



Dave Yost • Auditor of State

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

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**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. Department of Agriculture					
<i>Passed through Ohio Department of Education</i>					
Child Nutrition Cluster:					
School Breakfast Program	10.553	\$237,187		\$237,187	
National School Lunch Program	10.555	1,163,174	\$355,378	1,163,174	\$355,378
Total Child Nutrition Cluster		<u>1,400,361</u>	<u>355,378</u>	<u>1,400,361</u>	<u>355,378</u>
Child and Adult Care Food Program	10.558	19,108		19,108	
Team Nutrition Grants	10.574	1,415		2,750	
Total U.S. Department of Agriculture		<u>1,420,884</u>	<u>355,378</u>	<u>1,422,219</u>	<u>355,378</u>
U.S. Department of Education					
<i>Passed through Ohio Department of Education</i>					
Adult Education - Basic Grants to States	84.002	107,308		106,896	
Title I, Part A Cluster:					
Title I Grants to Local Educational Agencies	84.010	1,239,956		1,219,396	
ARRA Title I Grants to Local Educational Agencies, Recovery Act	84.389	194,104		125,246	
Total Title I, Part A Cluster		<u>1,434,060</u>		<u>1,344,642</u>	
Special Education Cluster:					
Special Education_Grants to States	84.027	1,581,879		1,559,407	
ARRA Special Education_Grants to States, Recovery Act	84.391	153,260		83,960	
Special Education Preschool Grants	84.173	6,372		5,675	
ARRA Special Education Preschool Grants, Recovery Act	84.392	27,635		13,946	
Total Special Education Cluster		<u>1,769,146</u>		<u>1,662,988</u>	
Even Start State Educational Agencies	84.213	99,012		104,559	
Educational Technology State Grants	84.318	1,444		8,021	
English Language Acquisition State Grants	84.365	36,638		31,104	
Improving Teacher Quality State Grants	84.367	309,260		225,303	
ARRA State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394			6,533	
ARRA State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants, Recovery Act	84.395	217,191		229,214	
Education Jobs Fund	84.410	629,173		629,173	
<i>Passed through Centerville City School District</i>					
Career and Technical Education - Basic Grants to States	84.048	74,883		61,595	
Total U.S. Department of Education		<u>4,678,115</u>		<u>4,410,028</u>	
Total Federal Financial Assistance		<u>\$6,098,999</u>	<u>\$355,378</u>	<u>\$5,832,247</u>	<u>\$355,378</u>

See accompanying notes to the Schedule of Federal Awards Receipts and Expenditures.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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.



Dave Yost • Auditor of State

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, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 17, 2012. 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 opinion 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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 17, 2012.

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 17, 2012



Dave Yost • Auditor of State

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, Montgomery County (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 the Kettering City School District's major federal programs for the year ended June 30, 2012. The *summary of auditor's results* section of the accompanying schedule of findings 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 opine on the District's compliance based on our audit.

Our compliance audit followed 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*. These 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 these 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 these requirements.

In our opinion, the Kettering City School District, Montgomery County, 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, 2012.

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 requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining 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.

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**Internal Control Over Compliance
(Continued)**

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.

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

Schedule of Federal Awards Receipts and Expenditures

We have also audited and issued our unqualified opinion on the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Kettering City School District (the District) as of and for the year ended June 30, 2012, and have issued our report thereon dated December 17, 2012. Our audit was performed to form an opinion on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The accompanying schedule of federal awards receipts and expenditures 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 the management, the Board of Education, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

December 17, 2012

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2012**

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)?	No
(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?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No

(d)(1)(vii)	Major Programs (list):	<p>Special Education Cluster: Special Education – Grants to States: CFDA #84.027 Special Education Preschool Grants: CFDA #84.173 ARRA – Special Education Grants to States: CFDA #84.391 ARRA – Special Education Preschool Grants: CFDA #84.392</p> <p>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</p> <p>ARRA – State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants: CFDA #84.395</p> <p>Education Jobs Fund: CFDA #84.410</p>
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	<p>Type A: > \$ 300,000 Type B: all others</p>
(d)(1)(ix)	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .315 (b)
JUNE 30, 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	Material Weakness - Errors in the calculation of due from other governments	Yes	
2011-002	34 CFR 80.20(b)(7) and 34 CFR 80.21 (h)(2)(i) - Failure to spend SFSF cash advance payments within the required time frame	Yes	
2011-003	2 CFR Part 225 Appendix B paragraph 8.g.2 - Questioned cost – Improper severance payment charged to ARRA Title I grant	Yes	

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Kettering City School District
Montgomery County, Ohio



Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2012





Alan Valadez, 11th Grade

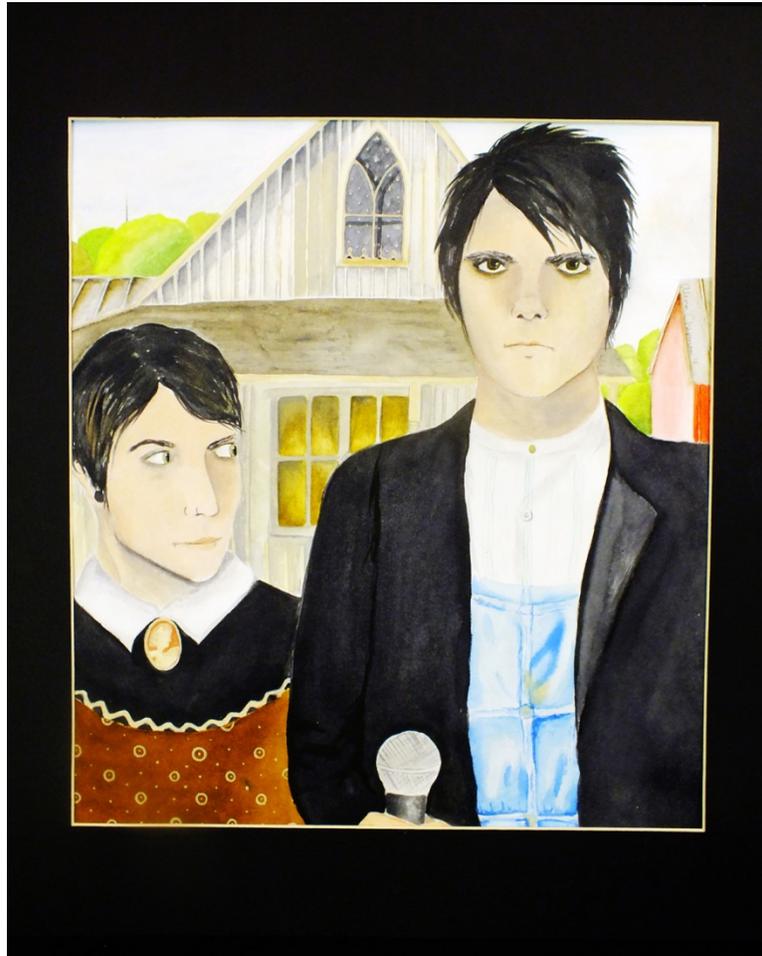
KETTERING CITY SCHOOL DISTRICT

Montgomery County, Ohio

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2012**

Prepared by:
Mr. Steven G. Clark
Treasurer



Alena Chapman, 12th Grade

KETTERING CITY SCHOOL DISTRICT

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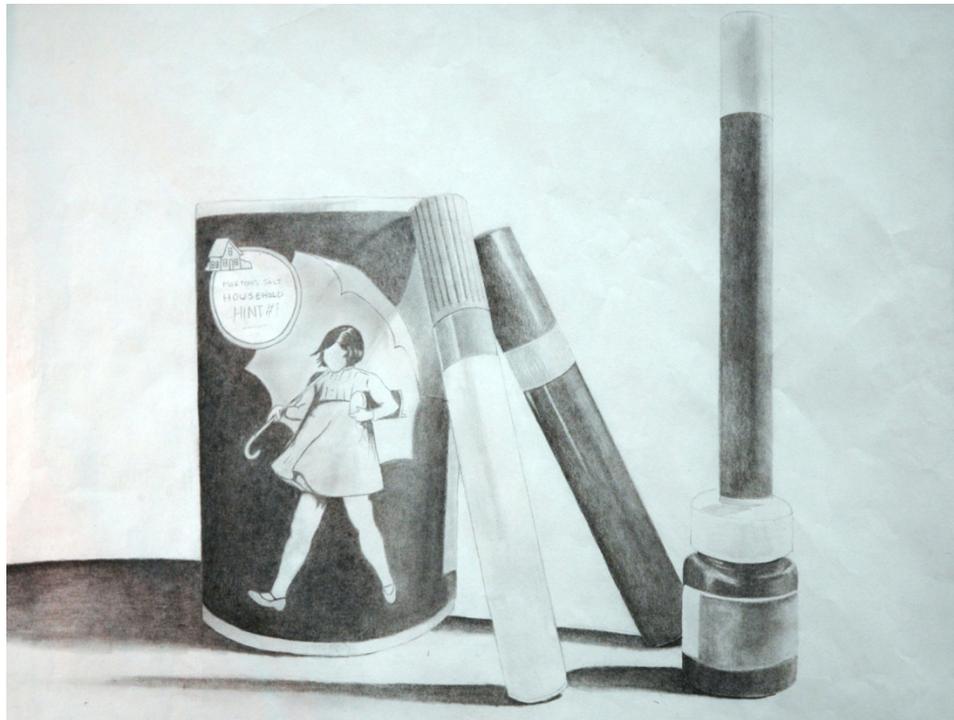
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III

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INTRODUCTORY SECTION



Allison Parrish, 12th Grade



Kettering City School District

3750 Far Hills Avenue
Kettering, Ohio 45429

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

fax (937)-499-1467

December 17, 2012

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

We are pleased to present the eighteenth Comprehensive Annual Financial Report (CAFR) of the Kettering City School District for the fiscal year ended June 30, 2012. 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 Management's Discussion and Analysis (MD&A) provides a narrative introduction, overview and analysis to accompany the basic financial statements. This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the Independent 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 extracurricular activities; adult and community education offerings; special education programs and facilities and community recreation facilities.

In addition to providing these general activities, the District receives pass-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, 2012

HISTORY AND BACKGROUND

The 2012 school year marked the 169th 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, 2012

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

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

The official opening enrollment of the District was 7,128 enrolled in eight elementary schools, two middle schools and one high school during the 2011-12 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, 2012 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, 2011.

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

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2012

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 2012.

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. Kettering's largest employers include Kettering Medical Center (KMC), G.E. Money, and Reynolds & Reynolds. KMC employs 3,300 and continued its commitment to growth in the community during 2011 with the opening of a level II trauma center in their Emergency Room. KMC is also beginning work on a master plan that includes additional growth on vacant land across the street from the main campus. Reynolds & Reynolds, a fortune 1000 company based in Dayton since 1866, has transitioned nicely following the merger with Universal Computer Systems (UCS) in 2006. After completion of a \$19 million, 15,000 sq. ft. Data Center at the Miami Valley Research Park campus in 2009, the company continues to employ 1,150. G.E. Capital employs 1,450 people and has plans to invest \$1.5 million for improvements in their facility at the Kettering Business Park (KBP).

According to City of Kettering, the City is about 95% developed 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 2011. 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 2011. Twenty-two single family homes were constructed during 2011. Madison's Grant will include 154 new homes when the development is complete.

Economic Condition and Outlook (Moraine)

According to City of Moraine, this year marked a significant step forward in the City's long term financial recovery when the former General Motors Assembly plant was bought by the Industrial Realty Group (IRG). The City had been working diligently to ensure the building would be preserved to allow for more rapid repurposing of that entire site. With the presentation of IRG's conceptual plans for redevelopment, we are even more encouraged. The site currently has over 380 acres and over 4 million square feet of building space. There are also signs of growth in a variety of our businesses in town; Weiler Welding has purchased a site for its new headquarters, Global Gauge renovated and moved into its new offices, Kramer Graphics has expanded, and the Corporate Tower office building has attracted new tenants.

According to City of Moraine, the Oak Pointe neighborhood saw 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, 2012

EMPLOYEE RELATIONS

The Board employs 999 full-time and part-time employees (including non-teaching personnel). Of the Board's current employees, 586 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, 2011 was \$35,484. The maximum teacher salary in 2011-2012 for a doctorate degree was \$90,839 with 28 years longevity.

Five hundred forty six (546) 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 May 3, 2011 and expires May 2, 2014.

Two hundred fifty six (256) of the Board's classified employees are members of the Ohio Association of Public School Employees ("OAPSE") which is a labor organization affiliated with the American Federation of State, County and Municipal Employees ("AFSME"). The current contract between the Board and OAPSE became effective August 1, 2009 and expires July 31, 2012.

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

MAJOR INITIATIVES

FOR THE YEAR...AND THE FUTURE...Of the plethora of changes and edicts being handed down from the state and federal government, turning the Common Core State Standards (CCSS) from policy to practice in time for the Next Generation of Assessments (NGA) is the district's major focus for the 2012-13 and 2013-14 school years. We have laid the groundwork for this huge undertaking over the past year and half through our comprehensive professional development plan and we are well prepared for the next phase of this transition.

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

- 1) Fully understand and fully implement the Common Core State Standards.
- 2) Share and develop instructional tools that are flexible and able to slip into instruction.
- 3) Provide guidance to ensure quality, consistency and compliance.
- 4) Encourage teachers' creativity while implementing the CCSS.
- 5) Continue to include teachers as key components of the design and implementation process.
- 6) Provide a chance to differentiate and customize the PD based on the needs of our students and staff.

We are confident that we will all be ready for the NGA because we have great people doing great work, we have a plan, and we are implementing that plan to make the necessary changes to Curriculum, Instruction, Assessment, Materials, and Professional Development. We have great resources in the district, including outstanding teaching and support staff, highly skilled principals, talented department chairs, and knowledgeable curriculum leaders and technology integration specialists.

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2012

Preparing our students, parents and staff for full implementation of the CCSS is a team effort that requires collaboration and focused work. It is not akin to a GPS where you just plug in your destination and 2 hours later you are there without being sure how it happened or even what direction you went. We need everyone's active engagement in the process. Any professional development that is worthwhile takes a conscious effort from the District, Building and the Professional – if you eliminate support or effort from any one of these, the PD will not be effective.

Many districts have struggled in the early stages of this transition. In fact, several have just begun to unwrap the CCSS and plan for the transition. We began this process about 1½ years ago as part of RTI and we have gotten out front with a plan that has included extensive PD in understanding the CCSS, Differentiation of Instruction, Math and LA Frameworks, Instructional Materials' Adoptions, and Singapore Math. We will continue to take advantage of the expertise of our teachers to support our next few years as we transition to the CCSS in Math and Language Arts in order to be completely prepared for the NGA and whatever is next.

FINANCIAL INFORMATION

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

BUDGETARY CONTROLS – The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control required by Ohio Revised Code is at the fund level. The level of budgetary control imposed by the District (the level at which expenditures cannot legally exceed the appropriated amount) is established at the broad object level (first level) for the general fund and at the fund level for all other funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts at year-end are carried forward to succeeding years and are not re-appropriated.

INDEPENDENT AUDIT - The State of Ohio requires an annual audit by either the Auditor of State or by an independent public accounting firm. The State Auditor performed the audit for the fiscal year ended June 30, 2012. 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.

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2012

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, 2011. 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.

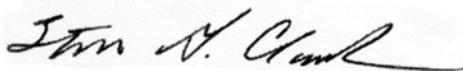
A Certificate of Achievement is valid for a period of one year only. The Kettering City School District has received a Certificate of Achievement for the last 17 consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting 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, 2011. 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 17 consecutive years. We believe our current report continues to conform to the Certificate of Excellence program requirements, and we are submitting it to ASBO.

