)	(12,407)	17,593
Fund Balance at Beginning of Year	<u>34,890</u>	<u>34,890</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 4,890</u></u>	<u><u>\$ 22,483</u></u>	<u><u>\$ 17,593</u></u>

KETTERING CITY SCHOOL DISTRICT

***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, 2011***

	PERMANENT FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	\$ 0	\$ 16	\$ 16
Total Expenditures and Other Financing Uses	<u>400</u>	<u>0</u>	<u>400</u>
Net Change in Fund Balance	(400)	16	416
Fund Balance at Beginning of Year	<u>15,140</u>	<u>15,140</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 14,740</u>	<u>\$ 15,156</u>	<u>\$ 416</u>

KETTERING CITY SCHOOL DISTRICT

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.

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

***Combining Statement of Net Assets
Internal Service Funds
June 30, 2011***

	<u>Dental Insurance</u>	<u>Health Insurance</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 469,434	\$ 2,723,631	\$ 3,193,065
Total Assets	<u>469,434</u>	<u>2,723,631</u>	<u>3,193,065</u>
Liabilities:			
Claims Payable	<u>246,766</u>	<u>923,000</u>	<u>1,169,766</u>
Total Liabilities	<u>246,766</u>	<u>923,000</u>	<u>1,169,766</u>
Net Assets:			
Unrestricted	<u>222,668</u>	<u>1,800,631</u>	<u>2,023,299</u>
Total Net Assets	<u>\$ 222,668</u>	<u>\$ 1,800,631</u>	<u>\$ 2,023,299</u>

KETTERING CITY SCHOOL DISTRICT

***Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2011***

	<u>Dental Insurance</u>	<u>Health Insurance</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	\$ 1,014,121	\$ 8,979,332	\$ 9,993,453
Total Operating Revenues	<u>1,014,121</u>	<u>8,979,332</u>	<u>9,993,453</u>
Operating Expenses:			
Purchased Services	36,917	1,110,145	1,147,062
Claims Expense	<u>888,741</u>	<u>7,626,999</u>	<u>8,515,740</u>
Total Operating Expenses	<u>925,658</u>	<u>8,737,144</u>	<u>9,662,802</u>
Operating Income (Loss)	88,463	242,188	330,651
Nonoperating Revenue (Expenses):			
Interest	<u>58</u>	<u>0</u>	<u>58</u>
Total Nonoperating Revenues (Expenses)	<u>58</u>	<u>0</u>	<u>58</u>
Change in Net Assets	88,521	242,188	330,709
Net Assets Beginning of Year	<u>134,147</u>	<u>1,558,443</u>	<u>1,692,590</u>
Net Assets End of Year	<u>\$ 222,668</u>	<u>\$ 1,800,631</u>	<u>\$ 2,023,299</u>

KETTERING CITY SCHOOL DISTRICT

***Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2011***

	Dental Insurance	Health Insurance	Total
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Interfund Charges	\$1,014,121	\$8,979,332	\$9,993,453
Cash Payments for Goods and Services	(36,917)	(1,110,145)	(1,147,062)
Cash Payments for Claims	(882,270)	(7,481,999)	(8,364,269)
Net Cash Provided by Operating Activities	94,934	387,188	482,122
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	58	0	58
Net Cash Provided by Investing Activities	58	0	58
Net Increase in Cash and Cash Equivalents	94,992	387,188	482,180
Cash and Cash Equivalents at Beginning of Year	374,442	2,336,443	2,710,885
Cash and Cash Equivalents at End of Year	\$469,434	\$2,723,631	\$3,193,065
<u>Reconciliation of Operating Income to Net Cash</u>			
<u> Provided by Operating Activities:</u>			
Operating Income	\$88,463	\$242,188	\$330,651
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Changes in Assets and Liabilities:			
Increase in Claims Payable	6,471	145,000	151,471
Total Adjustments	6,471	145,000	151,471
Net Cash Provided by Operating Activities	\$94,934	\$387,188	\$482,122

KETTERING CITY SCHOOL DISTRICT

Fiduciary Funds

Fiduciary fund types are used to account for assets held by the School 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

Accounts for the premiums received and the claims and administrative costs paid by the School District for employee health and dental/vision insurance.

KETTERING CITY SCHOOL DISTRICT

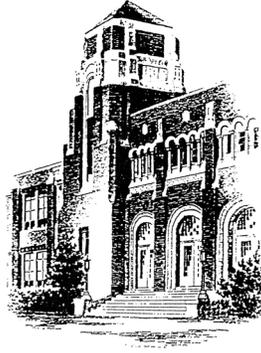
***Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2011***

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
<u>Student Managed Activity Fund</u>				
Assets:				
Cash and Cash Equivalents	\$83,345	\$167,597	(\$170,477)	\$80,465
Total Assets	<u>\$83,345</u>	<u>\$167,597</u>	<u>(\$170,477)</u>	<u>\$80,465</u>
Liabilities:				
Due to Students	\$83,345	\$167,597	(\$170,477)	\$80,465
Total Liabilities	<u>\$83,345</u>	<u>\$167,597</u>	<u>(\$170,477)</u>	<u>\$80,465</u>
<u>Rotary Fund</u>				
Assets:				
Cash and Cash Equivalents	\$4,341	\$10,671	(\$11,767)	\$3,245
Total Assets	<u>\$4,341</u>	<u>\$10,671</u>	<u>(\$11,767)</u>	<u>\$3,245</u>
Liabilities:				
Due to Others	\$4,341	\$10,671	(\$11,767)	\$3,245
Total Liabilities	<u>\$4,341</u>	<u>\$10,671</u>	<u>(\$11,767)</u>	<u>\$3,245</u>
<u>Employee Benefits Fund</u>				
Assets:				
Cash and Cash Equivalents	\$101,211	\$103,309	(\$62,389)	\$142,131
Total Assets	<u>\$101,211</u>	<u>\$103,309</u>	<u>(\$62,389)</u>	<u>\$142,131</u>
Liabilities:				
Claims Payable	\$35,103	\$19,220	(\$35,103)	\$19,220
Due to Others	66,108	84,089	(27,286)	122,911
Total Liabilities	<u>\$101,211</u>	<u>\$103,309</u>	<u>(\$62,389)</u>	<u>\$142,131</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$188,897	\$281,577	(\$244,633)	\$225,841
Total Assets	<u>\$188,897</u>	<u>\$281,577</u>	<u>(\$244,633)</u>	<u>\$225,841</u>
Liabilities:				
Claims Payable	\$35,103	\$19,220	(\$35,103)	\$19,220
Due to Others	70,449	94,760	(39,053)	126,156
Due to Students	83,345	167,597	(170,477)	80,465
Total Liabilities	<u>\$188,897</u>	<u>\$281,577</u>	<u>(\$244,633)</u>	<u>\$225,841</u>

KETTERING CITY SCHOOL DISTRICT



STATISTICAL SECTION



KETTERING CITY SCHOOL DISTRICT

STATISTICAL TABLES

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

Contents

Financial Trends	S 2 – S 13
These schedules contain trend information to help the reader understand how the District's financial position has changed over time.	
Revenue Capacity	S 14 – S 21
These schedules contain information to help the reader understand and assess the factors affecting the District's ability to generate its most significant local revenue source, property tax.	
Debt Capacity	S 22 – S 29
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.	
Economic and Demographic Information	S 30 – S 35
These schedules offer economic and demographic indicators to help the reader understand the environment within which the District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
Operating Information	S 36 – S 47
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

Sources Note:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

Kettering City School District

*Net Assets by Component
Last Nine Years
(accrual basis of accounting)*

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$14,371,663	\$20,269,335	\$8,537,315	\$10,572,943
Restricted for:				
Capital Projects	0	0	0	755,941
Debt Service	5,097,769	2,299,876	2,144,839	2,649,523
Permanent	0	0	0	14,133
Other Purposes	1,928,915	1,987,718	1,821,150	936,280
Unrestricted (Deficit)	(592,847)	(8,420,717)	6,892,084	6,700,355
Total Governmental Activities Net Assets	<u>\$20,805,500</u>	<u>\$16,136,212</u>	<u>\$19,395,388</u>	<u>\$21,629,175</u>

Source: District Treasurer's Office

Note: District did not implement GASB 34 prior to 2003.

Kettering City School District

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$11,380,187	\$14,042,346	\$14,593,555	\$16,447,133	\$18,472,838
645,202	621,820	316,338	407,428	575,916
4,356,490	2,524,780	2,058,605	1,873,907	3,014,264
14,866	15,468	15,672	15,140	15,156
589,735	444,932	492,031	878,676	574,799
4,671,211	4,329,914	6,014,488	2,157,873	4,720,582
<u>\$21,657,691</u>	<u>\$21,979,260</u>	<u>\$23,490,689</u>	<u>\$21,780,157</u>	<u>\$27,373,555</u>

Kettering City School District

*Changes in Net Assets
Last Nine Years
(accrual basis of accounting)*

	2003	2004	2005	2006
Expenses				
Governmental Activities				
Instruction				
Regular	\$27,787,301	\$30,173,674	\$30,303,175	\$30,026,305
Special	5,615,537	6,597,531	7,195,031	7,592,499
Vocational	1,854,566	1,882,912	1,938,656	1,989,974
Adult/Continuing	39,572	47,683	40,025	28,453
Other Instruction	1,680,376	2,032,719	2,193,266	3,546,792
Support Services				
Pupils	5,251,197	5,840,364	6,012,755	6,183,114
Instructional Staff	3,934,628	4,118,932	4,293,737	4,473,685
Board of Education	64,558	47,482	1,551,467	58,880
Administration	5,501,734	6,257,514	6,220,245	6,280,987
Fiscal Services	1,358,463	1,570,031	1,521,850	1,723,088
Business	838,218	1,280,184	371,627	519,187
Operation and Maintenance of Plant	7,021,493	7,077,799	7,434,445	7,491,277
Pupil Transportation	2,621,551	2,887,069	3,013,238	2,731,380
Central	1,374,618	1,229,421	1,356,202	1,090,013
Non-Instructional Services	3,831,599	3,973,750	4,305,313	4,051,744
Extracurricular Activities	1,547,392	1,576,132	1,604,609	1,457,996
Interest and Fiscal Charges	2,865,622	4,855,798	4,942,861	5,098,030
<i>Total Primary Government Expenses</i>	<u>\$73,188,425</u>	<u>\$81,448,995</u>	<u>\$84,298,502</u>	<u>\$84,343,404</u>
Program Revenues				
Governmental Activities				
Charges for Services				
Instruction	\$584,140	\$587,682	\$691,270	\$606,868
Support Services				
Pupils	354,237	427,550	367,062	0
Instructional Staff	9,468	21,491	10,800	400,010
Administration	0	256,369	21,253	30,252
Pupil Transportation	0	0	0	0
Non-Instructional Services	1,518,383	1,569,095	1,688,221	1,759,386
Extracurricular Activities	357,006	352,994	419,602	475,612
Operating Grants and Contributions	15,710,262	5,085,821	6,609,782	6,807,693
Capital Grants and Contributions	210,254	75,676	197,400	80,770
<i>Total Primary Government Program Revenues</i>	<u>18,743,750</u>	<u>8,376,678</u>	<u>10,005,390</u>	<u>10,160,591</u>

Kettering City School District

2007	2008	2009	2010	2011
\$33,962,450	\$33,619,843	\$35,494,431	\$36,080,724	\$35,764,848
7,999,070	7,840,416	8,267,476	9,075,308	9,096,792
2,047,759	2,091,488	2,206,443	2,726,098	2,695,255
34,254	37,255	41,716	80,190	87,962
4,373,656	4,253,666	2,706,076	2,333,372	2,273,126
6,663,259	6,520,008	7,662,489	8,570,082	7,761,518
4,749,251	4,766,122	4,710,916	5,617,159	5,749,533
66,612	68,541	73,370	67,166	62,685
6,822,367	6,889,537	6,918,465	5,676,841	5,250,963
1,796,626	1,899,405	1,894,159	1,570,448	1,785,522
595,008	612,826	574,690	617,931	591,628
7,812,668	8,595,610	8,463,308	8,764,444	8,877,007
3,077,737	3,421,844	3,319,938	3,531,497	3,531,175
1,733,260	1,723,029	1,772,667	1,895,046	1,927,323
4,797,572	4,774,211	4,724,183	4,730,528	5,473,549
1,733,777	1,862,353	2,000,014	1,841,347	1,776,337
3,929,935	4,644,799	4,423,719	4,321,249	4,211,670
<u>\$92,195,261</u>	<u>\$93,620,953</u>	<u>\$95,254,060</u>	<u>\$97,499,430</u>	<u>\$96,916,893</u>
\$743,534	\$810,466	\$583,226	\$629,713	\$661,061
0	0	0	119,368	446,810
401,284	674,654	513,678	471,644	255,312
49,277	46,140	51,507	0	0
0	0	0	0	36,955
1,831,394	1,792,888	1,767,093	1,687,589	2,040,451
666,435	509,738	488,330	700,425	662,649
6,776,987	8,391,295	9,363,594	18,430,968	17,861,591
111,299	158,018	72,312	83,724	0
<u>10,580,210</u>	<u>12,383,199</u>	<u>12,839,740</u>	<u>22,123,431</u>	<u>21,964,829</u>

(Continued)

Kettering City School District

*Changes in Net Assets
Last Nine Years
(accrual basis of accounting)*

	2003	2004	2005	2006
Net (Expense)/Revenue				
Governmental Activities	(54,444,675)	(73,072,317)	(74,293,112)	(74,182,813)
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(54,444,675)</u>	<u>(73,072,317)</u>	<u>(74,293,112)</u>	<u>(74,182,813)</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities				
Property Taxes Levied for				
General Purposes	\$40,776,276	\$49,123,574	\$58,078,104	\$57,412,021
Grants and Entitlements not				
Restricted to Specific Programs	5,489,380	17,028,707	16,296,597	16,595,607
Investment Earnings	1,252,041	1,520,926	1,462,565	1,100,764
Miscellaneous	884,864	729,822	1,715,022	1,308,188
<i>Total Primary Government</i>	<u>\$48,402,561</u>	<u>\$68,403,029</u>	<u>\$77,552,288</u>	<u>\$76,416,580</u>
Change in Net Assets				
<i>Total Primary Government Change in Net Assets</i>	<u>(\$6,042,114)</u>	<u>(\$4,669,288)</u>	<u>\$3,259,176</u>	<u>\$2,233,767</u>

Source: District Treasurer's Office

Note: District did not implement GASB 34 prior to 2003.