ACKNOWLEDGEMENTS - The preparation of this eighteenth Comprehensive Annual Financial Report would not have been possible without the cooperation and support of the entire staff of the Treasurer's Office. Sincere appreciation is extended to Nicole Marshall, Assistant Treasurer, for her exceptional individual effort and dedication to this achievement. A special thanks to Kenneth Lackey, and the Business Services staff; Student Services Director – James Justice; Director of Technology Services – Debbie LeValley; Director of Instructional Services – Dr. Kyle Ramey, 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, 2012

Elected Officials

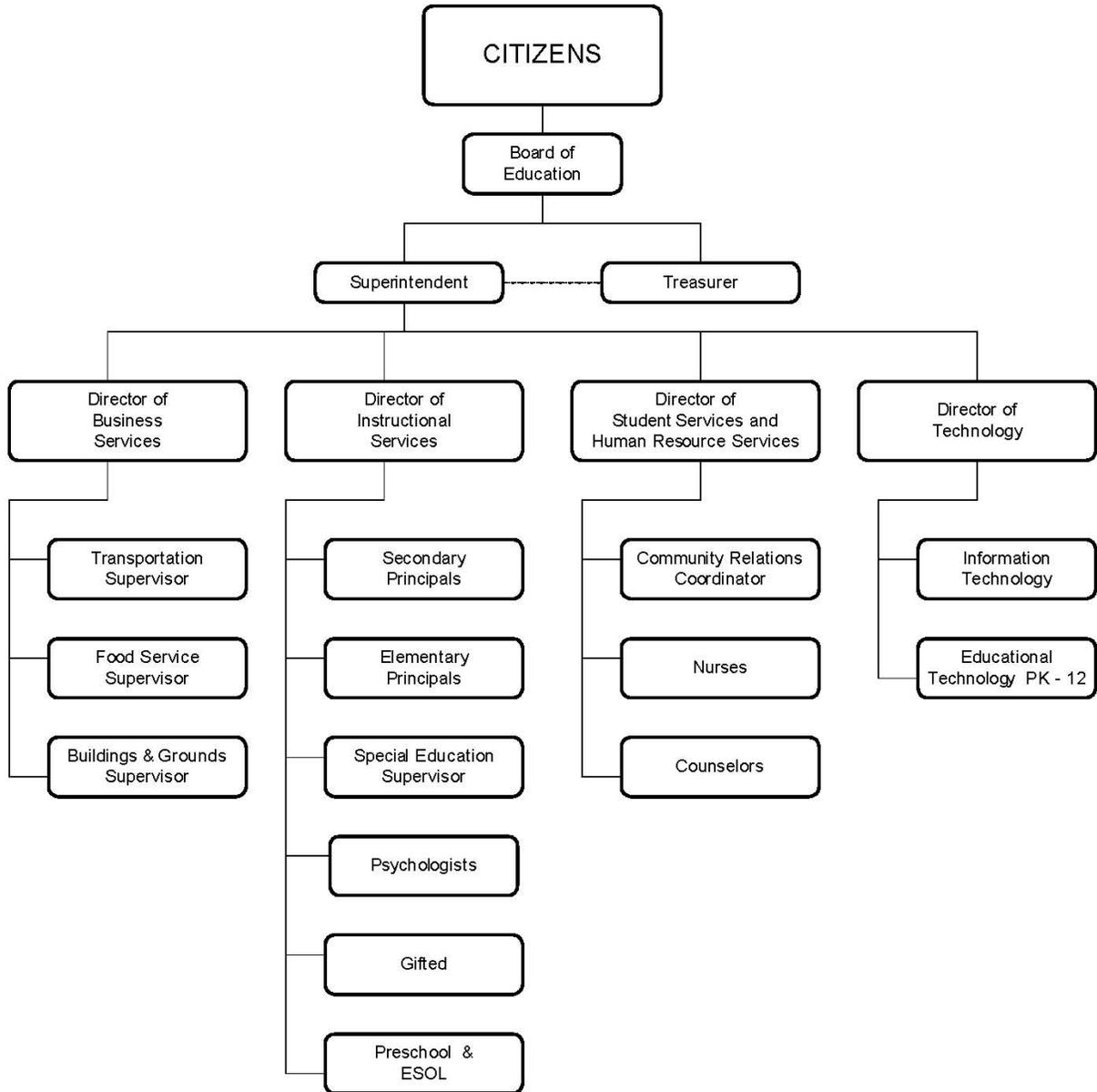
President – Board Of Education	....	Ms. Julie Ann Gilmore
Vice President – Board Of Education	....	Mr. James A. Brown
Board Member	....	Mr. George Bayless
Board Member	....	Mr. James Trent
Board Member	....	Ms. Lori Simms

Administrative Officials

Superintendent	....	Dr. James Schoenlein
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, 2012

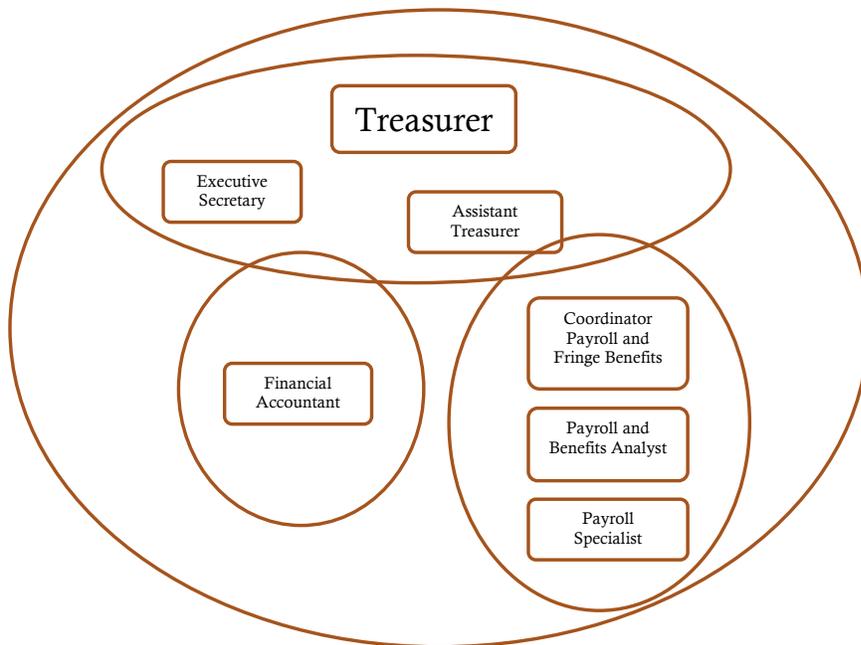


KETTERING CITY SCHOOL DISTRICT

*Office of the Treasurer
For the Fiscal Year Ended June 30, 2012*

Team Organization

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



KETTERING CITY SCHOOL DISTRICT

*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, 2011

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.



Christopher P. Morille

President

Jeffrey R. Emer

Executive Director

KETTERING CITY SCHOOL DISTRICT

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

Association of School Business Officials International



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

Kettering City School District

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2011*

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



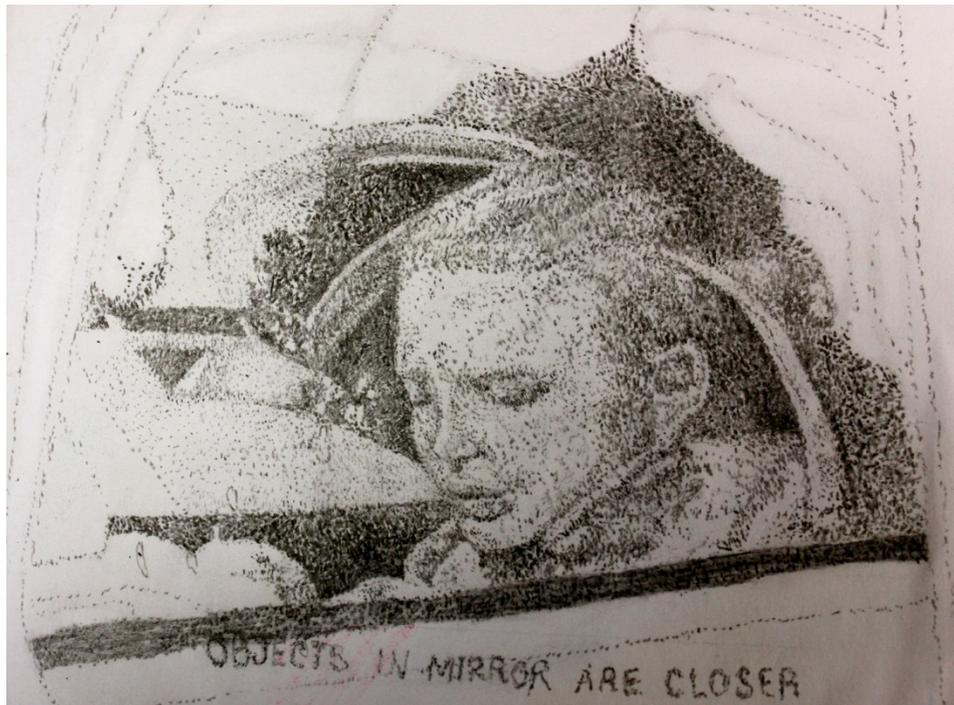
Brian L. Mee

Brian L. Mee, SFO, RSBA
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director

FINANCIAL SECTION



Amanda Turner, 11th Grade



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, 2012, 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, 2012, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2012, 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 17, 2012

KETTERING CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012*

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, 2012. 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 2012 are as follows:

In total, net assets increased \$2,885,106, a 10.5% increase from 2011.

General revenues accounted for \$86,994,636 in revenue or 86.6% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$13,418,127 or 13.4% of total revenues of \$100,412,763.

The District had \$97,527,657 in expenses related to governmental activities; only \$13,418,127 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$86,994,636 were adequate to provide for these programs.

Among major funds, the General Fund had \$82,306,168 in revenues and \$81,218,377 in expenditures and other financing uses. The General Fund's fund balance increased \$944,913, to \$7,101,139. The increase in the General Fund's balance is a direct result of the District being fiscally conservative and decreasing expenditures, when possible, throughout the fiscal year.

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, 2012*

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 Funds – The District uses internal service funds to report activities that provide services for the District's other programs and activities. The proprietary funds are 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, 2012**

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 Assets and Liabilities – Fiduciary Funds. 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 2012 compared to 2011.

	Governmental Activities		Increase (Decrease)
	2012	2011	
Current and other assets	\$85,395,546	\$85,067,403	\$328,143
Capital assets, Net	110,932,206	112,487,010	(1,554,804)
Total assets	196,327,752	197,554,413	(1,226,661)
Long-term debt outstanding	100,348,738	103,912,869	(3,564,131)
Other liabilities	65,720,353	66,267,989	(547,636)
Total liabilities	166,069,091	170,180,858	(4,111,767)
Net assets			
Invested in capital assets, net of related debt	20,131,402	18,472,838	1,658,564
Restricted	4,665,950	4,180,135	485,815
Unrestricted	5,461,309	4,720,582	740,727
Total net assets	\$30,258,661	\$27,373,555	\$2,885,106

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KETTERING CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for fiscal years 2012 and 2011:

	Governmental Activities		Increase (Decrease)
	2012	2011	
Revenues			
Program Revenues:			
Charges for Services and Sales	\$4,172,793	\$4,103,238	\$69,555
Operating Grants and Contributions	9,245,334	8,913,634	331,700
Total Program Revenues	<u>13,418,127</u>	<u>13,016,872</u>	<u>401,255</u>
General revenues:			
Taxes	61,048,275	61,540,434	(492,159)
Payment in Lieu of Taxes	151,425	0	151,425
Grants and Entitlements	25,145,742	27,425,244	(2,279,502)
Investment earnings	116,494	73,241	43,253
Miscellaneous	532,700	454,500	78,200
Total General Revenues	<u>86,994,636</u>	<u>89,493,419</u>	<u>(2,498,783)</u>
Total Revenues	<u>100,412,763</u>	<u>102,510,291</u>	<u>(2,097,528)</u>
Program Expenses			
Instruction:			
Regular	34,695,073	35,764,848	(1,069,775)
Special	9,646,917	9,096,792	550,125
Vocational	2,711,654	2,695,255	16,399
Adult/Continuing	55,404	87,962	(32,558)
Other Instruction	3,462,802	2,273,126	1,189,676
Support Services:			
Pupils	7,599,142	7,761,518	(162,376)
Instructional Staff	6,118,959	5,749,533	369,426
Board of Education	66,586	62,685	3,901
Administration	5,870,320	5,250,963	619,357
Fiscal Services	1,753,709	1,785,522	(31,813)
Business	657,346	591,628	65,718
Operation and Maintenance of Plant	8,338,608	8,877,007	(538,399)
Pupil Transportation	3,751,327	3,531,175	220,152
Central	1,830,592	1,927,323	(96,731)
Non-Instructional Services	5,316,205	5,473,549	(157,344)
Extracurricular Activities	1,574,598	1,776,337	(201,739)
Interest and Fiscal Charges	4,078,415	4,211,670	(133,255)
Total expenses	<u>97,527,657</u>	<u>96,916,893</u>	<u>610,764</u>
Change in Net Assets	2,885,106	5,593,398	(2,708,292)
Net Assets Beginning of Year	<u>27,373,555</u>	<u>21,780,157</u>	<u>5,593,398</u>
Net Assets End of Year	<u>\$30,258,661</u>	<u>\$27,373,555</u>	<u>\$2,885,106</u>

KETTERING CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012*

Unaudited

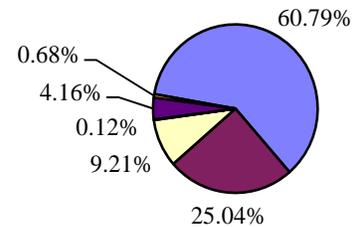
Governmental Activities

Net assets of the District's governmental activities increased by \$2,885,106. This was mainly due to keeping expense increases below collected revenues.

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 60.79% of total revenues from general tax revenues:

Revenue Sources	2012 Amount	Percent of Total
Taxes	\$ 61,048,275	60.79%
Grants and Entitlements	25,145,742	25.04%
Operating Grants and Contributions	9,245,334	9.21%
Investment earnings	116,494	0.12%
Charges for Services and Sales	4,172,793	4.16%
Miscellaneous	684,125	0.68%
Total revenues	\$100,412,763	100.00%



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$12,623,676, which is greater than last year's total of \$11,251,274. The schedule below indicates the fund balance and the total change in fund balance by fund as of June 30, 2012 and 2011.

	Fund Balance June 30, 2012	Fund Balance June 30, 2011	Increase (Decrease)
General	\$7,101,139	\$6,156,226	\$944,913
Bond Retirement	3,730,110	3,525,419	204,691
Other Governmental	1,792,427	1,569,629	222,798
Total	\$12,623,676	\$11,251,274	\$1,372,402

KETTERING CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

Unaudited

Bond Retirement Fund – The District's Bond Retirement Fund balance increase is due to collected tax revenues outpacing bond retirement expenditures.

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:

	2012 Revenues	2011 Revenues	Increase (Decrease)
Taxes	\$53,984,620	\$53,859,786	\$124,834
Tuition and Fees	655,281	327,383	327,898
Transportation	45,698	36,955	8,743
Interest	113,623	64,159	49,464
Payment in Lieu of Taxes	151,425	0	151,425
Intergovernmental	25,842,381	26,565,957	(723,576)
Extracurricular Activities	295,571	283,492	12,079
Classroom Materials and Fees	193,980	179,143	14,837
Miscellaneous	1,023,589	1,170,453	(146,864)
Total	\$82,306,168	\$82,487,328	(\$181,160)

General Fund revenues in 2012 decreased approximately .2% compared to revenues in fiscal year 2011. Increased tax revenues, tuition and payments in lieu of taxes helped to offset decreased intergovernmental funding.

	2012 Expenditures	2011 Expenditures	Increase (Decrease)
Instruction:			
Regular	\$33,127,035	\$33,610,690	(\$483,655)
Special	7,487,759	6,708,247	779,512
Vocational	2,539,882	2,561,806	(21,924)
Other Instruction	3,457,867	2,214,279	1,243,588
Supporting Services:			
Pupils	6,878,609	7,200,620	(322,011)
Instructional Staff	5,074,323	4,710,809	363,514
Board of Education	66,561	62,748	3,813
Administration	5,304,318	5,211,009	93,309
Fiscal Services	1,669,655	1,682,772	(13,117)
Business	521,438	588,832	(67,394)
Operation & Maintenance of Plant	8,031,222	8,377,529	(346,307)
Pupil Transportation	3,549,626	3,278,245	271,381
Central	1,787,753	1,823,275	(35,522)
Non-Instructional Services	512,820	472,331	40,489
Extracurricular Activities	989,044	1,202,113	(213,069)
Facility Acquisition and Construction	29,512	34,596	(5,084)
Debt Service:			
Principal Retirement	172,361	476,507	(304,146)
Interest & Fiscal Charges	5,092	31,060	(25,968)
Total	\$81,204,877	\$80,247,468	\$957,409

KETTERING CITY SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012***

Unaudited

The expenditures increased by \$957,409 or 1.2% over the prior year mostly due to increases in special and other instruction as a result of purchasing new equipment and increased purchased services for tuition to other districts.

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 2012, the District amended its General Fund budget several times, none significant.

For the General Fund, budget basis revenue of \$73.5 million was a decrease from the original budget estimates of \$81.1 million. This was due primarily to a change in estimates for taxes and intergovernmental funding. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2012 the District had \$110,932,206 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 2012 and 2011 balances:

	Governmental Activities		Increase (Decrease)
	2012	2011	
Land	\$466,616	\$466,616	\$0
Building and Improvements	136,196,566	136,196,566	0
Furniture, Fixtures and Equipment	4,068,328	3,952,342	115,986
Vehicles	4,474,055	4,265,045	209,010
Less: Accumulated Depreciation	<u>(34,273,359)</u>	<u>(32,393,559)</u>	<u>(1,879,800)</u>
Totals	<u><u>\$110,932,206</u></u>	<u><u>\$112,487,010</u></u>	<u><u>(\$1,554,804)</u></u>

The only activity within the current year took place in the furniture, fixtures and equipment and vehicles categories. Additional information can be found in Note 10.

KETTERING CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012*

Unaudited

Debt

At June 30, 2012, the District had \$91,982,438 in bonds outstanding, \$3,642,921 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Governmental Activities:		
General Obligation Bonds	\$91,982,438	\$95,327,159
Capital Leases Payable	0	172,361
Compensated Absences	8,366,300	8,413,349
Totals	<u>\$100,348,738</u>	<u>\$103,912,869</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, 2012, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 13.

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.