Kettering City School District

2007	2008	2009	2010	2011
(81,615,051)	(81,237,754)	(82,414,320)	(75,375,999)	(74,952,064)
<u>(\$81,615,051)</u>	<u>(\$81,237,754)</u>	<u>(\$82,414,320)</u>	<u>(\$75,375,999)</u>	<u>(\$74,952,064)</u>
\$60,149,130	\$58,323,623	\$57,874,816	\$53,552,069	\$61,540,434
18,921,497	21,120,885	24,253,458	18,883,431	18,477,287
1,670,128	1,215,189	654,210	184,639	73,241
902,832	899,626	1,143,265	1,045,328	454,500
<u>\$81,643,587</u>	<u>\$81,559,323</u>	<u>\$83,925,749</u>	<u>\$73,665,467</u>	<u>\$80,545,462</u>
<u>\$28,536</u>	<u>\$321,569</u>	<u>\$1,511,429</u>	<u>(\$1,710,532)</u>	<u>\$5,593,398</u>

Kettering City School District

*Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2002	2003	2004	2005
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	8,801,259	3,678,456	2,715,843	4,723,857
Unreserved	16,236,270	15,063,090	9,521,796	7,880,070
<i>Total General Fund</i>	<u>25,037,529</u>	<u>18,741,546</u>	<u>12,237,639</u>	<u>12,603,927</u>
All Other Governmental Funds				
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Unassigned	0	0	0	0
Reserved	2,085,150	18,996,210	42,631,958	17,372,528
Unreserved, Undesignated in:				
Special Revenue Funds	945,663	1,372,663	1,459,620	1,198,474
Debt Service Fund	0	0	0	0
Capital Projects Funds	541,481	71,281,465	35,045,102	4,685,394
Permanent Fund	0	444	567	752
<i>Total All Other Governmental Funds</i>	<u>3,572,294</u>	<u>91,650,782</u>	<u>79,137,247</u>	<u>23,257,148</u>
<i>Total Governmental Funds</i>	<u>\$28,609,823</u>	<u>\$110,392,328</u>	<u>\$91,374,886</u>	<u>\$35,861,075</u>

Source: District Treasurer's Office

Note: The District implemented GASB 54 in 2011 which established new fund balance classifications for governmental funds.

Kettering City School District

2006	2007	2008	2009	2010	2011
\$0	\$0	\$0	\$0	\$0	\$254,318
0	0	0	0	0	655,959
0	0	0	0	0	5,245,949
3,617,142	3,604,839	4,124,451	3,963,090	1,706,751	0
5,953,358	5,757,962	4,261,563	5,797,826	1,957,847	0
<u>9,570,500</u>	<u>9,362,801</u>	<u>8,386,014</u>	<u>9,760,916</u>	<u>3,664,598</u>	<u>6,156,226</u>
0	0	0	0	0	65,747
0	0	0	0	0	5,432,381
0	0	0	0	0	(403,080)
4,114,077	1,524,602	1,104,400	677,325	688,912	0
1,401,577	1,131,065	1,233,206	1,070,848	1,346,377	0
0	4,035,349	2,914,350	2,309,582	2,236,522	0
1,295,510	134,847	176,958	253,203	352,429	0
1,312	2,065	2,667	2,871	2,339	0
<u>6,812,476</u>	<u>6,827,928</u>	<u>5,431,581</u>	<u>4,313,829</u>	<u>4,626,579</u>	<u>5,095,048</u>
<u>\$16,382,976</u>	<u>\$16,190,729</u>	<u>\$13,817,595</u>	<u>\$14,074,745</u>	<u>\$8,291,177</u>	<u>\$11,251,274</u>

Kettering City School District

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2002	2003	2004	2005
Revenues:				
Taxes	\$50,013,992	\$40,727,310	\$46,505,499	\$58,630,450
Tuition and Fees	355,413	277,879	133,650	177,173
Transportation	226,815	153,028	236,469	308,858
Interest	917,462	1,252,041	1,392,455	1,505,456
Sales	0	1,516,091	1,569,095	1,686,277
Intergovernmental	18,322,943	21,285,412	22,374,640	23,111,700
Extracurricular Activities	587,488	589,162	571,285	642,718
Class Materials and Fees	49,695	276,651	272,596	265,090
Miscellaneous	508,176	894,987	1,161,908	1,833,114
Total Revenue	<u>70,981,984</u>	<u>66,972,561</u>	<u>74,217,597</u>	<u>88,160,836</u>
Expenditures:				
Current:				
Instruction				
Regular	25,661,078	27,087,704	28,385,307	29,495,513
Special	4,456,249	5,464,116	6,300,407	7,170,658
Vocational	1,529,516	1,775,200	1,765,093	1,883,682
Adult/Continuing	49,858	38,876	45,990	40,193
Other Instruction	2,269,571	1,650,834	1,960,539	2,202,452
Supporting Services:				
Pupils	4,464,893	5,071,343	5,506,659	6,043,951
Instructional Staff	2,693,999	3,762,387	3,895,972	4,424,620
Board of Education	49,099	63,163	46,043	1,557,965
Administration	5,213,909	5,348,449	5,909,024	6,144,449
Fiscal Services	1,394,498	1,315,984	1,462,774	1,540,782
Business	664,441	782,671	1,224,402	552,678
Operation and Maintenance of Plant	6,641,022	6,901,983	6,761,708	7,573,422
Pupil Transportation	2,399,073	2,388,869	2,565,565	2,907,533
Central	1,049,695	1,309,928	1,138,637	1,184,368
Non-Instructional Services (1)	1,304,478	3,711,067	3,780,650	4,301,318
Extracurricular Activities	1,469,666	1,514,821	1,508,330	1,608,403
Facility Acquisition and Construction	1,027,308	4,499,353	26,170,217	57,098,482
Debt Service:				
Principal Retirement	621,064	596,956	5,550,543	15,225,923
Interest and Fiscal Charges	860,954	2,577,736	4,871,266	5,510,702
Total Expenditures	<u>63,820,371</u>	<u>75,861,440</u>	<u>108,849,126</u>	<u>156,467,094</u>

Kettering City School District

2006	2007	2008	2009	2010	2011
\$57,446,028	\$61,267,771	\$57,556,743	\$57,658,781	\$52,813,987	\$61,900,078
183,559	609,365	613,261	693,321	763,831	715,907
237,299	157,477	104,445	74,964	34,700	36,955
1,186,344	1,653,214	1,205,909	680,404	184,639	73,241
1,750,980	1,827,929	1,792,888	1,767,093	1,687,589	1,585,503
23,493,753	25,771,927	29,622,757	33,117,698	37,499,623	35,689,575
720,352	892,333	735,312	701,920	683,015	678,487
247,234	260,652	251,374	205,572	181,273	179,143
1,440,892	847,000	1,236,232	1,104,229	1,303,659	1,361,743
<u>86,706,441</u>	<u>93,287,668</u>	<u>93,118,921</u>	<u>96,003,982</u>	<u>95,152,316</u>	<u>102,220,632</u>
31,367,491	32,288,016	32,454,270	33,672,384	35,757,961	34,765,833
7,449,037	7,842,597	7,775,400	8,147,614	9,112,354	9,056,671
1,969,979	2,001,139	1,987,377	2,091,786	2,603,181	2,693,124
29,675	34,254	37,255	41,716	80,097	88,051
3,699,059	4,373,656	4,253,666	2,706,076	2,330,680	2,275,425
6,312,259	6,559,484	6,523,471	7,655,385	8,670,527	7,873,544
4,480,281	4,543,760	4,675,328	4,638,447	5,556,122	5,732,142
61,408	66,612	68,541	73,370	67,089	62,748
6,395,203	6,537,621	6,716,620	6,680,120	5,811,186	5,232,622
1,779,432	1,777,309	1,884,587	1,900,061	1,572,373	1,781,258
541,416	536,772	568,496	571,214	610,412	588,832
7,781,644	7,885,136	8,276,731	8,323,159	8,757,425	8,808,022
3,130,092	2,758,153	3,352,988	3,505,177	3,448,507	3,350,422
1,036,217	2,082,946	1,667,372	1,689,751	1,857,867	1,866,437
4,172,955	4,600,634	4,832,456	4,625,262	4,680,816	5,451,706
1,534,011	1,630,658	1,676,487	1,724,190	1,667,391	1,605,143
17,385,414	2,119,606	558,345	34,781	459,417	126,392
2,094,004	2,925,887	3,746,555	3,228,503	3,522,002	3,640,783
5,199,402	4,888,769	4,716,400	4,466,790	4,364,486	4,254,556
<u>106,418,979</u>	<u>95,453,009</u>	<u>95,772,345</u>	<u>95,775,786</u>	<u>100,929,893</u>	<u>99,253,711</u>

(Continued)

Kettering City School District

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2002	2003	2004	2005
Excess (Deficiency) of Revenues Over Expenditures	7,161,613	(8,888,879)	(34,631,529)	(68,306,258)
Other Financing Sources (Uses):				
Sale of Capital Assets	16,454	300	0	0
Premium on Issuance of General Obligation Bonds	0	2,489,152	0	635,025
General Obligation Bonds Issued	0	87,400,000	15,000,000	12,149,989
Payment to Refunded Bond Escrow Agent	0	0	0	0
Premium on Issuance of Refunding Bonds	0	0	0	0
Refunding Bonds Issued	0	0	0	0
New Capital Leases	0	0	653,538	0
Transfers In	13,500	191,829	24,401	94,916
Transfers Out	(13,500)	(191,829)	(24,401)	(94,916)
Total Other Financing Sources (Uses)	<u>16,454</u>	<u>89,889,452</u>	<u>15,653,538</u>	<u>12,785,014</u>
Net Change in Fund Balance	<u><u>\$7,178,067</u></u>	<u><u>\$81,000,573</u></u>	<u><u>(\$18,977,991)</u></u>	<u><u>(\$55,521,244)</u></u>
Debt Service as a Percentage of Noncapital Expenditures	2.35%	4.37%	12.21%	20.94%

(1) Food Service Operations were reclassified from Business-Type Activity to Governmental Activity in 2003 when the District implemented GASB 34.

Source: District Treasurer's Office

Kettering City School District

2006	2007	2008	2009	2010	2011
(19,712,538)	(2,165,341)	(2,653,424)	228,196	(5,777,577)	2,966,921
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	(70,926,703)	0	0	0	0
0	4,807,856	0	0	0	0
0	66,999,990	0	0	0	0
199,940	1,155,270	281,708	0	0	0
13,500	58,574	13,500	13,500	343,500	13,500
(13,500)	(58,574)	(13,500)	(13,500)	(343,500)	(13,500)
<u>199,940</u>	<u>2,036,413</u>	<u>281,708</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(\$19,512,598)</u>	<u>(\$128,928)</u>	<u>(\$2,371,716)</u>	<u>\$228,196</u>	<u>(\$5,777,577)</u>	<u>\$2,966,921</u>
8.57%	8.42%	8.90%	8.09%	7.84%	7.99%

Kettering City School District

*Assessed Valuations and Estimated True Values of Taxable Property
(per \$1,000 of assessed value)
Last Ten Calendar Years*

Tax year	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Real Property				
Assessed	1,062,332,080	1,049,205,930	1,144,802,840	1,144,673,410
Actual	3,035,234,514	2,997,731,229	3,270,865,257	3,270,495,457
Public Utility				
Assessed	109,567,330	63,730,190	70,859,650	68,630,430
Actual	124,508,330	72,420,670	80,522,330	77,989,125
Tangible Personal Property				
Assessed	188,035,293	175,257,840	162,332,926	134,709,010
Actual	752,141,172	701,031,360	649,331,704	538,836,040
Total				
Assessed	1,359,934,703	1,288,193,960	1,377,995,416	1,348,012,850
Actual	3,911,884,016	3,771,183,259	4,000,719,291	3,887,320,622
Assessed Value as a Percentage of Actual Value	34.76%	34.16%	34.44%	34.68%
Total Direct Tax Rate	\$53.10	\$56.30	\$56.30	\$56.30

Source: Montgomery County Auditor

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

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

Kettering City School District

2005	2006	2007	2008	2009	2010
1,152,401,750	1,271,199,660	1,275,658,100	1,284,465,470	1,287,214,020	1,307,881,230
3,292,576,429	3,631,999,029	3,644,737,429	3,669,901,343	3,677,754,343	3,736,803,514
70,404,720	66,290,158	66,290,158	61,379,830	67,124,670	72,380,190
80,005,364	75,329,725	75,329,725	69,749,807	76,278,034	82,250,216
142,988,855	85,452,509	61,403,477	50,549,093	6,132,430	1,002,490
571,955,420	455,746,715	491,227,816	808,785,488	61,324,300	10,024,900
1,365,795,325	1,422,942,327	1,403,351,735	1,396,394,393	1,360,471,120	1,381,263,910
3,944,537,212	4,163,075,468	4,211,294,970	4,548,436,638	3,815,356,677	3,829,078,630
34.62%	34.18%	33.32%	30.70%	35.66%	36.07%
\$60.90	\$67.80	\$67.80	\$71.30	\$72.20	\$73.10

Kettering City School District

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Direct District Rates					
General Fund	54.80	54.80	54.80	54.80	61.70
Permanent Improvement Fund	0.60	0.60	0.60	0.60	0.60
Bond Retirement Fund	0.90	0.90	5.50	5.50	5.50
Total	<u>56.30</u>	<u>56.30</u>	<u>60.90</u>	<u>60.90</u>	<u>67.80</u>
Overlapping Rates					
City of Kettering	6.92	6.91	6.85	6.85	6.85
City of Moraine	2.50	2.50	2.50	2.50	2.50
Montgomery County	17.24	17.24	17.24	18.24	18.24
Dayton/Montgomery County Library	<u>0.26</u>	<u>0.26</u>	<u>0.26</u>	<u>0.26</u>	<u>1.25</u>
Total	<u><u>83.22</u></u>	<u><u>83.21</u></u>	<u><u>87.75</u></u>	<u><u>88.75</u></u>	<u><u>96.64</u></u>

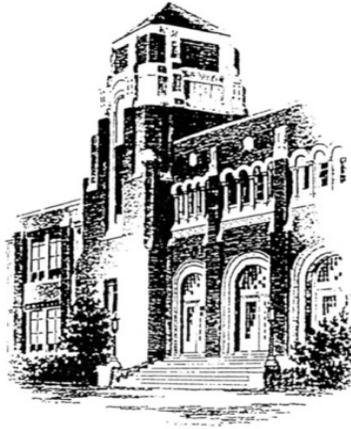
Ohio Revised Code Sections 5705.02 and 5705.07 require a vote of the people for any millage exceeding the "unvoted" or "inside" millage.