April King, 9th Grade

KETTERING CITY SCHOOL DISTRICT

Statement of Net Assets June 30, 2012

	<u>Governmental Activities</u>
Assets:	
Cash and Cash Equivalents	\$ 10,460,550
Investments	12,367,281
Receivables:	
Taxes	60,384,087
Accounts	34,091
Intergovernmental	1,279,859
Inventory of Supplies at Cost	111,440
Inventory Held for Resale	47,864
Restricted Assets:	
Cash and Cash Equivalents	12,801
Deferred Charges	697,573
Non-Depreciable Capital Assets	466,616
Depreciable Capital Assets, Net	<u>110,465,590</u>
Total Assets	<u>196,327,752</u>
Liabilities:	
Accounts Payable	993,552
Accrued Wages and Benefits	8,834,141
Intergovernmental Payable	1,440,564
Claims Payable	1,066,856
Unearned Revenue	53,034,209
Accrued Interest Payable	351,031
Long Term Liabilities:	
Due Within One Year	4,308,258
Due in More Than One Year	<u>96,040,480</u>
Total Liabilities	<u>166,069,091</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	20,131,402
Restricted For:	
Capital Projects	700,616
Debt Service	3,224,803
Permanent Fund:	
Expendable	1,776
Nonexpendable	12,801
Other Purposes	725,954
Unrestricted	<u>5,461,309</u>
Total Net Assets	<u>\$ 30,258,661</u>

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Statement of Activities For the Fiscal Year Ended June 30, 2012

		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	\$ 34,695,073	\$ 766,581	\$ 370,134	\$ (33,558,358)
Special	9,646,917	226,565	3,445,819	(5,974,533)
Vocational	2,711,654	59,929	294,535	(2,357,190)
Adult/Continuing	55,404	0	56,783	1,379
Other Instruction	3,462,802	0	0	(3,462,802)
Support Services:				
Pupils	7,599,142	124,352	588,001	(6,886,789)
Instructional Staff	6,118,959	155,842	830,284	(5,132,833)
Board of Education	66,586	0	0	(66,586)
Administration	5,870,320	0	294,143	(5,576,177)
Fiscal Services	1,753,709	0	0	(1,753,709)
Business	657,346	0	0	(657,346)
Operation and Maintenance of Plant	8,338,608	0	41,188	(8,297,420)
Pupil Transportation	3,751,327	45,698	30,503	(3,675,126)
Central	1,830,592	804	33,267	(1,796,521)
Non-Instructional Services	5,316,205	2,101,177	3,258,352	43,324
Extracurricular Activities	1,574,598	691,845	2,325	(880,428)
Interest and Fiscal Charges	4,078,415	0	0	(4,078,415)
Total Governmental Activities	\$ 97,527,657	\$ 4,172,793	\$ 9,245,334	(84,109,530)
General Revenues				
Property Taxes				61,048,275
Payment in Lieu of Taxes				151,425
Grants and Entitlements not Restricted to Specific Programs				25,145,742
Investment Earnings				116,494
Miscellaneous				532,700
Total General Revenues				86,994,636
Change in Net Assets				2,885,106
Net Assets Beginning of Year				27,373,555
Net Assets End of Year				\$ 30,258,661

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2012

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 3,739,861	\$ 815,309	\$ 2,891,993	\$ 7,447,163
Investments	9,885,366	2,481,915	0	12,367,281
Receivables:				
Taxes	53,277,590	6,514,729	591,768	60,384,087
Accounts	32,300	0	1,791	34,091
Intergovernmental	43,768	0	1,236,091	1,279,859
Due from Other Funds	61,264	0	0	61,264
Inventory of Supplies at Cost	111,440	0	0	111,440
Inventory Held for Resale	0	0	47,864	47,864
Restricted Assets:				
Cash and Cash Equivalents	0	0	12,801	12,801
Total Assets	\$ 67,151,589	\$ 9,811,953	\$ 4,782,308	\$ 81,745,850
Liabilities:				
Accounts Payable	\$ 614,278	\$ 0	\$ 379,274	\$ 993,552
Accrued Wages and Benefits	8,184,458	0	649,683	8,834,141
Intergovernmental Payable	1,329,202	0	111,362	1,440,564
Due to Other Funds	0	0	61,264	61,264
Deferred Revenue	49,922,512	6,081,843	1,788,298	57,792,653
Total Liabilities	60,050,450	6,081,843	2,989,881	69,122,174
Fund Balances:				
Nonspendable	111,440	0	60,665	172,105
Restricted	0	3,730,110	2,266,638	5,996,748
Assigned	755,801	0	0	755,801
Unassigned	6,233,898	0	(534,876)	5,699,022
Total Fund Balances	7,101,139	3,730,110	1,792,427	12,623,676
Total Liabilities and Fund Balances	\$ 67,151,589	\$ 9,811,953	\$ 4,782,308	\$ 81,745,850

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, 2012

Total Governmental Fund Balances		\$ 12,623,676
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		110,932,206
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		
	Taxes Receivable - accrual basis	3,523,228
	Grants Receivable - accrual basis	<u>1,235,216</u>
	Total	4,758,444
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.		1,946,531
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	(4,308,258)
	Amounts Due in More Than One Year	(96,040,480)
	Deferred Charges for Issuance Costs	697,573
	Accrued Interest on Long-Term Debt	<u>(351,031)</u>
	Total	<u>(100,002,196)</u>
<i>Net Assets of Governmental Activities</i>		<u>\$ 30,258,661</u>

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, 2012

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 53,984,620	\$ 6,738,136	\$ 590,267	\$ 61,313,023
Tuition and Fees	655,281	0	348,338	1,003,619
Transportation	45,698	0	0	45,698
Interest	113,623	0	2,871	116,494
Sales	0	0	1,579,194	1,579,194
Payment in Lieu of Taxes	151,425	0	0	151,425
Intergovernmental	25,842,381	945,566	7,733,417	34,521,364
Extracurricular Activities	295,571	0	401,092	696,663
Classroom Materials and Fees	193,980	0	0	193,980
Miscellaneous	1,023,589	0	162,750	1,186,339
Total Revenue	82,306,168	7,683,702	10,817,929	100,807,799
Expenditures:				
Current:				
Regular	33,127,035	0	501,772	33,628,807
Special	7,487,759	0	2,141,620	9,629,379
Vocational	2,539,882	0	132,733	2,672,615
Adult/Continuing	0	0	55,383	55,383
Other Instruction	3,457,867	0	3,640	3,461,507
Supporting Services:				
Pupils	6,878,609	0	688,945	7,567,554
Instructional Staff	5,074,323	0	1,040,890	6,115,213
Board of Education	66,561	0	0	66,561
Administration	5,304,318	6,127	369,081	5,679,526
Fiscal Services	1,669,655	79,659	7,006	1,756,320
Business	521,438	0	0	521,438
Operation and Maintenance of Plant	8,031,222	0	300,711	8,331,933
Pupil Transportation	3,549,626	0	273,863	3,823,489
Central	1,787,753	0	26,841	1,814,594
Non-Instructional Services	512,820	0	4,636,591	5,149,411
Extracurricular Activities	989,044	0	419,673	1,408,717
Facility Acquisition and Construction	29,512	0	4,800	34,312
Debt Service:				
Principal Retirement	172,361	3,263,752	0	3,436,113
Interest and Fiscal Charges	5,092	4,129,473	0	4,134,565
Total Expenditures	81,204,877	7,479,011	10,603,549	99,287,437

KETTERING CITY SCHOOL DISTRICT

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	1,101,291	204,691	214,380	1,520,362
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	1,087,791	204,691	227,880	1,520,362
Fund Balances at Beginning of Year	6,156,226	3,525,419	1,569,629	11,251,274
Decrease in Inventory Reserve	(142,878)	0	(5,082)	(147,960)
Fund Balances End of Year	\$ 7,101,139	\$ 3,730,110	\$ 1,792,427	\$ 12,623,676

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, 2012

Net Change in Fund Balances - Total Governmental Funds \$ 1,520,362

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (1,541,317)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (13,487)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (395,036)

The repayment of principal of long-term debt consumes current financial resources of governmental funds, but does not have any effect on net assets. 3,436,113

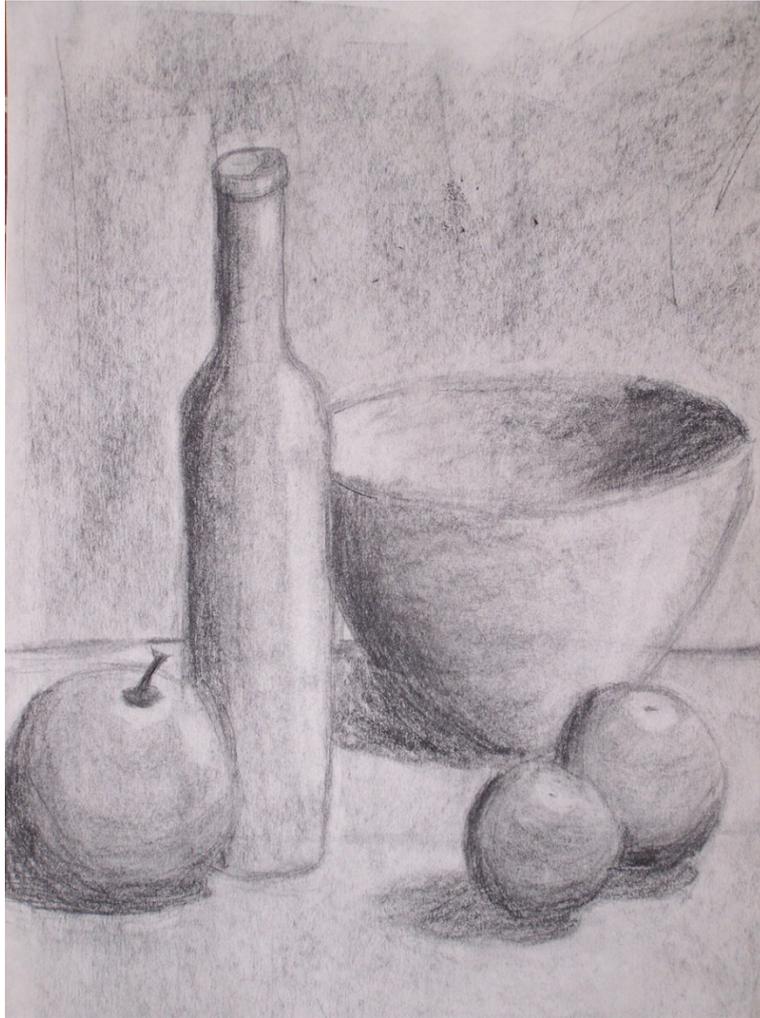
In the statement of activities, interest is accrued on outstanding bonds whereas in governmental funds, an interest expenditure is reported when due. 56,150

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. (100,911)

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. (76,768)

Change in Net Assets of Governmental Activities \$ 2,885,106

See accompanying notes to the basic financial statements



Ashley Stull, 8th Grade

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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 55,564,690	\$ 51,817,200	\$ 53,884,469	\$ 2,067,269
Tuition and Fees	570,782	483,469	655,281	171,812
Transportation	45,908	38,885	38,885	0
Interest	105,619	89,462	92,430	2,968
Payment in Lieu of Taxes	178,270	151,000	151,425	425
Intergovernmental	24,107,073	20,419,392	25,842,381	5,422,989
Extracurricular Activities	63,130	53,473	53,474	1
Classroom Material and Fees	5,093	4,314	4,314	0
Miscellaneous	439,237	372,047	467,930	95,883
Total Revenues	<u>81,079,802</u>	<u>73,429,242</u>	<u>81,190,589</u>	<u>7,761,347</u>
Expenditures:				
Current:				
Instruction:				
Regular	33,406,312	33,602,873	33,450,907	151,966
Special	7,312,588	7,411,422	7,437,195	(25,773)
Vocational	2,530,644	2,539,385	2,547,214	(7,829)
Other Instruction	3,345,107	3,380,173	3,509,740	(129,567)
Support Services:				
Pupils	6,938,778	7,013,673	6,828,875	184,798
Instructional Staff	5,125,645	5,178,821	5,116,767	62,054
Board of Education	75,663	76,611	66,889	9,722
Administration	5,267,192	5,314,676	5,326,783	(12,107)
Fiscal Services	1,609,899	1,631,245	1,676,274	(45,029)
Business	542,378	549,539	535,611	13,928
Operation and Maintenance of Plant	8,668,940	8,545,708	8,328,881	216,827
Pupil Transportation	3,885,366	3,870,770	3,679,154	191,616
Central	2,165,405	1,989,560	1,994,070	(4,510)
Non-Instructional Services	81,469	82,585	85,410	(2,825)
Extracurricular Activities	1,018,497	1,032,451	971,190	61,261
Facility Acquisition and Construction	37,627	38,143	36,411	1,732
Debt Service:				
Principal Retirement	171,914	171,914	171,914	0
Interest and Fiscal Charges	5,562	5,539	5,539	0
Total Expenditures	<u>82,188,986</u>	<u>82,435,088</u>	<u>81,768,824</u>	<u>666,264</u>

KETTERING CITY SCHOOL DISTRICT

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,109,184)	(9,005,846)	(578,235)	8,427,611
Other Financing Sources (Uses):				
Transfers Out	(41,831)	(41,831)	(41,831)	0
Refund of Prior Year's Expenditures	0	38,910	38,910	0
Refund of Prior Year's Receipts	(1,000)	(1,000)	0	1,000
Total Other Financing Sources (Uses):	(42,831)	(3,921)	(2,921)	1,000
Net Change in Fund Balance	(1,152,015)	(9,009,767)	(581,156)	8,428,611
Fund Balance at Beginning of Year	11,867,242	11,867,242	11,867,242	0
Prior Year Encumbrances	865,655	865,655	865,655	0
Fund Balance at End of Year	\$ 11,580,882	\$ 3,723,130	\$ 12,151,741	\$ 8,428,611

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Fund
June 30, 2012

	Governmental Activities - Internal Service Funds
Assets:	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 3,013,387
Total Assets	<u>3,013,387</u>
Liabilities:	
<i>Current Liabilities:</i>	
Claims Payable	<u>1,066,856</u>
Total Liabilities	<u>1,066,856</u>
Net Assets:	
Unrestricted	<u>1,946,531</u>
Total Net Assets	<u>\$ 1,946,531</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, 2012***

	Governmental Activities - Internal Service Funds
Operating Revenues:	
Charges for Services	\$ 11,010,950
Total Operating Revenues	<u>11,010,950</u>
Operating Expenses:	
Purchased Services	1,260,023
Claims Expense	9,827,740
Total Operating Expenses	<u>11,087,763</u>
Operating Loss	(76,813)
Nonoperating Revenue:	
Interest	45
Total Nonoperating Revenues	<u>45</u>
Change in Net Assets	(76,768)
Net Assets Beginning of Year	<u>2,023,299</u>
Net Assets End of Year	<u>\$ 1,946,531</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, 2012

	Governmental Activities - Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Interfund Charges	\$11,010,950
Cash Payments for Goods and Services	(1,260,023)
Cash Payments for Claims	(9,930,650)
Net Cash Used by Operating Activities	<u>(179,723)</u>
<u>Cash Flows from Investing Activities:</u>	
Receipts of Interest	45
Net Cash Provided by Investing Activities	<u>45</u>
Net Decrease in Cash and Cash Equivalents	(179,678)
Cash and Cash Equivalents at Beginning of Year	<u>3,193,065</u>
Cash and Cash Equivalents at End of Year	<u><u>\$3,013,387</u></u>
<u>Reconciliation of Operating Loss to Net Cash</u>	
<u>Used by Operating Activities:</u>	
Operating Loss	(\$76,813)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Changes in Assets and Liabilities:	
Decrease in Claims Payable	<u>(102,910)</u>
Total Adjustments	<u>(102,910)</u>
Net Cash Used by Operating Activities	<u><u>(\$179,723)</u></u>

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Statement of Assets and Liabilities
Fiduciary Funds
June 30, 2012

	<u>Agency Funds</u>
Assets:	
Cash and Cash Equivalents	\$ 260,368
Total Assets	<u>260,368</u>
Liabilities:	
Claims Payable	18,984
Due to Others	150,210
Due to Students	<u>91,174</u>
Total Liabilities	<u>\$ 260,368</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, 2012

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 413 classified personnel and 586 certificated teaching and administrative personnel to provide services to students and other community members.

In terms of enrollment the District is the 33rd 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, 2012

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, 2012

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, 2012

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, 2012, and which are not intended to finance fiscal 2012 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, 2012

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, 2012

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 2012.

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, 2012**

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)	\$1,087,791
Increase (Decrease):	
Accrued Revenues at June 30, 2012, received during FY 2013	(3,448,418)
Accrued Revenues at June 30, 2011, received during FY 2012	3,301,415
Accrued Expenditures at June 30, 2012, paid during FY 2013	10,127,938
Accrued Expenditures at June 30, 2011, paid during FY 2012	(10,557,105)
Encumbrances Outstanding	(1,019,284)
Perspective Difference:	
Activity of Funds Reclassified for GAAP Reporting Purposes	(73,493)
Budget Basis	(\$581,156)

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

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 5, "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 5, "Cash, Cash Equivalents and Investments."

The District has invested funds in the STAR Ohio during 2012. 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, 2012. 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 5, "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 2012 totaled \$113,623, which includes \$31,027 assigned from other District funds, and \$3,001 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, 2012

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
Compensated Absences	General Fund, Food Services Fund, Pathfinder/Preschool Fund, Special Enterprise Fund, Auxiliary Services Fund, Public School Preschool Fund, Adult Basic Education Fund, Race to the Top 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, 2012

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, 2012

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, 2012

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, 2012***

NOTE 2 – 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	\$111,440	\$0	\$47,864	\$159,304
Endowments	0	0	12,801	12,801
Total Nonspendable	<u>111,440</u>	<u>0</u>	<u>60,665</u>	<u>172,105</u>
Restricted:				
Food Service	0	0	809,227	809,227
Endowments	0	0	1,776	1,776
Staff Development and Support	0	0	141,610	141,610
Auxiliary Services	0	0	297,461	297,461
Extracurricular Activities	0	0	163,148	163,148
Preschool Programs	0	0	122,779	122,779
Technology Improvements	0	0	12,925	12,925
Special Education	0	0	18,397	18,397
Targeted Academic Assistance	0	0	30,217	30,217
Debt Service Payments	0	3,730,110	0	3,730,110
Capital Acquisition and Improvement	0	0	669,098	669,098
Total Restricted	<u>0</u>	<u>3,730,110</u>	<u>2,266,638</u>	<u>5,996,748</u>
Assigned to Other Purposes	755,801	0	0	755,801
Unassigned	6,233,898	0	(534,876)	5,699,022
Total Fund Balances	<u><u>\$7,101,139</u></u>	<u><u>\$3,730,110</u></u>	<u><u>\$1,792,427</u></u>	<u><u>\$12,623,676</u></u>

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 3 – 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	\$512,792
Depreciation Expense	(2,054,109)
	<u>(\$1,541,317)</u>

Governmental revenues not reported in the funds:

Decrease in Delinquent Tax Revenue	(\$264,748)
Decrease in Grants Receivable	(130,288)
	<u>(\$395,036)</u>

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

Bond Principal Payment	\$3,263,752
Capital Lease Payment	172,361
	<u>\$3,436,113</u>

Interest expense not reported in the funds:

Increase in accrued interest on long term debt	(\$11,593)
Amortization of Deferred Charges	(36,714)
Amortization of Deferred Loss on Defeasance	(158,701)
Amortization of Bond Premium	263,158
	<u>\$56,150</u>

Expenses not reported in the funds:

Decrease in compensated absences	\$47,049
Decrease in supplies inventory	(147,960)
	<u>(\$100,911)</u>

KETTERING CITY SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012***

NOTE 4 – DEFICIT FUND EQUITIES

The following is a summary of deficit fund equities at June 30, 2012:

Fund	Deficit Fund Equity
Special Revenue Funds:	
Public School Preschool Fund	\$250
Alternative Fund	5,940
Adult Basic Education Fund	30,638
Race to the Top Fund	25,757
EESA Title VI-B Fund	286,819
Technology Title II-D Fund	6,614
Even Start Program Fund	24,642
Title I Fund	150,330
Preschool Grant Fund	3,886

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.

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KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 5 - 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, 2012***

NOTE 5 - 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 \$3,230,734 and the bank balance was \$3,688,778. The Federal Deposit Insurance Corporation (FDIC) covered \$2,557,479 of the bank balance and \$1,131,299 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>\$1,131,299</u>
Total Balance	<u><u>\$1,131,299</u></u>

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KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The District's investments at June 30, 2012 were as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>		
			<u>less than 1</u>	<u>1-3</u>	<u>3-5</u>
STAR Ohio	\$7,034,687	AAAm ¹	\$7,034,687	\$0	\$0
Negotiable CD's	1,759,120	N/A	0	1,759,120	0
Commercial Paper	2,498,525	N/A	2,498,525		
FFCC	224,815	AA+ ¹ , Aaa ²	0	224,815	0
FHLB	2,670,051	AA+ ¹ , Aaa ²	969,580	700,291	1,000,180
FNMA	3,966,234	AA+ ¹ , Aaa ²	0	1,225,113	2,741,121
US Treasury Note	249,580	AA+ ¹ , Aaa ²	0	249,580	0
US Treasury Bill	499,210	A-1+ ¹ , P-1 ²	499,210	0	0
US Treasury/Money Market	468,298	AAAm ¹	468,298	0	0
FFCB	499,746	AA+ ¹ , Aaa ²	499,746	0	0
Total Investments	<u>\$19,870,266</u>		<u>\$11,970,046</u>	<u>\$4,158,919</u>	<u>\$3,741,301</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, 35.4% are STAR Ohio, 8.9% are Negotiable CD's, 12.6% are Commercial Paper and the remaining 43.1% are U.S. Treasury/Agency Securities.

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, 2012

NOTE 5 - 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	\$10,733,719	\$12,367,281
U.S. Treasury/Money Market	(468,298)	468,298
STAR Ohio	<u>(7,034,687)</u>	<u>7,034,687</u>
Per GASB Statement No. 3	<u>\$3,230,734</u>	<u>\$19,870,266</u>

* - Includes restricted cash

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar 2012 represents collections of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed value listed as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2012 represents collections of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien December 31, 2010, were levied after April 1, 2011 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Montgomery County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available to be advanced can vary based on the date the tax bills are sent. The assessed values upon which the fiscal year 2012 receipts were based are:

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 6 - PROPERTY TAXES (Continued)

	2011 Second Half Collections	2012 First Half Collections
Agricultural/Residential and Other Real Estate	\$1,281,069,450	\$1,169,058,260
Public Utility Personal	78,792,780	80,829,600
Total Assessed Value	<u>\$1,359,862,230</u>	<u>\$1,249,887,860</u>
Tax rate per \$1,000 of assessed valuation	\$78.00	\$78.00

NOTE 7 - RECEIVABLES

Receivables at June 30, 2012 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 8 - TRANSFERS

Following is a summary of transfers in and out for all funds at June 30, 2012:

Fund	Transfer In	Transfer Out
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 9 - INTERFUND BALANCES

Following is a summary of interfund receivables/payables for all funds at June 30, 2012:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$61,264	\$0
Other Governmental Funds	0	61,264
Totals	<u>\$61,264</u>	<u>\$61,264</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, 2012

NOTE 10 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at June 30, 2012:

<i>Historical Cost:</i>	June 30,			June 30,
Class	2011	Additions	Deletions	2012
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, Fixtures and Equipment	3,952,342	190,949	(74,963)	4,068,328
Vehicles	4,265,045	321,843	(112,833)	4,474,055
Total Cost	<u>\$144,880,569</u>	<u>\$512,792</u>	<u>(\$187,796)</u>	<u>\$145,205,565</u>
Accumulated Depreciation:	June 30,			June 30,
Class	2011	Additions	Deletions	2012
Buildings and Improvements	(\$27,387,416)	(\$1,700,213)	\$0	(\$29,087,629)
Furniture, Fixtures and Equipment	(3,072,599)	(137,049)	72,759	(3,136,889)
Vehicles	(1,933,544)	(216,847)	101,550	(2,048,841)
Total Depreciation	<u>(\$32,393,559)</u>	<u>(\$2,054,109) *</u>	<u>\$174,309</u>	<u>(\$34,273,359)</u>
Net Value:	<u>\$112,487,010</u>			<u>\$110,932,206</u>

* Depreciation expenses were charged to governmental functions as follows:

Instruction:	
Regular	\$1,084,639
Special	37,270
Vocational	64,758
Support Services:	
Pupils	9,269
Instructional Staff	57,139
Administration	155,428
Operations & Maintenance of Plant	78,631
Pupil Transportation	225,518
Central	22,281
Other Noninstructional Services	137,701
Extracurricular Activities	181,475
Total Depreciation Expense	<u>\$2,054,109</u>

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 11 - 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. That report can be obtained on SERS' website, www.ohsers.org under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2012, the allocation to pension and death benefits was 12.7 percent. The remaining 1.3 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$1,634,176, \$1,500,371 and \$1,421,001 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. 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

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

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, 2012, 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 2011, 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, 2012, 2011, and 2010 were \$5,379,603, \$5,446,974, and \$5,519,927 respectively; which were equal to the required contributions for each year. Contributions to the DC and Combined Plans for fiscal year 2012 were \$215,857 made by the District and \$154,183 made by the plan members.

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KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 12 - 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 can be obtained on SERS' website, www.ohsers.org under Employers/Audit Resources.

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 2012, 0.55 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 2012, 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, 2012, 2011, and 2010 were \$71,161, \$371,652, and \$241,469 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 2012, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$97,038, \$96,552, and \$97,847 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, 2012

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System (Continued)

Funding Policy – Ohio Revised Code Chapter 3307 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 2012, 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, 2012, 2011, and 2010 were \$413,816, \$418,998, and \$424,610 respectively; which were equal to the required contributions for each year.

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KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 13- LONG-TERM DEBT AND OTHER OBLIGATIONS

Detail of the changes in the long-term debt of the District for the year ended June 30, 2012 is as follows:

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012	Amount Due Within One Year
2003 School Improvement	\$14,895,000	\$0	(\$2,095,000)	\$12,800,000	\$2,315,000
2004 School Improvement	1,155,000	0	(370,000)	785,000	385,000
2005 School Improvement Refunding	9,329,989	0	(374,989)	8,955,000	665,000
2006 School Improvement Refunding	9,534,994	0	(35,000)	9,499,994	40,000
2007 School Improvement Refunding	56,519,996	0	(35,000)	56,484,996	40,000
2002 Energy Conservation	493,455	0	(88,752)	404,703	93,464
Sub-Total General Obligation Bonds	91,928,434	0	(2,998,741)	88,929,693	3,538,464
Interest Accretion	241,523	23,488	(265,011)	0	0
Deferred Loss on Defeasance	(1,769,785)	0	158,701	(1,611,084)	(158,701)
Premium General Obligation Bonds	4,926,987	0	(263,158)	4,663,829	263,158
Total General Obligation Bonds	95,327,159	23,488	(3,368,209)	91,982,438	3,642,921
Capital Leases Payable	172,361	0	(172,361)	0	0
Compensated Absences	8,413,349	8,366,300	(8,413,349)	8,366,300	665,337
Total Governmental Long-Term Debt	<u>\$103,912,869</u>	<u>\$8,389,788</u>	<u>(\$11,953,919)</u>	<u>\$100,348,738</u>	<u>\$4,308,258</u>

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:	3.3% at June 30, 2012; rate changes to 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:	3.75% at June 30, 2012; rate changes to 4% from 2013-2015
Maturity Date:	2015

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 13- 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: 3.5% at June 30, 2012; rate changes 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, 2012; 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, 2012; 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, 2012

NOTE 13- 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, 2012, follows:

Years	General Obligation Bonds		
	Principal	Interest	Total
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	3,429,994	4,021,409	7,451,403
2018-2022	23,255,000	14,038,226	37,293,226
2023-2027	23,605,000	8,543,576	32,148,576
2028-2032	23,955,000	2,472,453	26,427,453
Totals	<u>\$88,929,693</u>	<u>\$44,624,098</u>	<u>\$133,553,791</u>

The effects of the debt limitations described above at June 30, 2012, are an overall debt margin of \$27,695,027; and an unvoted debt margin of \$1,249,888.

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, 2012, 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 2007 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, 2012, 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, 2012

NOTE 14 - CAPITAL LEASE COMMITMENTS

The District was party to 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 \$1,155,270 for the technology equipment. The leased assets are recorded as furniture, fixtures and equipment within the Capital Asset Footnote. The District paid off the leases during fiscal year 2012.

NOTE 15 - 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 2012, the District contracted with Ohio Casualty through Brower Insurance Agency for general liability insurance with a \$1,000,000 per occurrence limit and a \$2,000,000 aggregate. Property is protected by Ohio Casualty through Brower Insurance Agency and holds a \$5,000 occurrence deductible.

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

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

The District has a \$10,000,000 limit umbrella policy 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 Sun Life Insurance Company. Beginning January 1, 2011 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.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 15 - RISK MANAGEMENT (Continued)

The District is self-insured for employee dental care benefits and became self-insured for health benefits on January 1, 2011. 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.

Changes in the dental fund's claims liability amount in 2012 and 2011 were:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2011	\$240,295	\$888,741	(\$882,270)	\$246,766
2012	246,766	992,663	(993,573)	245,856

Changes in the health fund's claims liability amount in 2012 and 2011 were:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2011	\$778,000	\$7,626,999	(\$7,481,999)	\$923,000
2012	923,000	8,835,077	(8,937,077)	821,000

KETTERING CITY SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012***

NOTE 16 – STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into a capital acquisition reserve. During the fiscal year ended June 30, 2012, the reserve activity (cash-basis) was as follows:

	<u>Capital Acquisition Reserve</u>
Set-aside Cash Balance as of June 30, 2011	\$0
Carryover Balance from Prior Year	0
Current Year Set-Aside Requirement	1,270,201
Current Year Offset Credits	(588,290)
Qualifying Disbursements	<u>(1,079,701)</u>
Totals	<u>(\$397,790)</u>
Qualifying Carryover Amounts to FY 2013	<u>(\$104,000,000)</u>

Qualifying carryover amount to fiscal year 2012 cannot exceed (\$104,000,000) for capital acquisition set-aside. The \$104,000,000 represents the debt issuances from fiscal years 1998 and 2003. Effective July 1, 2011, the textbook set aside is no longer required and has been removed from existing law.

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KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2012

NOTE 17 - CONTINGENCIES

A. Grants

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The District received financial assistance from federal and State agencies in the form of grants. The expenditure 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. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2012, if applicable, cannot be determined at this time.

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, 2012.

NOTE 18 – SUBSEQUENT EVENTS

On October 10, 2012 the District issued \$8.1 million in 2012 School Refunding Bonds. On November 27, 2012 the District issued \$6.9 million in taxable 2012 Refunding Bonds. Both issues will serve to defease currently outstanding debt and replace it with lower interest bearing bonds.



Aubrey Hodapp, 12th Grade

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. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

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.

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.

Education Jobs Fund

To account for federal monies to provide compensation and benefits to retain existing employees, to recall or rehire former employees and to hire new employees in order to provide early childhood, elementary or secondary educational and related services. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

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. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

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. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

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.

(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.

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, 2012***

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:				
Cash and Cash Equivalents	\$ 2,236,295	\$ 653,922	\$ 1,776	\$ 2,891,993
Receivables:				
Taxes	0	591,768	0	591,768
Accounts	1,791	0	0	1,791
Intergovernmental	1,236,091	0	0	1,236,091
Inventory Held for Resale	47,864	0	0	47,864
Restricted Assets:				
Cash and Cash Equivalents	<u>0</u>	<u>0</u>	<u>12,801</u>	<u>12,801</u>
Total Assets	<u><u>\$ 3,522,041</u></u>	<u><u>\$ 1,245,690</u></u>	<u><u>\$ 14,577</u></u>	<u><u>\$ 4,782,308</u></u>
Liabilities:				
Accounts Payable	\$ 355,764	\$ 23,510	\$ 0	\$ 379,274
Accrued Wages and Benefits	649,683	0	0	649,683
Intergovernmental Payable	111,362	0	0	111,362
Due to Other Funds	61,264	0	0	61,264
Deferred Revenue	<u>1,235,216</u>	<u>553,082</u>	<u>0</u>	<u>1,788,298</u>
Total Liabilities	<u>2,413,289</u>	<u>576,592</u>	<u>0</u>	<u>2,989,881</u>
Fund Balances:				
Nonspendable	47,864	0	12,801	60,665
Restricted	1,595,764	669,098	1,776	2,266,638
Unassigned	<u>(534,876)</u>	<u>0</u>	<u>0</u>	<u>(534,876)</u>
Total Fund Balances	<u>1,108,752</u>	<u>669,098</u>	<u>14,577</u>	<u>1,792,427</u>
Total Liabilities and Fund Balances	<u><u>\$ 3,522,041</u></u>	<u><u>\$ 1,245,690</u></u>	<u><u>\$ 14,577</u></u>	<u><u>\$ 4,782,308</u></u>

KETTERING CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2012

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 0	\$ 590,267	\$ 0	\$ 590,267
Tuition and Fees	348,338	0	0	348,338
Interest	2,701	164	6	2,871
Sales	1,579,194	0	0	1,579,194
Intergovernmental	7,659,414	74,003	0	7,733,417
Extracurricular Activities	401,092	0	0	401,092
Miscellaneous	90,347	72,403	0	162,750
Total Revenue	<u>10,081,086</u>	<u>736,837</u>	<u>6</u>	<u>10,817,929</u>
Expenditures:				
Current:				
Regular	408,119	93,653	0	501,772
Special	2,141,620	0	0	2,141,620
Vocational	129,423	3,310	0	132,733
Adult/Continuing	55,383	0	0	55,383
Other Instruction	3,640	0	0	3,640
Supporting Services:				
Pupils	666,000	22,945	0	688,945
Instructional Staff	1,040,305	0	585	1,040,890
Administration	361,369	7,712	0	369,081
Fiscal Services	0	7,006	0	7,006
Operation and Maintenance of Plant	76,280	224,431	0	300,711
Pupil Transportation	30,503	243,360	0	273,863
Central	26,841	0	0	26,841
Non-Instructional Services	4,633,406	3,185	0	4,636,591
Extracurricular Activities	414,673	5,000	0	419,673
Facility Acquisition and Construction	4,800	0	0	4,800
Total Expenditures	<u>9,992,362</u>	<u>610,602</u>	<u>585</u>	<u>10,603,549</u>
Excess (Deficiency) of Revenues Over Expenditures	88,724	126,235	(579)	214,380
Other Financing Sources (Uses):				
Transfers In	13,500	0	0	13,500
Total Other Financing Sources (Uses)	<u>13,500</u>	<u>0</u>	<u>0</u>	<u>13,500</u>
Net Change in Fund Balance	102,224	126,235	(579)	227,880
Fund Balances at Beginning of Year	1,011,610	542,863	15,156	1,569,629
Decrease in Inventory Reserve	(5,082)	0	0	(5,082)
Fund Balances End of Year	<u>\$ 1,108,752</u>	<u>\$ 669,098</u>	<u>\$ 14,577</u>	<u>\$ 1,792,427</u>

KETTERING CITY SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2012**

	<u>Food Services</u>	<u>Special Trust</u>	<u>Pathfinder /Preschool</u>	<u>Athletic</u>
Assets:				
Cash and Cash Equivalents	\$ 1,038,398	\$ 92,928	\$ 151,070	\$ 185,936
Receivables:				
Accounts	1,322	469	0	0
Intergovernmental	0	0	0	0
Inventory Held for Resale	47,864	0	0	0
Total Assets	<u>\$ 1,087,584</u>	<u>\$ 93,397</u>	<u>\$ 151,070</u>	<u>\$ 185,936</u>
Liabilities:				
Accounts Payable	\$ 40,485	\$ 763	\$ 2,527	\$ 22,536
Accrued Wages and Benefits	149,875	0	21,855	252
Intergovernmental Payable	40,133	0	3,909	0
Due to Other Funds	0	0	0	0
Deferred Revenue	0	0	0	0
Total Liabilities	<u>230,493</u>	<u>763</u>	<u>28,291</u>	<u>22,788</u>
Fund Balances:				
Nonspendable	47,864	0	0	0
Restricted	809,227	92,634	122,779	163,148
Unassigned	0	0	0	0
Total Fund Balances (Deficit)	<u>857,091</u>	<u>92,634</u>	<u>122,779</u>	<u>163,148</u>
Total Liabilities and Fund Balances	<u>\$ 1,087,584</u>	<u>\$ 93,397</u>	<u>\$ 151,070</u>	<u>\$ 185,936</u>

KETTERING CITY SCHOOL DISTRICT

Auxiliary Services	Public School Preschool	Data Communications	Alternative	Other State Funds	Adult Basic Education
\$ 540,500	\$ 0	\$ 17,677	\$ 0	\$ 17,522	\$ 0
0	0	0	0	0	0
0	0	0	6,000	25,875	44,512
0	0	0	0	0	0
<u>\$ 540,500</u>	<u>\$ 0</u>	<u>\$ 17,677</u>	<u>\$ 6,000</u>	<u>\$ 43,397</u>	<u>\$ 44,512</u>
\$ 138,943	\$ 0	\$ 0	\$ 161	\$ 0	\$ 0
89,199	0	0	0	0	13,257
14,897	250	4,752	0	0	2,566
0	0	0	5,779	0	14,815
0	0	0	6,000	25,000	44,512
<u>243,039</u>	<u>250</u>	<u>4,752</u>	<u>11,940</u>	<u>25,000</u>	<u>75,150</u>
0	0	0	0	0	0
297,461	0	12,925	0	18,397	0
0	(250)	0	(5,940)	0	(30,638)
<u>297,461</u>	<u>(250)</u>	<u>12,925</u>	<u>(5,940)</u>	<u>18,397</u>	<u>(30,638)</u>
<u>\$ 540,500</u>	<u>\$ 0</u>	<u>\$ 17,677</u>	<u>\$ 6,000</u>	<u>\$ 43,397</u>	<u>\$ 44,512</u>