Source:

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

Kettering City School District

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
61.70	61.70	66.60	66.60	67.50
0.60	0.60	0.60	0.60	0.60
5.50	5.50	4.10	5.00	5.00
<u>67.80</u>	<u>67.80</u>	<u>71.30</u>	<u>72.20</u>	<u>73.10</u>
6.80	6.80	6.80	6.79	6.79
2.50	2.50	2.50	0.00	0.00
18.24	18.24	20.24	20.94	20.94
1.25	1.25	1.25	1.25	1.75
<u>96.59</u>	<u>96.59</u>	<u>102.09</u>	<u>101.18</u>	<u>102.58</u>



Kettering City School District

*Principal Taxpayers
Real Estate Tax and Public Utility
Current Year and Nine Years Ago*

		Calendar Year 2010		
Name of Taxpayer	Nature of Business	Assessed Value	Rank	Percent of Total Assessed Value
Dayton Power & Light Co.	Gas and Electric Utility	\$73,333,100	1	5.31%
The Reynolds and Reynolds Co.	Fortune 1000	12,465,920	2	0.90%
F1 Kettering LLC	Real Estate	10,252,420	3	0.74%
General Motors Corp.	Automotive Manufacturer	8,245,980	4	0.60%
Vectren Energy Delivery	Utility	7,380,920	5	0.53%
Residenz LLC	Property Management	5,949,660	6	0.43%
G & E Healthcare Reit L1	Nursing	5,670,000	7	0.41%
Fifteenth Dayton LLC	Printing	5,369,960	8	0.39%
B R Kettering Towne Center	Real Estate	4,873,030	9	0.35%
Dayton Town and Country	Property Management	4,856,950	10	0.35%
Subtotal		138,397,940		10.01%
All Others		1,241,863,480		89.99%
Total		<u>\$1,380,261,420</u>		<u>100.00%</u>

		Calendar Year 2001		
Name of Taxpayer	Nature of Business	Assessed Value	Rank	Percent of Total Assessed Value
General Motors Corporation	Automotive Manufacturer	\$40,150,180	1	3.43%
Dayton Power and Light	Gas and Electric Utility	9,214,190	2	0.79%
Kettering Medical Center	Hospital	7,594,430	3	0.65%
Bank One	Bank	5,675,440	4	0.48%
Dayton Town & Country	Property Management	4,382,110	5	0.37%
Teachers Retirement System	Retirement System	4,310,370	6	0.37%
Lincoln Park Associates	Retirement Facility	3,920,250	7	0.33%
The Reynolds and Reynolds	Fortune 1000	3,042,830	8	0.26%
Scitex Digital Printing	Printing	1,192,820	9	0.10%
Elder Beerman Stores Corp.	Retail Store	1,175,000	10	0.10%
Subtotal		80,657,620		6.88%
All Others		1,091,241,790		93.12%
Total		<u>\$1,171,899,410</u>		<u>100.00%</u>

Source: Montgomery County Auditor - Land and Buildings
Based on valuation of property in 2010 and 2001

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

Kettering City School District

Property Tax Levies and Collections Last Ten Calendar Years

Collection Year	<u>2001</u>	<u>2002</u>	<u>2003</u>
Total Tax Levy ⁽¹⁾	\$50,386,264	\$46,987,959	\$53,779,128
Collections within the Fiscal Year of the Levy			
Current Tax Collections ⁽²⁾	47,960,477	45,336,209	50,574,089
Percent of Levy Collected	95.19%	96.48%	94.04%
Delinquent Tax Collections	<u>1,185,137</u>	<u>1,321,662</u>	<u>454,935</u>
Total Tax Collections	49,145,614	46,657,871	51,029,024
Percent of Total Tax Collections To Tax Levy	97.54%	99.30%	94.89%
Accumulated Outstanding Delinquent Taxes ⁽³⁾	1,388,513	1,576,839	2,632,801
Percentage of Accumulated Delinquent Taxes to Total Tax Levy	2.76%	3.36%	4.90%

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

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

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

Source: Montgomery County Auditor's Office

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

Kettering City School District

2004	2005	2006	2007	2008	2009	2010
\$51,960,333	\$62,230,176	\$59,374,793	\$55,461,256	\$56,386,305	\$54,771,300	\$58,823,873
51,053,894	61,263,297	57,609,301	55,134,931	57,501,661	57,583,189	59,632,960
98.26%	98.45%	97.03%	99.41%	101.98%	105.13%	101.38%
1,081,944	3,489,527	3,273,718	1,608,958	1,480,106	N/A	N/A
52,135,838	64,752,824	60,883,019	56,743,889	58,981,767	57,583,189	59,632,960
100.34%	104.05%	102.54%	102.31%	104.60%	105.13%	101.38%
4,372,384	3,579,271	2,426,623	2,386,797	2,464,561	2,547,957	2,861,478
8.41%	5.75%	4.09%	4.30%	4.37%	4.65%	4.86%

Kettering City School District

Ratio of Outstanding Debt By Type Last Ten Years

	2002	2003	2004	2005
Governmental Activities ⁽¹⁾				
General Obligation Bonds Payable	\$15,425,667	\$102,344,955	\$111,916,285	\$109,054,488
Capital Leases	365,849	249,605	781,270	567,133
Total Primary Government	<u>\$15,791,516</u>	<u>\$102,594,560</u>	<u>\$112,697,555</u>	<u>\$109,621,621</u>
Population ⁽²⁾				
Cities of Kettering and Moraine	64,399	64,399	64,399	64,399
Outstanding Debt Per Capita	245	1,593	1,750	1,702
Income ⁽³⁾				
Personal (in thousands)	1,959,146	1,973,572	2,001,135	2,069,333
Percentage of Personal Income	0.81%	5.20%	5.63%	5.30%

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

Kettering City School District

2006	2007	2008	2009	2010	2011
\$107,049,421	\$104,310,889	\$100,918,729	\$98,147,737	\$95,092,710	\$91,928,434
678,136	1,646,041	1,573,354	1,115,843	648,868	172,361
<u>\$107,727,557</u>	<u>\$105,956,930</u>	<u>\$102,492,083</u>	<u>\$99,263,580</u>	<u>\$95,741,578</u>	<u>\$92,100,795</u>
64,399	64,399	64,399	64,399	64,399	62,470
1,673	1,645	1,592	1,541	1,487	1,474
2,155,692	2,012,242	2,063,213	2,297,048	2,219,329	N/A
5.00%	5.27%	4.97%	4.32%	4.31%	N/A