(Continued)

KETTERING CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2012***

	Race to the Top	Title II	EESA Title VI-B	Carl D. Perkins
Assets:				
Cash and Cash Equivalents	\$ 0	\$ 88,407	\$ 0	\$ 60,429
Receivables:				
Accounts	0	0	0	0
Intergovernmental	131,339	77,273	380,305	0
Inventory Held for Resale	0	0	0	0
Total Assets	\$ 131,339	\$ 165,680	\$ 380,305	\$ 60,429
Liabilities:				
Accounts Payable	\$ 0	\$ 40,512	\$ 42,234	\$ 30,610
Accrued Wages and Benefits	10,953	937	209,461	0
Intergovernmental Payable	1,628	131	24,108	0
Due to Other Funds	13,176	0	11,016	0
Deferred Revenue	131,339	77,273	380,305	0
Total Liabilities	157,096	118,853	667,124	30,610
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	0	46,827	0	29,819
Unassigned	(25,757)	0	(286,819)	0
Total Fund Balances (Deficit)	(25,757)	46,827	(286,819)	29,819
Total Liabilities and Fund Balances	\$ 131,339	\$ 165,680	\$ 380,305	\$ 60,429

KETTERING CITY SCHOOL DISTRICT

Technology Title II-D	Bilingual Education	Even Start Program	Title I	Preschool Grant	Other Federal Programs	Total Nonmajor Special Revenue Funds
\$ 0	\$ 448	\$ 0	\$ 38,816	\$ 2,015	\$ 2,149	\$ 2,236,295
0	0	0	0	0	0	1,791
6,614	20,300	21,369	515,879	6,625	0	1,236,091
0	0	0	0	0	0	47,864
<u>\$ 6,614</u>	<u>\$ 20,748</u>	<u>\$ 21,369</u>	<u>\$ 554,695</u>	<u>\$ 8,640</u>	<u>\$ 2,149</u>	<u>\$ 3,522,041</u>
\$ 0	\$ 0	\$ 99	\$ 34,879	\$ 2,015	\$ 0	\$ 355,764
0	44	13,465	137,119	3,266	0	649,683
0	6	1,214	17,148	620	0	111,362
6,614	0	9,864	0	0	0	61,264
6,614	20,300	21,369	515,879	6,625	0	1,235,216
<u>13,228</u>	<u>20,350</u>	<u>46,011</u>	<u>705,025</u>	<u>12,526</u>	<u>0</u>	<u>2,413,289</u>
0	0	0	0	0	0	47,864
0	398	0	0	0	2,149	1,595,764
(6,614)	0	(24,642)	(150,330)	(3,886)	0	(534,876)
<u>(6,614)</u>	<u>398</u>	<u>(24,642)</u>	<u>(150,330)</u>	<u>(3,886)</u>	<u>2,149</u>	<u>1,108,752</u>
<u>\$ 6,614</u>	<u>\$ 20,748</u>	<u>\$ 21,369</u>	<u>\$ 554,695</u>	<u>\$ 8,640</u>	<u>\$ 2,149</u>	<u>\$ 3,522,041</u>

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, 2012

	Food Services	Special Trust	Pathfinder /Preschool	Athletic
Revenues:				
Tuition and Fees	\$ 0	\$ 0	\$ 348,338	\$ 0
Interest	2,701	0	0	0
Sales	1,579,194	0	0	0
Intergovernmental	1,786,353	0	19,108	0
Extracurricular Activities	0	11,033	0	390,059
Miscellaneous	890	590	77,568	11,299
Total Revenue	3,369,138	11,623	445,014	401,358
Expenditures:				
Current:				
Instruction:				
Regular	0	0	38,233	0
Special	0	0	0	0
Vocational	0	0	19,392	0
Adult/Continuing	0	0	0	0
Other Instruction	0	0	0	0
Supporting Services:				
Pupils	0	0	106,587	0
Instructional Staff	0	19,949	216,244	0
Administration	0	0	0	0
Operation and Maintenance of Plant	30,119	0	0	4,973
Pupil Transportation	0	0	0	0
Central	0	0	1,200	0
Non-Instructional Services	3,286,122	4,105	143,522	0
Extracurricular Activities	0	1,000	0	411,348
Facility Acquisition and Construction	0	0	1,200	0
Total Expenditures	3,316,241	25,054	526,378	416,321
Excess (Deficiency) of Revenues				
Over Expenditures	52,897	(13,431)	(81,364)	(14,963)
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	52,897	(13,431)	(81,364)	(1,463)
Fund Balances at Beginning of Year	809,276	106,065	204,143	164,611
Decrease in Inventory Reserve	(5,082)	0	0	0
Fund Balances End of Year	\$ 857,091	\$ 92,634	\$ 122,779	\$ 163,148

KETTERING CITY SCHOOL DISTRICT

Auxiliary Services	Education Management Information System	Public School Preschool	Data Communications	Alternative	Other State Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
0	0	0	0	0	0
1,340,536	0	149,120	19,800	8,708	22,500
0	0	0	0	0	0
0	0	0	0	0	0
<u>1,340,536</u>	<u>0</u>	<u>149,120</u>	<u>19,800</u>	<u>8,708</u>	<u>22,500</u>
0	0	56,087	0	18,107	0
0	0	0	0	0	112
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	5,000	0	13,130	0	0
1,074,590	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>1,074,590</u>	<u>5,000</u>	<u>148,795</u>	<u>13,130</u>	<u>20,211</u>	<u>24,237</u>
265,946	(5,000)	325	6,670	(11,503)	(1,737)
<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>
265,946	(5,000)	325	6,670	(11,503)	(1,737)
31,515	5,000	(575)	6,255	5,563	20,134
0	0	0	0	0	0
<u>\$ 297,461</u>	<u>\$ 0</u>	<u>\$ (250)</u>	<u>\$ 12,925</u>	<u>\$ (5,940)</u>	<u>\$ 18,397</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, 2012**

	Adult Basic Education	Education Jobs	Race to the Top	Title II
Revenues:				
Tuition and Fees	\$ 0	\$ 0	\$ 0	\$ 0
Interest	0	0	0	0
Sales	0	0	0	0
Intergovernmental	154,674	629,173	217,191	309,260
Extracurricular Activities	0	0	0	0
Miscellaneous	0	0	0	0
Total Revenue	154,674	629,173	217,191	309,260
Expenditures:				
Current:				
Instruction:				
Regular	0	243,773	0	0
Special	0	76,344	0	0
Vocational	0	17,957	0	0
Adult/Continuing	55,383	0	0	0
Other Instruction	0	0	0	0
Supporting Services:				
Pupils	121,623	70,046	80,524	0
Instructional Staff	125	77,979	155,889	210,153
Administration	0	46,489	4,754	10,574
Operation and Maintenance of Plant	0	41,188	0	0
Pupil Transportation	0	30,503	0	0
Central	0	0	0	0
Non-Instructional Services	0	22,569	0	0
Extracurricular Activities	0	2,325	0	0
Facility Acquisition and Construction	3,600	0	0	0
Total Expenditures	180,731	629,173	241,167	220,727
Excess (Deficiency) of Revenues				
Over Expenditures	(26,057)	0	(23,976)	88,533
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	(26,057)	0	(23,976)	88,533
Fund Balances at Beginning of Year	(4,581)	0	(1,781)	(41,706)
Decrease in Inventory Reserve	0	0	0	0
Fund Balances End of Year	\$ (30,638)	\$ 0	\$ (25,757)	\$ 46,827

KETTERING CITY SCHOOL DISTRICT

EESA Title VI-B	Carl D. Perkins	State Fiscal Stabilization	Technology Title II-D	Nutrition Education and Training Program	Bilingual Education
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
0	0	0	0	0	0
1,467,041	74,883	0	1,010	0	33,219
0	0	0	0	0	0
0	0	0	0	0	0
<u>1,467,041</u>	<u>74,883</u>	<u>0</u>	<u>1,010</u>	<u>0</u>	<u>33,219</u>
0	0	6,533	0	0	261
855,404	0	0	6,908	0	0
3,592	88,482	0	0	0	0
0	0	0	0	0	0
3,640	0	0	0	0	0
139,881	0	0	0	0	27,315
230,919	0	0	645	0	0
241,688	0	0	0	0	328
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
87,816	0	0	0	2,000	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>1,562,940</u>	<u>88,482</u>	<u>6,533</u>	<u>7,553</u>	<u>2,000</u>	<u>27,904</u>
(95,899)	(13,599)	(6,533)	(6,543)	(2,000)	5,315
0	0	0	0	0	0
0	0	0	0	0	0
(95,899)	(13,599)	(6,533)	(6,543)	(2,000)	5,315
(190,920)	43,418	6,533	(71)	2,000	(4,917)
0	0	0	0	0	0
<u>\$ (286,819)</u>	<u>\$ 29,819</u>	<u>\$ 0</u>	<u>\$ (6,614)</u>	<u>\$ 0</u>	<u>\$ 398</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, 2012**

	Even Start Program	Title I	Preschool Grant	Other Federal Programs
Revenues:				
Tuition and Fees	\$ 0	\$ 0	\$ 0	\$ 0
Interest	0	0	0	0
Sales	0	0	0	0
Intergovernmental	91,008	1,325,775	8,640	1,415
Extracurricular Activities	0	0	0	0
Miscellaneous	0	0	0	0
Total Revenue	91,008	1,325,775	8,640	1,415
Expenditures:				
Current:				
Instruction:				
Regular	0	44,657	0	468
Special	23,091	1,159,010	20,751	0
Vocational	0	0	0	0
Adult/Continuing	0	0	0	0
Other Instruction	0	0	0	0
Supporting Services:				
Pupils	3,693	32,037	0	0
Instructional Staff	68,104	25,655	0	0
Administration	0	57,536	0	0
Operation and Maintenance of Plant	0	0	0	0
Pupil Transportation	0	0	0	0
Central	0	7,511	0	0
Non-Instructional Services	767	11,165	0	750
Extracurricular Activities	0	0	0	0
Facility Acquisition and Construction	0	0	0	0
Total Expenditures	95,655	1,337,571	20,751	1,218
Excess (Deficiency) of Revenues				
Over Expenditures	(4,647)	(11,796)	(12,111)	197
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	(4,647)	(11,796)	(12,111)	197
Fund Balances at Beginning of Year	(19,995)	(138,534)	8,225	1,952
Decrease in Inventory Reserve	0	0	0	0
Fund Balances End of Year	\$ (24,642)	\$ (150,330)	\$ (3,886)	\$ 2,149

KETTERING CITY SCHOOL DISTRICT

Total Nonmajor
Special Revenue
Funds

\$ 348,338
2,701
1,579,194
7,659,414
401,092
90,347

10,081,086

408,119
2,141,620
129,423
55,383
3,640

666,000
1,040,305
361,369
76,280
30,503
26,841
4,633,406
414,673
4,800

9,992,362

88,724

13,500

13,500

102,224

1,011,610
(5,082)

\$ 1,108,752

KETTERING CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2012***

	Permanent Improvement	Replacement	Total Nonmajor Capital Projects Funds
Assets:			
Cash and Cash Equivalents	\$ 633,297	\$ 20,625	\$ 653,922
Receivables:			
Taxes	591,768	0	591,768
Total Assets	<u>\$ 1,225,065</u>	<u>\$ 20,625</u>	<u>\$ 1,245,690</u>
Liabilities:			
Accounts Payable	\$ 23,510	\$ 0	\$ 23,510
Deferred Revenue	553,082	0	553,082
Total Liabilities	<u>576,592</u>	<u>0</u>	<u>576,592</u>
Fund Balances:			
Restricted	648,473	20,625	669,098
Total Fund Balances	<u>648,473</u>	<u>20,625</u>	<u>669,098</u>
Total Liabilities and Fund Balances	<u>\$ 1,225,065</u>	<u>\$ 20,625</u>	<u>\$ 1,245,690</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, 2012**

	Permanent Improvement	Replacement	Total Nonmajor Capital Projects Funds
Revenues:			
Taxes	\$ 590,267	\$ 0	\$ 590,267
Interest	164	0	164
Intergovernmental	74,003	0	74,003
Miscellaneous	72,403	0	72,403
Total Revenue	736,837	0	736,837
Expenditures:			
Current:			
Instruction:			
Regular	93,653	0	93,653
Vocational	3,310	0	3,310
Supporting Services:			
Pupils	22,945	0	22,945
Administration	7,712	0	7,712
Fiscal Services	7,006	0	7,006
Operation and Maintenance of Plant	222,573	1,858	224,431
Pupil Transportation	243,360	0	243,360
Non-Instructional Services	3,185	0	3,185
Extracurricular Activities	5,000	0	5,000
Total Expenditures	608,744	1,858	610,602
Net Change in Fund Balance	128,093	(1,858)	126,235
Fund Balances at Beginning of Year	520,380	22,483	542,863
Fund Balances End of Year	\$ 648,473	\$ 20,625	\$ 669,098

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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 55,564,690	\$ 51,817,200	\$ 53,884,469	\$ 2,067,269
Tuition and Fees	570,782	483,469	655,281	171,812
Transportation	45,908	38,885	38,885	0
Interest	105,619	89,462	92,430	2,968
Payment in Lieu of Taxes	178,270	151,000	151,425	425
Intergovernmental	24,107,073	20,419,392	25,842,381	5,422,989
Extracurricular Activities	63,130	53,473	53,474	1
Classroom Materials and Fees	5,093	4,314	4,314	0
Miscellaneous	439,237	372,047	467,930	95,883
Total Revenues	81,079,802	73,429,242	81,190,589	7,761,347
Expenditures:				
Current:				
Salaries and Wages	50,230,335	50,196,717	50,101,705	95,012
Fringe Benefits	19,393,913	19,139,221	19,041,660	97,561
Purchased Services	8,249,521	8,613,251	8,346,167	267,084
Supplies and Materials	2,718,440	2,816,630	2,615,792	200,838
Other Expenditures	1,163,802	972,456	969,833	2,623
Capital Outlay - New	255,499	519,360	516,214	3,146
Debt Service:				
Principal Retirement	171,914	171,914	171,914	0
Interest and Fiscal Charges	5,562	5,539	5,539	0
Total Expenditures	82,188,986	82,435,088	81,768,824	666,264
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,109,184)	(9,005,846)	(578,235)	8,427,611
Other Financing Sources (Uses):				
Transfers Out	(41,831)	(41,831)	(41,831)	0
Refund of Prior Year's Expenditures	0	38,910	38,910	0
Refund of Prior Year's Receipts	(1,000)	(1,000)	0	1,000
Total Other Financing Sources (Uses)	(42,831)	(3,921)	(2,921)	1,000
Net Change in Fund Balance	(1,152,015)	(9,009,767)	(581,156)	8,428,611
Fund Balance at Beginning of Year	11,867,242	11,867,242	11,867,242	0
Prior Year Encumbrances	865,655	865,655	865,655	0
Fund Balance at End of Year	\$ 11,580,882	\$ 3,723,130	\$ 12,151,741	\$ 8,428,611

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, 2012***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 7,314,954	\$ 7,722,800	\$ 407,846
Total Expenditures and Other Financing Uses	7,493,625	7,479,011	14,614
Net Change in Fund Balance	(178,671)	243,789	422,460
Fund Balance at Beginning of Year	3,053,435	3,053,435	0
Fund Balance at End of Year	<u>\$ 2,874,764</u>	<u>\$ 3,297,224</u>	<u>\$ 422,460</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, 2012***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 2,900,000	\$ 3,012,438	\$ 112,438
Total Expenditures and Other Financing Uses	<u>3,160,122</u>	<u>2,996,064</u>	<u>164,058</u>
Net Change in Fund Balance	(260,122)	16,374	276,496
Fund Balance at Beginning of Year	911,724	911,724	0
Prior Year Encumbrances	<u>68,712</u>	<u>68,712</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 720,314</u>	<u>\$ 996,810</u>	<u>\$ 276,496</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, 2012***

	SPECIAL TRUST FUND		
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 10,400	\$ 11,154	\$ 754
Total Expenditures and Other Financing Uses	<u>35,811</u>	<u>24,844</u>	<u>10,967</u>
Net Change in Fund Balance	(25,411)	(13,690)	11,721
Fund Balance at Beginning of Year	106,021	106,021	0
Prior Year Encumbrances	<u>44</u>	<u>44</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 80,654</u>	<u>\$ 92,375</u>	<u>\$ 11,721</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, 2012***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 180,000	\$ 178,591	\$ (1,409)
Total Expenditures and Other Financing Uses	211,819	140,607	71,212
Net Change in Fund Balance	(31,819)	37,984	69,803
Fund Balance at Beginning of Year	55,584	55,584	0
Prior Year Encumbrances	11,819	11,819	0
Fund Balance at End of Year	<u>\$ 35,584</u>	<u>\$ 105,387</u>	<u>\$ 69,803</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, 2012***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 124,194	\$ 72,226	\$ (51,968)
Total Expenditures and Other Financing Uses	110,000	48,980	61,020
Net Change in Fund Balance	14,194	23,246	9,052
Fund Balance at Beginning of Year	(14,194)	(14,194)	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 9,052</u>	<u>\$ 9,052</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, 2012***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 306,850	\$ 304,153	\$ (2,697)
Total Expenditures and Other Financing Uses	<u>485,168</u>	<u>303,144</u>	<u>182,024</u>
Net Change in Fund Balance	(178,318)	1,009	179,327
Fund Balance at Beginning of Year	224,985	224,985	0
Prior Year Encumbrances	<u>3,288</u>	<u>3,288</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 49,955</u>	<u>\$ 229,282</u>	<u>\$ 179,327</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, 2012***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 500,000	\$ 445,014	\$ (54,986)
Total Expenditures and Other Financing Uses	590,795	525,446	65,349
Net Change in Fund Balance	(90,795)	(80,432)	10,363
Fund Balance at Beginning of Year	224,155	224,155	0
Prior Year Encumbrances	1,683	1,683	0
Fund Balance at End of Year	<u>\$ 135,043</u>	<u>\$ 145,406</u>	<u>\$ 10,363</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, 2012***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 399,249	\$ 425,671	\$ 26,422
Total Expenditures and Other Financing Uses	<u>505,097</u>	<u>477,583</u>	<u>27,514</u>
Net Change in Fund Balance	(105,848)	(51,912)	53,936
Fund Balance at Beginning of Year	108,884	108,884	0
Prior Year Encumbrances	<u>34,335</u>	<u>34,335</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 37,371</u>	<u>\$ 91,307</u>	<u>\$ 53,936</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, 2012***

	ATHLETIC FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	\$ 450,000	\$ 414,858	\$ (35,142)
Total Expenditures and Other Financing Uses	<u>619,281</u>	<u>416,019</u>	<u>203,262</u>
Net Change in Fund Balance	(169,281)	(1,161)	168,120
Fund Balance at Beginning of Year	175,393	175,393	0
Prior Year Encumbrances	<u>328</u>	<u>328</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 6,440</u>	<u>\$ 174,560</u>	<u>\$ 168,120</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, 2012***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 1,352,407	\$ 1,352,407	\$ 0
Total Expenditures and Other Financing Uses	<u>1,700,428</u>	<u>1,451,433</u>	<u>248,995</u>
Net Change in Fund Balance	(348,021)	(99,026)	248,995
Fund Balance at Beginning of Year	112,461	112,461	0
Prior Year Encumbrances	<u>300,389</u>	<u>300,389</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 64,829</u>	<u>\$ 313,824</u>	<u>\$ 248,995</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, 2012***

EDUCATION MANAGEMENT INFORMATION SYSTEM FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 7,000	\$ 0	\$ (7,000)
Total Expenditures and Other Financing Uses	<u>12,000</u>	<u>5,000</u>	<u>7,000</u>
Net Change in Fund Balance	(5,000)	(5,000)	0
Fund Balance at Beginning of Year	(7,000)	(7,000)	0
Prior Year Encumbrances	<u>12,000</u>	<u>12,000</u>	<u>0</u>
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, 2012***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 154,766</u>	<u>\$ 154,766</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>153,239</u>	<u>153,239</u>	<u>0</u>
Net Change in Fund Balance	1,527	1,527	0
Fund Balance at Beginning of Year	<u>(1,527)</u>	<u>(1,527)</u>	<u>0</u>
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, 2012***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 19,800	\$ 19,800	\$ 0
Total Expenditures and Other Financing Uses	<u>23,030</u>	<u>23,030</u>	<u>0</u>
Net Change in Fund Balance	(3,230)	(3,230)	0
Fund Balance at Beginning of Year	3,025	3,025	0
Prior Year Encumbrances	<u>3,230</u>	<u>3,230</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,025</u>	<u>\$ 3,025</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, 2012***

	ALTERNATIVE FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	\$ 26,327	\$ 18,192	\$ (8,135)
Total Expenditures and Other Financing Uses	<u>23,622</u>	<u>21,609</u>	<u>2,013</u>
Net Change in Fund Balance	2,705	(3,417)	(6,122)
Fund Balance at Beginning of Year	(3,272)	(3,272)	0
Prior Year Encumbrances	<u>688</u>	<u>688</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 121</u>	<u>\$ (6,001)</u>	<u>\$ (6,122)</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, 2012***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 34,978	\$ 22,500	\$ (12,478)
Total Expenditures and Other Financing Uses	<u>50,112</u>	<u>25,112</u>	<u>25,000</u>
Net Change in Fund Balance	(15,134)	(2,612)	12,522
Fund Balance at Beginning of Year	(4,978)	(4,978)	0
Prior Year Encumbrances	<u>25,112</u>	<u>25,112</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 5,000</u>	<u>\$ 17,522</u>	<u>\$ 12,522</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, 2012***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 195,798	\$ 161,658	\$ (34,140)
Total Expenditures and Other Financing Uses	<u>195,385</u>	<u>176,480</u>	<u>18,905</u>
Net Change in Fund Balance	413	(14,822)	(15,235)
Fund Balance at Beginning of Year	(1,030)	(1,030)	0
Prior Year Encumbrances	<u>616</u>	<u>616</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (1)</u>	<u>\$ (15,236)</u>	<u>\$ (15,235)</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, 2012***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 629,173	\$ 629,173	\$ 0
Total Expenditures and Other Financing Uses	<u>629,173</u>	<u>629,173</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
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, 2012***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 348,530	\$ 217,191	\$ (131,339)
Total Expenditures and Other Financing Uses	<u>347,376</u>	<u>231,767</u>	<u>115,609</u>
Net Change in Fund Balance	1,154	(14,576)	(15,730)
Fund Balance at Beginning of Year	<u>(1,152)</u>	<u>(1,152)</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2</u>	<u>\$ (15,728)</u>	<u>\$ (15,730)</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, 2012***

	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	\$ 386,533	\$ 309,260	\$ (77,273)
Total Expenditures and Other Financing Uses	<u>390,984</u>	<u>364,023</u>	<u>26,961</u>
Net Change in Fund Balance	(4,451)	(54,763)	(50,312)
Fund Balance at Beginning of Year	(70,150)	(70,150)	0
Prior Year Encumbrances	<u>74,601</u>	<u>74,601</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ (50,312)</u>	<u>\$ (50,312)</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, 2012***

	EESA TITLE VI-B FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	\$ 2,117,281	\$ 1,735,134	\$ (382,147)
Total Expenditures and Other Financing Uses	<u>2,014,491</u>	<u>1,704,948</u>	<u>309,543</u>
Net Change in Fund Balance	102,790	30,186	(72,604)
Fund Balance at Beginning of Year	(215,194)	(215,194)	0
Prior Year Encumbrances	<u>112,407</u>	<u>112,407</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3</u>	<u>\$ (72,601)</u>	<u>\$ (72,604)</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, 2012***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 74,884	\$ 74,883	\$ (1)
Total Expenditures and Other Financing Uses	<u>95,784</u>	<u>93,372</u>	<u>2,412</u>
Net Change in Fund Balance	(20,900)	(18,489)	2,411
Fund Balance at Beginning of Year	42,645	42,645	0
Prior Year Encumbrances	<u>4,496</u>	<u>4,496</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 26,241</u>	<u>\$ 28,652</u>	<u>\$ 2,411</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, 2012***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 0	\$ 0	\$ 0
Total Expenditures and Other Financing Uses	<u>6,533</u>	<u>6,533</u>	<u>0</u>
Net Change in Fund Balance	(6,533)	(6,533)	0
Fund Balance at Beginning of Year	<u>6,533</u>	<u>6,533</u>	<u>0</u>
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, 2012***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 8,618	\$ 1,443	\$ (7,175)
Total Expenditures and Other Financing Uses	<u>8,114</u>	<u>7,553</u>	<u>561</u>
Net Change in Fund Balance	504	(6,110)	(6,614)
Fund Balance at Beginning of Year	<u>(504)</u>	<u>(504)</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ (6,614)</u>	<u>\$ (6,614)</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, 2012***

NUTRITION EDUCATION AND TRAINING PROGRAM FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 0	\$ 0	\$ 0
Total Expenditures and Other Financing Uses	<u>2,000</u>	<u>2,000</u>	<u>0</u>
Net Change in Fund Balance	(2,000)	(2,000)	0
Fund Balance at Beginning of Year	<u>2,000</u>	<u>2,000</u>	<u>0</u>
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, 2012***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 58,967	\$ 36,638	\$ (22,329)
Total Expenditures and Other Financing Uses	<u>53,880</u>	<u>31,104</u>	<u>22,776</u>
Net Change in Fund Balance	5,087	5,534	447
Fund Balance at Beginning of Year	(8,698)	(8,698)	0
Prior Year Encumbrances	<u>3,612</u>	<u>3,612</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1</u>	<u>\$ 448</u>	<u>\$ 447</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, 2012***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 124,696	\$ 99,012	\$ (25,684)
Total Expenditures and Other Financing Uses	<u>122,934</u>	<u>105,290</u>	<u>17,644</u>
Net Change in Fund Balance	1,762	(6,278)	(8,040)
Fund Balance at Beginning of Year	(10,217)	(10,217)	0
Prior Year Encumbrances	<u>5,900</u>	<u>5,900</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (2,555)</u>	<u>\$ (10,595)</u>	<u>\$ (8,040)</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, 2012***

	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	\$ 1,948,459	\$ 1,434,060	\$ (514,399)
Total Expenditures and Other Financing Uses	<u>1,895,302</u>	<u>1,482,293</u>	<u>413,009</u>
Net Change in Fund Balance	53,157	(48,233)	(101,390)
Fund Balance at Beginning of Year	(133,776)	(133,776)	0
Prior Year Encumbrances	<u>83,174</u>	<u>83,174</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,555</u>	<u>\$ (98,835)</u>	<u>\$ (101,390)</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, 2012***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 40,632	\$ 34,006	\$ (6,626)
Total Expenditures and Other Financing Uses	<u>28,264</u>	<u>21,636</u>	<u>6,628</u>
Net Change in Fund Balance	12,368	12,370	2
Fund Balance at Beginning of Year	(25,674)	(25,674)	0
Prior Year Encumbrances	<u>13,304</u>	<u>13,304</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (2)</u>	<u>\$ 0</u>	<u>\$ 2</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, 2012***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 2,000	\$ 1,415	\$ (585)
Total Expenditures and Other Financing Uses	<u>1,883</u>	<u>1,218</u>	<u>665</u>
Net Change in Fund Balance	117	197	80
Fund Balance at Beginning of Year	<u>1,952</u>	<u>1,952</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,069</u>	<u>\$ 2,149</u>	<u>\$ 80</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, 2012***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 698,360	\$ 734,859	\$ 36,499
Total Expenditures and Other Financing Uses	745,374	693,228	52,146
Net Change in Fund Balance	(47,014)	41,631	88,645
Fund Balance at Beginning of Year	445,248	445,248	0
Prior Year Encumbrances	89,773	89,773	0
Fund Balance at End of Year	<u>\$ 488,007</u>	<u>\$ 576,652</u>	<u>\$ 88,645</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, 2012***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>22,483</u>	<u>1,858</u>	<u>20,625</u>
Net Change in Fund Balance	(22,483)	(1,858)	20,625
Fund Balance at Beginning of Year	<u>22,483</u>	<u>22,483</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 20,625</u>	<u>\$ 20,625</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, 2012***

	PERMANENT FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 5</u>	<u>\$ 6</u>	<u>\$ 1</u>
Total Expenditures and Other Financing Uses	<u>595</u>	<u>585</u>	<u>10</u>
Net Change in Fund Balance	(590)	(579)	11
Fund Balance at Beginning of Year	<u>15,156</u>	<u>15,156</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 14,566</u>	<u>\$ 14,577</u>	<u>\$ 11</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, 2012***

	<u>Dental Insurance</u>	<u>Health Insurance</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 468,298	\$ 2,545,089	\$ 3,013,387
Total Assets	<u>468,298</u>	<u>2,545,089</u>	<u>3,013,387</u>
Liabilities:			
Claims Payable	245,856	821,000	1,066,856
Total Liabilities	<u>245,856</u>	<u>821,000</u>	<u>1,066,856</u>
Net Assets:			
Unrestricted	222,442	1,724,089	1,946,531
Total Net Assets	<u>\$ 222,442</u>	<u>\$ 1,724,089</u>	<u>\$ 1,946,531</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, 2012***

	<u>Dental Insurance</u>	<u>Health Insurance</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	\$ 1,028,436	\$ 9,982,514	\$ 11,010,950
Total Operating Revenues	<u>1,028,436</u>	<u>9,982,514</u>	<u>11,010,950</u>
Operating Expenses:			
Purchased Services	36,044	1,223,979	1,260,023
Claims Expense	<u>992,663</u>	<u>8,835,077</u>	<u>9,827,740</u>
Total Operating Expenses	<u>1,028,707</u>	<u>10,059,056</u>	<u>11,087,763</u>
Operating Loss	(271)	(76,542)	(76,813)
Nonoperating Revenue:			
Interest	<u>45</u>	<u>0</u>	<u>45</u>
Total Nonoperating Revenues	<u>45</u>	<u>0</u>	<u>45</u>
Change in Net Assets	(226)	(76,542)	(76,768)
Net Assets Beginning of Year	<u>222,668</u>	<u>1,800,631</u>	<u>2,023,299</u>
Net Assets End of Year	<u>\$ 222,442</u>	<u>\$ 1,724,089</u>	<u>\$ 1,946,531</u>

KETTERING CITY SCHOOL DISTRICT

***Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2012***

	Dental Insurance	Health Insurance	Total
	<u> </u>	<u> </u>	<u> </u>
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Interfund Charges	\$1,028,436	\$9,982,514	\$11,010,950
Cash Payments for Goods and Services	(36,044)	(1,223,979)	(1,260,023)
Cash Payments for Claims	(993,573)	(8,937,077)	(9,930,650)
Net Cash Used by Operating Activities	<u>(1,181)</u>	<u>(178,542)</u>	<u>(179,723)</u>
 <u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	<u>45</u>	<u>0</u>	<u>45</u>
Net Cash Provided by Investing Activities	<u>45</u>	<u>0</u>	<u>45</u>
 Net Decrease in Cash and Cash Equivalents	 (1,136)	 (178,542)	 (179,678)
Cash and Cash Equivalents at Beginning of Year	<u>469,434</u>	<u>2,723,631</u>	<u>3,193,065</u>
Cash and Cash Equivalents at End of Year	<u>\$468,298</u>	<u>\$2,545,089</u>	<u>\$3,013,387</u>
 <u>Reconciliation of Operating Loss to Net Cash</u>			
<u>Used by Operating Activities:</u>			
Operating Loss	(\$271)	(\$76,542)	(\$76,813)
Adjustments to Reconcile Operating Loss to			
Net Cash Used by Operating Activities:			
Changes in Assets and Liabilities:			
Decrease in Claims Payable	<u>(910)</u>	<u>(102,000)</u>	<u>(102,910)</u>
Total Adjustments	<u>(910)</u>	<u>(102,000)</u>	<u>(102,910)</u>
Net Cash Used by Operating Activities	<u>(\$1,181)</u>	<u>(\$178,542)</u>	<u>(\$179,723)</u>

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, 2012***

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
<u>Student Managed Activity Fund</u>				
Assets:				
Cash and Cash Equivalents	\$80,465	\$183,248	(\$172,539)	\$91,174
Total Assets	<u>\$80,465</u>	<u>\$183,248</u>	<u>(\$172,539)</u>	<u>\$91,174</u>
Liabilities:				
Due to Students	\$80,465	\$183,248	(\$172,539)	\$91,174
Total Liabilities	<u>\$80,465</u>	<u>\$183,248</u>	<u>(\$172,539)</u>	<u>\$91,174</u>
<u>Rotary Fund</u>				
Assets:				
Cash and Cash Equivalents	\$3,245	\$11,608	(\$12,344)	\$2,509
Total Assets	<u>\$3,245</u>	<u>\$11,608</u>	<u>(\$12,344)</u>	<u>\$2,509</u>
Liabilities:				
Due to Others	\$3,245	\$11,608	(\$12,344)	\$2,509
Total Liabilities	<u>\$3,245</u>	<u>\$11,608</u>	<u>(\$12,344)</u>	<u>\$2,509</u>
<u>Employee Benefits Fund</u>				
Assets:				
Cash and Cash Equivalents	\$142,131	\$100,488	(\$75,934)	\$166,685
Total Assets	<u>\$142,131</u>	<u>\$100,488</u>	<u>(\$75,934)</u>	<u>\$166,685</u>
Liabilities:				
Claims Payable	\$19,220	\$18,984	(\$19,220)	\$18,984
Due to Others	122,911	81,504	(56,714)	147,701
Total Liabilities	<u>\$142,131</u>	<u>\$100,488</u>	<u>(\$75,934)</u>	<u>\$166,685</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$225,841	\$295,344	(\$260,817)	\$260,368
Total Assets	<u>\$225,841</u>	<u>\$295,344</u>	<u>(\$260,817)</u>	<u>\$260,368</u>
Liabilities:				
Claims Payable	\$19,220	\$18,984	(\$19,220)	\$18,984
Due to Others	126,156	93,112	(69,058)	150,210
Due to Students	80,465	183,248	(172,539)	91,174
Total Liabilities	<u>\$225,841</u>	<u>\$295,344</u>	<u>(\$260,817)</u>	<u>\$260,368</u>

STATISTICAL SECTION



Francis Morales, 9th Grade

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 Ten 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

Kettering City School District

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$11,380,187	\$14,042,346	\$14,593,555	\$16,447,133	\$18,472,838	\$20,131,402
645,202	621,820	316,338	407,428	575,916	700,616
4,356,490	2,524,780	2,058,605	1,873,907	3,014,264	3,224,803
14,866	15,468	15,672	15,140	15,156	14,577
589,735	444,932	492,031	878,676	574,799	725,954
4,671,211	4,329,914	6,014,488	2,157,873	4,720,582	5,461,309
<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>	<u>\$30,258,661</u>

Kettering City School District

*Changes in Net Assets
Last Ten 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
Central				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	2012
\$33,962,450	\$33,619,843	\$35,494,431	\$36,080,724	\$35,764,848	\$34,695,073
7,999,070	7,840,416	8,267,476	9,075,308	9,096,792	9,646,917
2,047,759	2,091,488	2,206,443	2,726,098	2,695,255	2,711,654
34,254	37,255	41,716	80,190	87,962	55,404
4,373,656	4,253,666	2,706,076	2,333,372	2,273,126	3,462,802
6,663,259	6,520,008	7,662,489	8,570,082	7,761,518	7,599,142
4,749,251	4,766,122	4,710,916	5,617,159	5,749,533	6,118,959
66,612	68,541	73,370	67,166	62,685	66,586
6,822,367	6,889,537	6,918,465	5,676,841	5,250,963	5,870,320
1,796,626	1,899,405	1,894,159	1,570,448	1,785,522	1,753,709
595,008	612,826	574,690	617,931	591,628	657,346
7,812,668	8,595,610	8,463,308	8,764,444	8,877,007	8,338,608
3,077,737	3,421,844	3,319,938	3,531,497	3,531,175	3,751,327
1,733,260	1,723,029	1,772,667	1,895,046	1,927,323	1,830,592
4,797,572	4,774,211	4,724,183	4,730,528	5,473,549	5,316,205
1,733,777	1,862,353	2,000,014	1,841,347	1,776,337	1,574,598
3,929,935	4,644,799	4,423,719	4,321,249	4,211,670	4,078,415
<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>	<u>\$97,527,657</u>
\$743,534	\$810,466	\$583,226	\$629,713	\$661,061	\$1,053,075
0	0	0	119,368	446,810	124,352
401,284	674,654	513,678	471,644	255,312	155,842
49,277	46,140	51,507	0	0	0
0	0	0	0	36,955	45,698
0	0	0	0	0	804
1,831,394	1,792,888	1,767,093	1,687,589	2,040,451	2,101,177
666,435	509,738	488,330	700,425	662,649	691,845
6,776,987	8,391,295	9,363,594	18,430,968	17,861,591	9,245,334
111,299	158,018	72,312	83,724	0	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>	<u>13,418,127</u>