Kettering City School District

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2002	2003	2004	2005
Population (1)	64,399	64,399	64,399	64,399
Assessed Value (in thousands) (2)	1,288,194	1,377,995	1,348,013	1,365,795
General Bonded Debt (3)				
General Obligation Bonds	15,425,667	102,344,955	111,916,285	109,054,488
Resources Available to Pay Principal (4)	1,123,191	5,233,203	2,291,869	2,243,653
Net General Bonded Debt	14,302,476	97,111,752	109,624,416	106,810,835
Ratio of Net Bonded Debt to Assessed Value	1.11%	7.05%	8.13%	7.82%
Net Bonded Debt per Capita	222	1,508	1,702	1,659

Source:

(1) U.S. Bureau of Census of Population

(2) Montgomery County Auditor

(3) Includes all general obligation bonded debt supported by property taxes

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

Kettering City School District

2006	2007	2008	2009	2010	2011
64,399	64,399	64,399	64,399	64,399	62,470
1,422,942	1,403,352	1,396,394	1,360,471	1,381,264	1,359,862
107,049,421	104,310,889	100,918,729	98,147,737	95,092,710	91,928,434
2,752,772	4,557,437	3,297,658	2,728,232	2,358,342	3,525,419
104,296,649	99,753,452	97,621,071	95,419,505	92,734,368	88,403,015
7.33%	7.11%	6.99%	7.01%	6.71%	6.50%
1,620	1,549	1,516	1,482	1,440	1,415



Kettering City School District

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
June 30, 2011*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to Kettering City School District</u>	<u>Amount Applicable to Kettering City School District</u>
Direct:			
Kettering City School District	\$91,928,434	100.00%	\$91,928,434
Overlapping:			
Montgomery County	38,913,573	13.41%	5,218,310
City of Kettering	17,335,914	89.31%	15,482,705
City of Moraine	6,775,679	10.69%	724,320
		Subtotal	<u>21,425,335</u>
		Total	<u><u>\$113,353,769</u></u>

Source: Montgomery County Auditor

Kettering City School District

Debt Limitations Last Ten Years

	2002	2003	2004	2005
Net Assessed Valuation	\$1,288,193,960	\$1,377,995,416	\$1,348,012,850	\$1,365,795,325
Overall Direct Debt Limitation				
Legal Debt Limitation (%) (1)	9.00%	9.00%	9.00%	9.00%
Legal Debt Limitation (\$) (1)	115,937,456	124,019,587	121,321,157	122,921,579
Applicable District Debt Outstanding	13,330,000	100,465,000	110,355,000	107,619,989
'Less: Applicable Debt Service Fund Amounts (2)	(1,123,191)	(5,233,203)	(2,291,869)	(2,243,653)
Net Indebtedness Subject to Limitation	12,206,809	95,231,797	108,063,131	105,376,336
Overall Legal Debt Margin	<u>\$103,730,647</u>	<u>\$28,787,790</u>	<u>\$13,258,026</u>	<u>\$17,545,243</u>
Unvoted Direct Debt Limitation				
Legal Debt Limitation (%) (1)	0.10%	0.10%	0.10%	0.10%
Legal Debt Limitation (\$) (1)	1,288,194	1,377,995	1,348,013	1,365,795
Applicable District Debt Outstanding	0	0	0	0
Unvoted Legal Debt Margin	<u>\$1,288,194</u>	<u>\$1,377,995</u>	<u>\$1,348,013</u>	<u>\$1,365,795</u>
Energy Conservation Bond Limitation				
Legal Debt Limitation (%) (1)	0.90%	0.90%	0.90%	0.90%
Legal Debt Limitation (\$) (1)	11,593,746	12,401,959	12,132,116	12,292,158
Authorized by the Board	(2,095,667)	(1,879,955)	(1,661,285)	(1,434,499)
Unvoted Energy Conservation Bond Legal Debt Margin	<u>\$9,498,079</u>	<u>\$10,522,004</u>	<u>\$10,470,831</u>	<u>\$10,857,659</u>

(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.

Kettering City School District

2006	2007	2008	2009	2010	2011
\$1,422,942,327	\$1,403,351,735	\$1,396,394,393	\$1,360,471,120	\$1,381,263,910	1,359,862,230
9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
128,064,809	126,301,656	125,675,495	122,442,401	124,313,752	122,387,601
105,844,989	103,339,979	100,184,979	97,489,979	94,514,979	91,434,979
(2,752,772)	(4,557,437)	(3,297,658)	(2,728,232)	(2,358,342)	(3,525,419)
103,092,217	98,782,542	96,887,321	94,761,747	92,156,637	87,909,560
\$24,972,592	\$27,519,114	\$28,788,174	\$27,680,654	\$32,157,115	\$34,478,041
0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
1,422,942	1,403,352	1,396,394	1,360,471	1,381,264	1,359,862
0	0	0	0	0	0
\$1,422,942	\$1,403,352	\$1,396,394	\$1,360,471	\$1,381,264	\$1,359,862
0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
12,806,481	12,630,166	12,567,550	12,244,240	12,431,375	12,238,760
(1,204,432)	(970,910)	(733,750)	(657,758)	(577,731)	(493,455)
\$11,602,049	\$11,659,256	\$11,833,800	\$11,586,482	\$11,853,644	\$11,745,305

Kettering City School District

Demographic and Economic Statistics Last Ten Years

Calendar Year	2001	2002	2003	2004
Population (1)				
Cities of Kettering and Moraine	64,399	64,399	64,399	64,399
Montgomery County	554,232	554,470	552,187	550,063
Income (2) (a)				
Total Personal (in thousands)	1,921,215	1,959,146	1,973,572	2,001,135
Per Capita	29,833	30,422	30,646	31,074
Unemployment Rate (3)				
Federal	4.8%	5.8%	6.0%	5.5%
State	4.3%	5.7%	6.1%	6.0%
Montgomery County	4.3%	5.6%	6.3%	6.6%
Fiscal Year	2002	2003	2004	2005
School Enrollment (4)				
Grades K - 5	3,449	3,274	3,297	3,240
Grades 6 - 8	1,882	1,809	1,813	1,770
Grades 9 - 12	2,471	2,439	2,468	2,425
Non-Grade	6	6	6	0
Total	<u>7,808</u>	<u>7,528</u>	<u>7,584</u>	<u>7,435</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) District Treasurer's Office

Kettering City School District

2005	2006	2007	2008	2009	2010
64,399	64,399	64,399	64,399	64,399	62,470
547,435	542,237	538,104	534,626	532,562	535,153
2,069,333	2,155,692	2,123,235	2,187,119	2,297,048	2,219,329
32,133	33,474	32,970	33,962	35,669	35,526
5.0%	4.6%	4.6%	5.8%	9.3%	9.6%
5.9%	5.5%	5.6%	6.6%	10.2%	10.1%
6.4%	6.0%	7.3%	7.4%	11.4%	11.1%
2006	2007	2008	2009	2010	2011
3,292	3,331	3,353	3,321	3,355	3,219
1,720	1,685	1,676	1,677	1,681	1,670
2,466	2,451	2,398	2,378	2,334	2,352
0	0	0	0	0	0
<u>7,478</u>	<u>7,467</u>	<u>7,427</u>	<u>7,376</u>	<u>7,370</u>	<u>7,241</u>