(Continued)

Kettering City School District

*Changes in Net Assets
Last Ten 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
Payment in Lieu of Taxes	0	0	0	0
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

Kettering City School District

2007	2008	2009	2010	2011	2012
<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>	<u>(84,109,530)</u>
<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>	<u>(\$84,109,530)</u>
\$60,149,130	\$58,323,623	\$57,874,816	\$53,552,069	\$61,540,434	\$61,048,275
0	0	0	0	0	151,425
18,921,497	21,120,885	24,253,458	18,883,431	18,477,287	25,145,742
1,670,128	1,215,189	654,210	184,639	73,241	116,494
902,832	899,626	1,143,265	1,045,328	454,500	532,700
<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>\$86,994,636</u>
<u>\$28,536</u>	<u>\$321,569</u>	<u>\$1,511,429</u>	<u>(\$1,710,532)</u>	<u>\$5,593,398</u>	<u>\$2,885,106</u>

Kettering City School District

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

	2003	2004	2005	2006
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	3,678,456	2,715,843	4,723,857	3,617,142
Unreserved	15,063,090	9,521,796	7,880,070	5,953,358
<i>Total General Fund</i>	<u>18,741,546</u>	<u>12,237,639</u>	<u>12,603,927</u>	<u>9,570,500</u>
All Other Governmental Funds				
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Unassigned	0	0	0	0
Reserved	18,996,210	42,631,958	17,372,528	4,114,077
Unreserved, Undesignated in:				
Special Revenue Funds	1,372,663	1,459,620	1,198,474	1,401,577
Debt Service Fund	0	0	0	0
Capital Projects Funds	71,281,465	35,045,102	4,685,394	1,295,510
Permanent Fund	444	567	752	1,312
<i>Total All Other Governmental Funds</i>	<u>91,650,782</u>	<u>79,137,247</u>	<u>23,257,148</u>	<u>6,812,476</u>
<i>Total Governmental Funds</i>	<u>\$110,392,328</u>	<u>\$91,374,886</u>	<u>\$35,861,075</u>	<u>\$16,382,976</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

2007	2008	2009	2010	2011	2012
\$0	\$0	\$0	\$0	\$254,318	\$111,440
0	0	0	0	655,959	755,801
0	0	0	0	5,245,949	6,233,898
3,604,839	4,124,451	3,963,090	1,706,751	0	0
5,757,962	4,261,563	5,797,826	1,957,847	0	0
<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>	<u>7,101,139</u>
0	0	0	0	65,747	60,665
0	0	0	0	5,432,381	5,996,748
0	0	0	0	(403,080)	(534,876)
1,524,602	1,104,400	677,325	688,912	0	0
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	0
134,847	176,958	253,203	352,429	0	0
2,065	2,667	2,871	2,339	0	0
<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>5,522,537</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>	<u>\$12,623,676</u>

Kettering City School District

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

	2003	2004	2005	2006
Revenues:				
Taxes	\$40,727,310	\$46,505,499	\$58,630,450	\$57,446,028
Tuition and Fees	277,879	133,650	177,173	183,559
Transportation	153,028	236,469	308,858	237,299
Interest	1,252,041	1,392,455	1,505,456	1,186,344
Sales	1,516,091	1,569,095	1,686,277	1,750,980
Payment in Lieu of Taxes	0	0	0	0
Intergovernmental	21,285,412	22,374,640	23,111,700	23,493,753
Extracurricular Activities	589,162	571,285	642,718	720,352
Class Materials and Fees	276,651	272,596	265,090	247,234
Miscellaneous	894,987	1,161,908	1,833,114	1,440,892
Total Revenue	<u>66,972,561</u>	<u>74,217,597</u>	<u>88,160,836</u>	<u>86,706,441</u>
Expenditures:				
Current:				
Instruction				
Regular	27,087,704	28,385,307	29,495,513	31,367,491
Special	5,464,116	6,300,407	7,170,658	7,449,037
Vocational	1,775,200	1,765,093	1,883,682	1,969,979
Adult/Continuing	38,876	45,990	40,193	29,675
Other Instruction	1,650,834	1,960,539	2,202,452	3,699,059
Supporting Services:				
Pupils	5,071,343	5,506,659	6,043,951	6,312,259
Instructional Staff	3,762,387	3,895,972	4,424,620	4,480,281
Board of Education	63,163	46,043	1,557,965	61,408
Administration	5,348,449	5,909,024	6,144,449	6,395,203
Fiscal Services	1,315,984	1,462,774	1,540,782	1,779,432
Business	782,671	1,224,402	552,678	541,416
Operation and Maintenance of Plant	6,901,983	6,761,708	7,573,422	7,781,644
Pupil Transportation	2,388,869	2,565,565	2,907,533	3,130,092
Central	1,309,928	1,138,637	1,184,368	1,036,217
Non-Instructional Services (1)	3,711,067	3,780,650	4,301,318	4,172,955
Extracurricular Activities	1,514,821	1,508,330	1,608,403	1,534,011
Facility Acquisition and Construction	4,499,353	26,170,217	57,098,482	17,385,414
Debt Service:				
Principal Retirement	596,956	5,550,543	15,225,923	2,094,004
Interest and Fiscal Charges	2,577,736	4,871,266	5,510,702	5,199,402
Total Expenditures	<u>75,861,440</u>	<u>108,849,126</u>	<u>156,467,094</u>	<u>106,418,979</u>

Kettering City School District

2007	2008	2009	2010	2011	2012
\$61,267,771	\$57,556,743	\$57,658,781	\$52,813,987	\$61,900,078	\$61,313,023
609,365	613,261	693,321	763,831	715,907	1,003,619
157,477	104,445	74,964	34,700	36,955	45,698
1,653,214	1,205,909	680,404	184,639	73,241	116,494
1,827,929	1,792,888	1,767,093	1,687,589	1,585,503	1,579,194
0	0	0	0	0	151,425
25,771,927	29,622,757	33,117,698	37,499,623	35,689,575	34,521,364
892,333	735,312	701,920	683,015	678,487	696,663
260,652	251,374	205,572	181,273	179,143	193,980
847,000	1,236,232	1,104,229	1,303,659	1,361,743	1,186,339
<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>	<u>100,807,799</u>
32,288,016	32,454,270	33,672,384	35,757,961	34,765,833	33,628,807
7,842,597	7,775,400	8,147,614	9,112,354	9,056,671	9,629,379
2,001,139	1,987,377	2,091,786	2,603,181	2,693,124	2,672,615
34,254	37,255	41,716	80,097	88,051	55,383
4,373,656	4,253,666	2,706,076	2,330,680	2,275,425	3,461,507
6,559,484	6,523,471	7,655,385	8,670,527	7,873,544	7,567,554
4,543,760	4,675,328	4,638,447	5,556,122	5,732,142	6,115,213
66,612	68,541	73,370	67,089	62,748	66,561
6,537,621	6,716,620	6,680,120	5,811,186	5,232,622	5,679,526
1,777,309	1,884,587	1,900,061	1,572,373	1,781,258	1,756,320
536,772	568,496	571,214	610,412	588,832	521,438
7,885,136	8,276,731	8,323,159	8,757,425	8,808,022	8,331,933
2,758,153	3,352,988	3,505,177	3,448,507	3,350,422	3,823,489
2,082,946	1,667,372	1,689,751	1,857,867	1,866,437	1,814,594
4,600,634	4,832,456	4,625,262	4,680,816	5,451,706	5,149,411
1,630,658	1,676,487	1,724,190	1,667,391	1,605,143	1,408,717
2,119,606	558,345	34,781	459,417	126,392	34,312
2,925,887	3,746,555	3,228,503	3,522,002	3,640,783	3,436,113
4,888,769	4,716,400	4,466,790	4,364,486	4,254,556	4,134,565
<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>	<u>99,287,437</u>

(Continued)

Kettering City School District

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

	2003	2004	2005	2006
Excess (Deficiency) of Revenues Over Expenditures	(8,888,879)	(34,631,529)	(68,306,258)	(19,712,538)
Other Financing Sources (Uses):				
Sale of Capital Assets	300	0	0	0
Premium on Issuance of General Obligation Bonds	2,489,152	0	635,025	0
General Obligation Bonds Issued	87,400,000	15,000,000	12,149,989	0
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	653,538	0	199,940
Transfers In	191,829	24,401	94,916	13,500
Transfers Out	(191,829)	(24,401)	(94,916)	(13,500)
Total Other Financing Sources (Uses)	<u>89,889,452</u>	<u>15,653,538</u>	<u>12,785,014</u>	<u>199,940</u>
Net Change in Fund Balance	<u><u>\$81,000,573</u></u>	<u><u>(\$18,977,991)</u></u>	<u><u>(\$55,521,244)</u></u>	<u><u>(\$19,512,598)</u></u>
Debt Service as a Percentage of Noncapital Expenditures	4.37%	12.21%	20.94%	8.57%

(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

2007	2008	2009	2010	2011	2012
(2,165,341)	(2,653,424)	228,196	(5,777,577)	2,966,921	1,520,362
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	0
1,155,270	281,708	0	0	0	0
58,574	13,500	13,500	343,500	13,500	13,500
(58,574)	(13,500)	(13,500)	(343,500)	(13,500)	(13,500)
<u>2,036,413</u>	<u>281,708</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(\$128,928)</u>	<u>(\$2,371,716)</u>	<u>\$228,196</u>	<u>(\$5,777,577)</u>	<u>\$2,966,921</u>	<u>\$1,520,362</u>
8.42%	8.90%	8.09%	7.84%	7.99%	7.66%

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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Real Property				
Assessed	1,049,205,930	1,144,802,840	1,144,673,410	1,152,401,750
Actual	2,997,731,229	3,270,865,257	3,270,495,457	3,292,576,429
Public Utility				
Assessed	63,730,190	70,859,650	68,630,430	70,404,720
Actual	72,420,670	80,522,330	77,989,125	80,005,364
Tangible Personal Property				
Assessed	175,257,840	162,332,926	134,709,010	142,988,855
Actual	701,031,360	649,331,704	538,836,040	571,955,420
Total				
Assessed	1,288,193,960	1,377,995,416	1,348,012,850	1,365,795,325
Actual	3,771,183,259	4,000,719,291	3,887,320,622	3,944,537,212
Assessed Value as a Percentage of Actual Value	34.16%	34.44%	34.68%	34.62%
Total Direct Tax Rate	\$56.30	\$56.30	\$56.30	\$60.90

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

2006	2007	2008	2009	2010	2011
1,271,199,660	1,275,658,100	1,284,465,470	1,287,214,020	1,307,881,230	1,281,069,450
3,631,999,029	3,644,737,429	3,669,901,343	3,677,754,343	3,736,803,514	3,660,198,429
66,290,158	66,290,158	61,379,830	67,124,670	72,380,190	78,792,780
75,329,725	75,329,725	69,749,807	76,278,034	82,250,216	89,537,250
85,452,509	61,403,477	50,549,093	6,132,430	1,002,490	0
455,746,715	491,227,816	808,785,488	61,324,300	10,024,900	0
1,422,942,327	1,403,351,735	1,396,394,393	1,360,471,120	1,381,263,910	1,359,862,230
4,163,075,468	4,211,294,970	4,548,436,638	3,815,356,677	3,829,078,630	3,749,735,679
34.18%	33.32%	30.70%	35.66%	36.07%	36.27%
\$67.80	\$67.80	\$71.30	\$72.20	\$73.10	\$78.00

Kettering City School District

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Direct District Rates					
General Fund	54.80	54.80	54.80	61.70	61.70
Permanent Improvement Fund	0.60	0.60	0.60	0.60	0.60
Bond Retirement Fund	0.90	5.50	5.50	5.50	5.50
Total	<u>56.30</u>	<u>60.90</u>	<u>60.90</u>	<u>67.80</u>	<u>67.80</u>
Overlapping Rates					
City of Kettering	6.91	6.85	6.85	6.85	6.80
City of Moraine	2.50	2.50	2.50	2.50	2.50
Montgomery County	17.24	17.24	18.24	18.24	18.24
Dayton/Montgomery County Library	<u>0.26</u>	<u>0.26</u>	<u>0.26</u>	<u>1.25</u>	<u>1.25</u>
Total	<u><u>83.21</u></u>	<u><u>87.75</u></u>	<u><u>88.75</u></u>	<u><u>96.64</u></u>	<u><u>96.59</u></u>

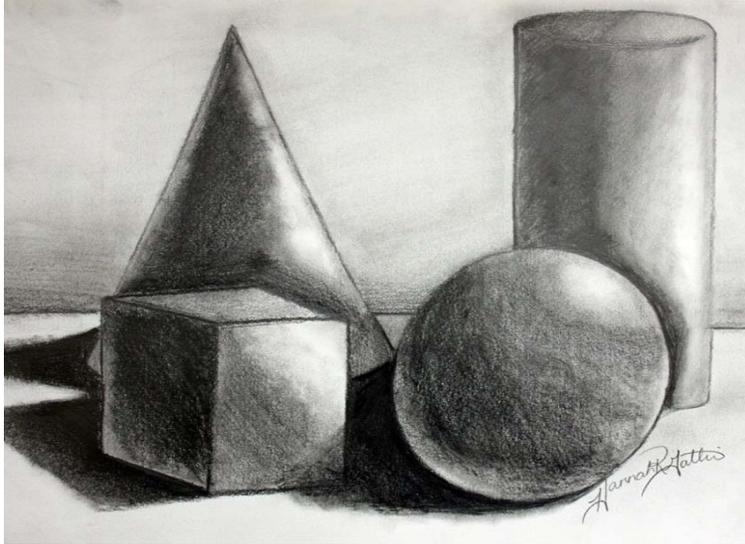
Ohio Revised Code Sections 5705.02 and 5705.07 require a vote of the people for any millage exceeding the "unvoted" or "inside" millage.

Source:

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

Kettering City School District

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
61.70	66.60	66.60	67.50	71.50
0.60	0.60	0.60	0.60	0.60
5.50	4.10	5.00	5.00	5.90
<u>67.80</u>	<u>71.30</u>	<u>72.20</u>	<u>73.10</u>	<u>78.00</u>
6.80	6.80	6.79	6.79	6.79
2.50	2.50	0.00	0.00	0.00
18.24	20.24	20.94	20.94	20.94
1.25	1.25	1.25	1.75	1.75
<u>96.59</u>	<u>102.09</u>	<u>101.18</u>	<u>102.58</u>	<u>107.48</u>



Hannah Gatlin, 9th Grade

Kettering City School District

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

Name of Taxpayer	Nature of Business	Calendar Year 2011		
		Assessed Value	Rank	Percent of Total Assessed Value
Dayton Power and Light	Gas and Electric Utility	\$75,438,060	1	5.55%
Reynolds and Reynolds Co.	Fortune 1000	18,845,980	2	1.39%
F1 Kettering LLC	Real Estate	9,688,690	3	0.71%
Industrial Realty Group Moraine LLC	Real Estate	9,165,600	4	0.67%
Vectren Energy Delivery of Ohio	Utility	8,016,260	5	0.59%
Fifteenth Dayton LLC	Printing	4,998,910	6	0.37%
Residenz LLC	Property Management	4,585,590	7	0.34%
Dayton Town & Country, Inc.	Property Management	4,274,130	8	0.31%
B R Kettering Towne Center	Real Estate	4,115,300	9	0.30%
One Lincoln Park	Retirement Facility	3,508,390	10	0.26%
Subtotal		142,636,910		10.49%
All Others		1,217,225,320		89.51%
Total		<u>\$1,359,862,230</u>		<u>100.00%</u>

Name of Taxpayer	Nature of Business	2002		
		Assessed Value	Rank	Percent of Total Assessed Value
General Motors Corporation	Automotive Manufacturer	\$94,138,940	1	8.46%
Dayton Power and Light	Gas and Electric Utility	87,673,540	2	7.88%
Scitex Digital Printing, Inc.	Digital Printing	11,889,693	3	1.07%
Ohio Bell	Telephone Utility	11,553,360	4	1.04%
Kettering Medical Center	Private Hospital	7,594,430	5	0.68%
Reynolds & Reynolds Co.	Fortune 1000	6,503,980	6	0.58%
Bank One	Banking Services	5,675,440	7	0.51%
Teachers Retirement System	Retirement System	4,760,000	8	0.43%
Dayton Town & Country, Inc.	Property Management	4,382,110	9	0.39%
Elder Beerman Stores Corp.	Retail Store	3,935,130	10	0.35%
Subtotal		238,106,623		21.39%
All Others		874,829,497		78.61%
Total		<u>\$1,112,936,120</u>		<u>100.00%</u>

Source: Montgomery County Auditor - Land and Buildings
Based on valuation of property in 2011 and 2002

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>2002</u>	<u>2003</u>	<u>2004</u>
Total Tax Levy ⁽¹⁾	\$46,987,959	\$53,779,128	\$51,960,333
Collections within the Fiscal Year of the Levy			
Current Tax Collections ⁽²⁾	45,336,209	50,574,089	51,053,894
Percent of Levy Collected	96.48%	94.04%	98.26%
Delinquent Tax Collections	<u>1,321,662</u>	<u>454,935</u>	<u>1,081,944</u>
Total Tax Collections	46,657,871	51,029,024	52,135,838
Percent of Total Tax Collections To Tax Levy	99.30%	94.89%	100.34%
Accumulated Outstanding Delinquent Taxes ⁽³⁾	1,576,839	2,632,801	4,372,384
Percentage of Accumulated Delinquent Taxes to Total Tax Levy	3.36%	4.90%	8.41%