Kettering City School District

Principal Employers Current Year and Nine Years Ago

<u>Employer</u>	<u>Nature of Business</u>	<u>2010</u>	
		<u>Number of Employees</u>	<u>Rank</u>
Kettering Medical Center	Hospital	3,300	1
GE Money	Finance Services	1,400	2
The Reynolds and Reynolds Co.	Fortune 1000	1,300	3
Kettering City School District	Education	1,032	4
Intimate Brands Inc.	A Catalog Order Center	1,000	5
City of Kettering	Municipality	900	6
Eastman Kodak Company	Digital Printing	703	7
Kroger	Retail Sales	630	8
Walmart	Retail Sales	500	9
Meijer Inc.	Retail Sales	300	10
Total		<u>11,065</u>	

<u>Employer</u>	<u>Nature of Business</u>	<u>2001</u>	
		<u>Number of Employees</u>	<u>Rank</u>
Kettering Medical Center	Hospital	3,200	1
Delphi Automotive Systems	Automotive Manufacturer	2,800	2
Victoria's Secret Catalog	Retal Sales	1,200	3
GE Card Services	Finance Services	1,200	4
Kettering City School District	Education	900	5
City of Kettering	Municipality	900	6
Elder Beerman Corporation	Retal Sales	900	7
The Reynolds and Reynolds Co.	Fortune 1000	700	8
Scitex Digital Printing	Digital Printing	650	9
Defense Finance and Accounting Svc.	Finance Services	500	10
Total		<u>12,950</u>	

Sources: City of Kettering CAFR, and Kettering City School District CAFR, Kettering Chamber of Commerce.
Note: Presented on a Calendar Year basis.

Kettering City School District

School District Employees by Type Last Ten Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Official Administrative	45.00	42.00	48.00	44.00	38.79
Professional - Educational	526.81	536.40	539.40	538.40	541.81
Professional - Other	32.45	34.35	34.50	34.70	38.99
Technical	14.48	16.20	14.48	14.48	14.51
Office/Clerical	99.21	102.17	149.06	159.88	158.93
Crafts and Trades	15.00	13.00	15.00	12.00	15.00
Operative	29.93	29.53	34.09	33.97	39.60
Service Work/Laborer	85.55	80.83	113.06	114.50	117.46
<i>Total Employees</i>	<u>848.43</u>	<u>854.48</u>	<u>947.59</u>	<u>951.93</u>	<u>965.09</u>

Method: 1.00 for each full-time, 0.50 for each part-time and 0.25 for each seasonal employee

Source: District Treasurer's Office

Kettering City School District

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
37.00	38.00	37.00	34.00	33.00
533.96	509.06	518.10	525.40	510.00
40.68	34.86	41.56	35.90	36.55
14.02	12.30	13.30	13.75	14.29
150.13	150.94	144.25	158.40	157.95
16.00	13.00	14.00	11.00	11.00
32.82	33.79	36.08	35.14	35.26
108.94	103.02	103.27	103.73	105.15
<u>933.55</u>	<u>894.97</u>	<u>907.56</u>	<u>917.32</u>	<u>903.20</u>

Kettering City School District

Operating Indicators - Cost per Pupil Last Ten Years

Fiscal Year	2002	2003	2004	2005	2006
Enrollment	7,808	7,528	7,584	7,435	7,478
Modified Accrual Basis					
Operating Expenditures	58,095,256	68,502,915	72,501,534	78,304,032	81,740,159
Cost per Pupil	7,440	9,100	9,560	10,532	10,931
Percentage of Change	12.1%	22.3%	5.1%	10.2%	3.8%
Accrual Basis					
Expenses	\$58,095,256	68,775,411	76,593,197	79,355,641	79,245,374
Cost per Pupil	7,440	9,136	10,099	10,673	10,597
Percentage of Change	N/A	22.8%	10.5%	5.7%	(0.7%)
Teaching Staff	592	617	615	620	621
Pupil to Teacher Ratio					
Kettering	13.2	12.2	12.3	12.0	12.0
State Average	16.9	16.9	18.5	18.5	18.6

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

N/A = Not available

Kettering City School District

2007	2008	2009	2010	2011
7,467	7,427	7,376	7,370	7,241
85,518,747	86,751,045	88,045,712	92,583,988	91,231,980
11,453	11,680	11,937	12,562	12,599
4.8%	2.0%	2.2%	5.2%	0.3%
88,265,326	88,976,154	90,830,341	93,178,181	92,705,223
11,821	11,980	12,314	12,643	12,803
11.5%	1.3%	2.8%	2.7%	1.3%
624	556	574	564	524
12.0	13.4	12.9	13.1	13.8
19.6	18.6	18.6	19.4	19.4

Kettering City School District

Operating Indicators by Function Last Ten Years

	2002	2003	2004	2005
Governmental Activities				
Instruction				
Regular	418	418	415	414
Special	85	85	88	85
Support Services				
Pupils				
Enrollment	7,808	7,528	7,584	7,435
Graduates	485	521	512	523
Percent of Students with Disabilities	12%	14%	14%	16%
Board of Education				
Members	5	5	5	5
Regular Meetings per Year	12	12	12	12
Administration				
School Attendance Rate	94.5%	94.2%	94.4%	94.6%
Fiscal Services				
Purchase Orders Processed	8,567	8,063	7,839	7,572
Checks Issued (non payroll)	9,895	7,934	8,221	8,341
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	3,979	3,947	3,998	3,740
Average Daily Bus Fleet Miles	2,072	2,412	2,787	3,042
Number of Buses	50	50	60	59
Operation of Noninstructional Services				
Food Service				
Student Meals Served Yearly	601,381	594,202	587,332	621,894
Free/Reduced Price Meals Daily	3,422	3,449	3,370	3,528
Uniform School Supplies	3	3	3	3
Extracurricular Activities				
High School Varsity Teams	23	23	23	23

Source: District Treasurer's Office

N/A = Not available

Kettering City School District

2006	2007	2008	2009	2010	2011
468	446	467	480	470	430
93	92	94	94	94	94
7,478	7,467	7,427	7,376	7,370	7,241
568	533	539	575	541	542
16%	14%	16%	16%	16%	16%
5	5	5	5	5	5
12	12	12	12	12	12
94.9%	94.9%	95.1%	95.1%	95.3%	96.0%
6,950	6,443	5,841	5,705	5,571	5,459
7,418	7,445	7,033	6,384	6,360	6,045
1,346,597	1,346,597	1,346,597	1,346,597	1,346,597	1,346,597
254	254	254	254	254	254
3,562	3,413	3,257	3,225	3,136	3,372
2,826	2,923	2,936	3,144	2,943	2,112
59	61	61	66	66	66
646,932	668,413	700,592	689,048	715,958	708,981
3,693	1,540	1,604	1,748	2,082	2,215
3	3	3	3	3	3
23	23	23	23	26	24

Kettering City School District

Operating Indicators - Teacher Base Salaries Last Ten Years

Fiscal Year	2002	2003	2004	2005	2006
Minimum Salary	\$27,079	\$27,891	\$29,286	\$30,604	\$31,828
Maximum Salary	69,322	71,401	74,971	78,346	81,480
District Average Salary	47,137	48,221	51,042	42,799	57,211
County Average Salary	44,676	45,542	45,048	40,545	50,787
State Average Salary	44,266	45,515	47,495	49,438	50,772

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

Operating Indicators - Teacher by Education Last Ten Years

Fiscal Year	2002	2003	2004	2005	2006
Bachelor's Degree	192	192	192	173	191
Master's Degree + 15	311	311	311	326	370
Total	503	503	503	499	561

Source: District Treasurer's Office

N/A = Not Available

Kettering City School District

2007	2008	2009	2010	2011
\$32,465	\$33,439	\$34,442	\$34,959	\$35,484
83,110	85,604	88,172	89,495	70,968
59,194	61,770	52,159	53,789	67,509
51,971	54,212	55,124	56,459	N/A
53,536	54,210	55,583	55,958	56,715

2007	2008	2009	2010	2011
164	178	178	137	136
397	397	396	427	388
561	575	574	564	524

Kettering City School District

Capital Asset Statistics by Building Last Ten Years

	2002	2003	2004	2005
Secondary				
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	2,475	2,520	2,479	2,454
Middle				
Kettering Middle School				
Square Footage	245,522	245,522	245,522	245,522
Capacity (students)	2,250	2,250	2,250	2,250
Enrollment	1,150	1,122	1,079	1,099
Van Buren Middle School				
Square Footage	103,184	103,184	103,184	103,184
Capacity (students)	960	960	960	960
Enrollment	731	739	740	676
Elementary				
Beavertown Elementary School				
Square Footage	47,347	47,347	47,347	47,347
Capacity (students)	530	530	530	530
Enrollment	395	348	359	354
Greenmont Elementary School				
Square Footage	45,633	45,633	45,633	45,633
Capacity (students)	720	720	720	720
Enrollment	371	329	324	346
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	455	469	471	435
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	555	552	539	537
Moraine Meadows Elementary School *				
Square Footage	26,732	26,732	26,732	26,732
Capacity (students)	418	418	418	418
Enrollment	197	159	160	152

Kettering City School District

2006	2007	2008	2009	2010	2011
420,517	420,517	420,517	420,517	420,517	420,517
3,725	3,725	3,725	3,725	3,725	3,725
2,485	2,451	2,451	2,378	2,334	2,352
245,522	245,522	245,522	245,522	245,522	245,522
2,250	2,250	2,250	2,250	2,250	2,250
1,041	996	996	972	1,001	954
103,184	103,184	103,184	103,184	103,184	103,184
960	960	960	960	960	960
680	689	689	705	680	716
47,347	47,347	47,347	47,347	47,347	47,347
530	530	530	530	530	530
353	387	387	383	361	356
45,633	45,633	45,633	45,633	45,633	45,633
720	720	720	720	720	720
336	326	326	313	341	308
102,000	102,000	102,000	102,000	102,000	102,000
1,300	1,300	1,300	1,300	1,300	1,300
444	448	448	421	431	454
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	534	534	567	555	554
26,732	26,732	26,732	26,732	26,732	26,732
418	418	418	418	418	418
155	153	153	151	157	0

(Continued)

Kettering City School District

Capital Asset Statistics by Building Last Ten Years

	2002	2003	2004	2005
Oakview Elementary School				
Square Footage	49,056	49,056	49,056	49,056
Capacity (students)	500	500	500	500
Enrollment	427	416	433	565
Orchard Park Elementary School				
Square Footage	34,189	34,189	34,189	34,189
Capacity (students)	450	450	450	450
Enrollment	321	305	291	290
J.E.Prass Elementary School				
Square Footage	47,264	47,264	47,264	47,264
Capacity (students)	570	570	570	570
Enrollment	370	369	349	348
Southdale Elementary School				
Square Footage	47,185	47,185	47,185	47,185
Capacity (students)	530	530	530	530
Enrollment	391	393	363	384
All Other				
Central Administration Building				
Square Footage	26,968	26,968	26,968	26,968
Occupancy	179	195	178	195
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 Treasurer's Office

* Moraine Meadows Elementary School was closed during 2011.

Kettering City School District

2006	2007	2008	2009	2010	2011
49,056	49,056	49,056	49,056	49,056	49,056
500	500	500	500	500	500
409	402	402	382	395	409
34,189	34,189	34,189	34,189	34,189	34,189
450	450	450	450	450	450
304	306	306	291	300	258
47,264	47,264	47,264	47,264	47,264	47,264
570	570	570	570	570	570
336	324	324	342	352	339
47,185	47,185	47,185	47,185	47,185	47,185
530	530	530	530	530	530
407	451	451	471	463	541
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

Educational and Operating Statistics Last Ten Years

	2002	2003	2004	2005	2006
ACT Scores (Average)					
Kettering	22.6	23.4	22.2	22.2	23.2
Ohio	21.4	21.4	21.4	21.1	21.5
National	20.8	20.8	20.9	20.6	21.1
SAT Scores (Average)					
Kettering					
Verbal	528	544	527	524	541
Mathematical	527	551	531	532	552
Ohio					
Verbal	534	536	540	539	535
Mathematical	539	541	540	543	544
National					
Verbal	506	507	510	508	503
Mathematical	514	519	510	520	581
National Merit Scholars					
Finalist	3	2	2	0	0
Semi-Finalist	3	2	2	0	0
Commended Scholars	0	0	0	3	4
Cost per Student (ODE)					
Kettering	7,412	7,726	8,247	9,434	10,593
Ohio (Average)	8,073	8,441	8,768	9,028	9,356
Attendance Rate					
Kettering	95.57%	93.50%	93.90%	94.10%	95.50%
Ohio (Average)	95.00%	94.90%	95.30%	95.20%	94.10%
Graduation Rate					
Kettering	95.00%	97.60%	99.30%	99.40%	98.60%
Ohio (Average)	82.80%	83.90%	84.30%	85.90%	86.20%

Source:

District's Student Records and Ohio Department of Education
N/A = Not Available

Kettering City School District

2007	2008	2009	2010	2011
22.7	22.7	23.6	23.0	23.1
21.6	21.7	21.7	21.8	21.8
21.2	21.1	21.1	21.1	21.1
525	517	540	550	545
532	531	556	558	547
536	534	537	538	539
542	544	546	548	545
502	502	501	501	497
515	515	515	516	514
0	0	0	0	0
0	2	1	0	0
6	1	3	5	5
10,998	11,078	8,590	N/A	N/A
9,586	9,939	10,254	10,512	N/A
94.90%	95.10%	95.10%	95.30%	95.70%
94.10%	94.20%	94.30%	94.30%	94.50%
98.70%	N/A	97.90%	98.00%	97.10%
86.90%	N/A	84.60%	83.00%	84.30%





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 31, 2012**