(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

2005	2006	2007	2008	2009	2010	2011
\$62,230,176	\$59,374,793	\$55,461,256	\$56,386,305	\$54,771,300	\$58,823,873	\$69,552,184
61,263,297	57,609,301	55,134,931	54,818,766	53,730,645	57,247,393	67,400,196
98.45%	97.03%	99.41%	97.22%	98.10%	97.32%	96.91%
<u>3,489,527</u>	<u>3,273,718</u>	<u>1,608,958</u>	<u>4,163,001</u>	<u>3,852,544</u>	<u>2,385,567</u>	<u>940,112</u>
64,752,824	60,883,019	56,743,889	58,981,767	57,583,189	59,632,960	68,340,308
104.05%	102.54%	102.31%	104.60%	105.13%	101.38%	98.26%
3,579,271	2,426,623	2,386,797	2,464,561	2,547,957	2,861,478	2,842,448
5.75%	4.09%	4.30%	4.37%	4.65%	4.86%	4.09%

Kettering City School District

Ratio of Outstanding Debt By Type Last Ten Years

	2003	2004	2005	2006
Governmental Activities ⁽¹⁾				
General Obligation Bonds Payable	\$102,344,955	\$111,916,285	\$109,054,488	\$107,049,421
Capital Leases	249,605	781,270	567,133	678,136
Total Primary Government	<u>\$102,594,560</u>	<u>\$112,697,555</u>	<u>\$109,621,621</u>	<u>\$107,727,557</u>
Population ⁽²⁾				
Cities of Kettering and Moraine	64,399	64,399	64,399	64,399
Outstanding Debt Per Capita	1,593	1,750	1,702	1,673
Income ⁽³⁾				
Personal (in thousands)	1,973,572	2,001,135	2,069,333	2,155,692
Percentage of Personal Income	5.20%	5.63%	5.30%	5.00%

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

2007	2008	2009	2010	2011	2012
\$104,310,889	\$100,918,729	\$98,147,737	\$95,092,710	\$91,928,434	\$88,929,693
1,646,041	1,573,354	1,115,843	648,868	172,361	0
<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>	<u>\$88,929,693</u>
64,399	64,399	64,399	64,399	62,470	62,470
1,645	1,592	1,541	1,487	1,474	1,424
2,012,242	2,063,213	2,297,048	2,219,329	N/A	N/A
5.27%	4.97%	4.32%	4.31%	N/A	N/A

Kettering City School District

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2003	2004	2005	2006
Population (1)	64,399	64,399	64,399	64,399
Assessed Value (in thousands) (2)	1,377,995	1,348,013	1,365,795	1,422,942
General Bonded Debt (3)				
General Obligation Bonds	102,344,955	111,916,285	109,054,488	107,049,421
Resources Available to Pay Principal (4)	5,233,203	2,291,869	2,243,653	2,752,772
Net General Bonded Debt	97,111,752	109,624,416	106,810,835	104,296,649
Ratio of Net Bonded Debt to Assessed Value	7.05%	8.13%	7.82%	7.33%
Net Bonded Debt per Capita	1,508	1,702	1,659	1,620

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

2007	2008	2009	2010	2011	2012
64,399	64,399	64,399	64,399	62,470	62,470
1,403,352	1,396,394	1,360,471	1,381,264	1,359,862	1,249,888
104,310,889	100,918,729	98,147,737	95,092,710	91,928,434	88,929,693
4,557,437	3,297,658	2,728,232	2,358,342	3,525,419	3,730,110
99,753,452	97,621,071	95,419,505	92,734,368	88,403,015	85,199,583
7.11%	6.99%	7.01%	6.71%	6.50%	6.82%
1,549	1,516	1,482	1,440	1,415	1,364



Ian Weber 5th Grade

Kettering City School District

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
June 30, 2012*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to Kettering City School District (1)</u>	<u>Amount Applicable to Kettering City School District</u>
Direct:			
Kettering City School District	\$88,929,693	100.00%	\$88,929,693
Overlapping:			
Montgomery County	61,023,457	13.27%	8,097,813
City of Kettering	15,260,739	89.42%	13,646,153
City of Moraine	5,302,350	16.72%	<u>886,553</u>
		Subtotal	<u>22,630,519</u>
		Total	<u><u>\$111,560,212</u></u>

Source: Montgomery County Auditor

(1) Overlapping percentage was calculated by dividing each overlapping subdivision's assessed valuation within the City by the subdivision's total assessed valuation.

Kettering City School District

Debt Limitations Last Ten Years

	2003	2004	2005	2006
Net Assessed Valuation	\$1,377,995,416	\$1,348,012,850	\$1,365,795,325	\$1,422,942,327
Overall Direct Debt Limitation				
Legal Debt Limitation (%) (1)	9.00%	9.00%	9.00%	9.00%
Legal Debt Limitation (\$) (1)	124,019,587	121,321,157	122,921,579	128,064,809
Applicable District Debt Outstanding	100,465,000	110,355,000	107,619,989	105,844,989
'Less: Applicable Debt Service Fund Amounts (2)	(5,233,203)	(2,291,869)	(2,243,653)	(2,752,772)
Net Indebtedness Subject to Limitation	95,231,797	108,063,131	105,376,336	103,092,217
Overall Legal Debt Margin	<u>\$28,787,790</u>	<u>\$13,258,026</u>	<u>\$17,545,243</u>	<u>\$24,972,592</u>
Unvoted Direct Debt Limitation				
Legal Debt Limitation (%) (1)	0.10%	0.10%	0.10%	0.10%
Legal Debt Limitation (\$) (1)	1,377,995	1,348,013	1,365,795	1,422,942
Applicable District Debt Outstanding	0	0	0	0
Unvoted Legal Debt Margin	<u>\$1,377,995</u>	<u>\$1,348,013</u>	<u>\$1,365,795</u>	<u>\$1,422,942</u>
Energy Conservation Bond Limitation				
Legal Debt Limitation (%) (1)	0.90%	0.90%	0.90%	0.90%
Legal Debt Limitation (\$) (1)	12,401,959	12,132,116	12,292,158	12,806,481
Authorized by the Board	(1,879,955)	(1,661,285)	(1,434,499)	(1,204,432)
Unvoted Energy Conservation Bond Legal Debt Margin	<u>\$10,522,004</u>	<u>\$10,470,831</u>	<u>\$10,857,659</u>	<u>\$11,602,049</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

2007	2008	2009	2010	2011	2012
\$1,403,351,735	\$1,396,394,393	\$1,360,471,120	\$1,381,263,910	\$1,359,862,230	1,249,887,860
9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
126,301,656	125,675,495	122,442,401	124,313,752	122,387,601	112,489,907
103,339,979	100,184,979	97,489,979	94,514,979	91,434,979	88,524,990
(4,557,437)	(3,297,658)	(2,728,232)	(2,358,342)	(3,525,419)	(3,730,110)
98,782,542	96,887,321	94,761,747	92,156,637	87,909,560	84,794,880
\$27,519,114	\$28,788,174	\$27,680,654	\$32,157,115	\$34,478,041	\$27,695,027
0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
1,403,352	1,396,394	1,360,471	1,381,264	1,359,862	1,249,888
0	0	0	0	0	0
\$1,403,352	\$1,396,394	\$1,360,471	\$1,381,264	\$1,359,862	\$1,249,888
0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
12,630,166	12,567,550	12,244,240	12,431,375	12,238,760	11,248,991
(970,910)	(733,750)	(657,758)	(577,731)	(493,455)	(404,703)
\$11,659,256	\$11,833,800	\$11,586,482	\$11,853,644	\$11,745,305	\$10,844,288

Kettering City School District

Demographic and Economic Statistics Last Ten Years

Calendar Year	2002	2003	2004	2005
Population (1)				
Cities of Kettering and Moraine	64,399	64,399	64,399	64,399
Montgomery County	554,470	552,187	550,063	547,435
Income (2) (a)				
Total Personal (in thousands)	1,959,146	1,973,572	2,001,135	2,069,333
Per Capita	30,422	30,646	31,074	32,133
Unemployment Rate (3)				
Federal	5.8%	6.0%	5.5%	5.0%
State	5.7%	6.1%	6.0%	5.9%
Montgomery County	5.6%	6.3%	6.6%	6.4%
Fiscal Year	2003	2004	2005	2006
School Enrollment (4)				
Grades K - 5	3,274	3,297	3,240	3,292
Grades 6 - 8	1,809	1,813	1,770	1,720
Grades 9 - 12	2,439	2,468	2,425	2,466
Non-Grade	6	6	0	0
Total	<u>7,528</u>	<u>7,584</u>	<u>7,435</u>	<u>7,478</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

* 2011 was estimated using the prior year

Kettering City School District

2006	2007	2008	2009	2010	2011
64,399	64,399	64,399	64,399	62,470	62,470
542,237	538,104	534,626	532,562	535,153	537,602
2,155,692	2,123,235	2,187,119	2,297,048	2,219,329	2,258,728
33,474	32,970	33,962	35,669	35,526	36,157 *
4.6%	4.6%	5.8%	9.3%	9.6%	8.6%
5.5%	5.6%	6.6%	10.2%	10.1%	8.9%
6.0%	7.3%	7.4%	11.4%	11.1%	8.7%
2007	2008	2009	2010	2011	2012
3,331	3,353	3,321	3,355	3,219	3,191
1,685	1,676	1,677	1,681	1,670	1,704
2,451	2,398	2,378	2,334	2,352	2,233
0	0	0	0	0	0
<u>7,467</u>	<u>7,427</u>	<u>7,376</u>	<u>7,370</u>	<u>7,241</u>	<u>7,128</u>



Jacob Focht 1st Grade

Kettering City School District

Principal Employers Current Year and Nine Years Ago

<u>Employer</u>	<u>Nature of Business</u>	<u>2011</u>	
		<u>Number of Employees</u>	<u>Rank</u>
Kettering Medical Center	Hospital	3,300	1
GE Money	Finance Services	1,450	2
Reynolds and Reynolds Co.	Fortune 1000	1,150	3
Kettering City School District	Education	1,032	4
Limited Brands Inc.	Catalog Ordering Center	1,000	5
City of Kettering	Municipality	900	6
Kroger	Retail Sales	630	7
Eastman Kodak Co.	Digital Printing	600	8
Meijer, Inc.	Retail Sales	550	9
Walmart	Retail Sales	500	10
Total		<u>11,112</u>	

<u>Employer</u>	<u>Nature of Business</u>	<u>2002</u>	
		<u>Number of Employees</u>	<u>Rank</u>
Kettering Medical Center	Private Hospital	3,200	1
Delphi Automotive Systems	Automotive Manufacturer	2,800	2
Victoria's Secret Catalog	Retail 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	Retail Sales	900	7
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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Official Administrative	42.00	48.00	44.00	38.79	37.00
Professional - Educational	536.40	539.40	538.40	541.81	533.96
Professional - Other	34.35	34.50	34.70	38.99	40.68
Technical	16.20	14.48	14.48	14.51	14.02
Office/Clerical	102.17	149.06	159.88	158.93	150.13
Crafts and Trades	13.00	15.00	12.00	15.00	16.00
Operative	29.53	34.09	33.97	39.60	32.82
Service Work/Laborer	80.83	113.06	114.50	117.46	108.94
<i>Total Employees</i>	<u>854.48</u>	<u>947.59</u>	<u>951.93</u>	<u>965.09</u>	<u>933.55</u>

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

Source: District Treasurer's Office

Kettering City School District

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
38.00	37.00	34.00	33.00	33.09
509.06	518.10	525.40	510.00	514.29
34.86	41.56	35.90	36.55	40.40
12.30	13.30	13.75	14.29	15.29
150.94	144.25	158.40	157.95	171.53
13.00	14.00	11.00	11.00	11.00
33.79	36.08	35.14	35.26	33.36
103.02	103.27	103.73	105.15	107.28
<u>894.97</u>	<u>907.56</u>	<u>917.32</u>	<u>903.20</u>	<u>926.24</u>

Kettering City School District

Operating Indicators - Cost per Pupil Last Ten Years

Fiscal Year	2003	2004	2005	2006	2007
Enrollment	7,528	7,584	7,435	7,478	7,467
Modified Accrual Basis					
Operating Expenditures	68,502,915	72,501,534	78,304,032	81,740,159	85,518,747
Cost per Pupil	9,100	9,560	10,532	10,931	11,453
Percentage of Change	22.3%	5.1%	10.2%	3.8%	4.8%
Accrual Basis					
Expenses	68,775,411	76,593,197	79,355,641	79,245,374	88,265,326
Cost per Pupil	9,136	10,099	10,673	10,597	11,821
Percentage of Change	22.8%	10.5%	5.7%	(0.7%)	11.5%
Teaching Staff	617	615	620	621	624

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

N/A = Not available

Kettering City School District

2008	2009	2010	2011	2012
7,427	7,376	7,370	7,241	7,128
86,751,045	88,045,712	92,583,988	91,231,980	91,682,447
11,680	11,937	12,562	12,599	12,862
2.0%	2.2%	5.2%	0.3%	2.1%
88,976,154	90,830,341	93,178,181	92,705,223	93,449,242
11,980	12,314	12,643	12,803	13,110
1.3%	2.8%	2.7%	1.3%	2.4%
556	574	564	524	512

Kettering City School District

Operating Indicators by Function Last Ten Years

	2003	2004	2005	2006
Governmental Activities				
Instruction				
Regular	418	415	414	468
Special	85	88	85	93
Support Services				
Pupils				
Enrollment	7,528	7,584	7,435	7,478
Graduates	521	512	523	568
Percent of Students with Disabilities	14%	14%	16%	16%
Board of Education				
Members	5	5	5	5
Regular Meetings per Year	12	12	12	12
Administration				
School Attendance Rate	94.2%	94.4%	94.6%	94.9%
Fiscal Services				
Purchase Orders Processed	8,063	7,839	7,572	6,950
Checks Issued (non payroll)	7,934	8,221	8,341	7,418
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	3,947	3,998	3,740	3,562
Average Daily Bus Fleet Miles	2,412	2,787	3,042	2,826
Number of Buses	50	60	59	59
Operation of Noninstructional Services				
Food Service				
Student Meals Served Yearly	594,202	587,332	621,894	646,932
Free/Reduced Price Meals Daily	3,449	3,370	3,528	3,693
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

2007	2008	2009	2010	2011	2012
446	467	480	470	430	417
92	94	94	94	94	95
7,467	7,427	7,376	7,370	7,241	7,128
533	539	575	541	542	523
14%	16%	16%	16%	16%	16%
5	5	5	5	5	5
12	12	12	12	12	12
94.9%	95.1%	95.1%	95.3%	96.0%	93.0%
6,443	5,841	5,705	5,571	5,459	4,867
7,445	7,033	6,384	6,360	6,045	5,271
1,346,597	1,346,597	1,346,597	1,346,597	1,346,597	1,346,597
254	254	254	254	254	254
3,413	3,257	3,225	3,136	3,372	3,171
2,923	2,936	3,144	2,943	2,112	2,825
61	61	66	66	66	66
668,413	700,592	689,048	715,958	708,981	722,428
1,540	1,604	1,748	2,082	2,215	2,254
3	3	3	3	3	3
23	23	23	26	24	27

Kettering City School District

*Operating Indicators - Teacher Base Salaries
Last Ten Years*

Fiscal Year	2003	2004	2005	2006	2007
Minimum Salary	\$27,891	\$29,286	\$30,604	\$31,828	\$32,465
Maximum Salary	71,401	74,971	78,346	81,480	83,110
District Average Salary	48,221	51,042	42,799	57,211	59,194
County Average Salary	45,542	45,048	40,545	50,787	51,971
State Average Salary	45,515	47,495	49,438	50,772	53,536

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

*Operating Indicators - Teacher by Education
Last Ten Years*

Fiscal Year	2003	2004	2005	2006	2007
Bachelor's Degree	192	192	173	191	164
Master's Degree + 15	311	311	326	370	397
Total	503	503	499	561	561

Source: District Treasurer's Office

N/A = Not Available

Kettering City School District

2008	2009	2010	2011	2012
\$33,439	\$34,442	\$35,484	\$35,484	\$35,484
85,604	88,172	90,839	90,839	90,839
61,770	52,159	53,789	67,509	63,335
54,212	55,124	56,459	N/A	N/A
54,210	55,583	55,958	56,715	N/A

2008	2009	2010	2011	2012
178	178	137	136	123
397	396	427	388	389
575	574	564	524	512

Kettering City School District

Capital Asset Statistics by Building Last Ten Years

	2003	2004	2005	2006
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	2,520	2,479	2,454	2,485
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	1,122	1,079	1,099	1,041
Van Buren Middle School				
Square Footage	103,184	103,184	103,184	103,184
Capacity (students)	960	960	960	960
Enrollment	739	740	676	680
Elementary				
Beavertown Elementary School				
Square Footage	47,347	47,347	47,347	47,347
Capacity (students)	530	530	530	530
Enrollment	348	359	354	353
Greenmont Elementary School				
Square Footage	45,633	45,633	45,633	45,633
Capacity (students)	720	720	720	720
Enrollment	329	324	346	336
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	469	471	435	444
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	552	539	537	554
Moraine Meadows Elementary School *				
Square Footage	26,732	26,732	26,732	26,732
Capacity (students)	418	418	418	418
Enrollment	159	160	152	155

Kettering City School District

2007	2008	2009	2010	2011	2012
420,517	420,517	420,517	420,517	420,517	420,517
3,725	3,725	3,725	3,725	3,725	3,725
2,451	2,451	2,378	2,334	2,352	2,233
245,522	245,522	245,522	245,522	245,522	245,522
2,250	2,250	2,250	2,250	2,250	2,250
996	996	972	1,001	954	965
103,184	103,184	103,184	103,184	103,184	103,184
960	960	960	960	960	960
689	689	705	680	716	739
47,347	47,347	47,347	47,347	47,347	47,347
530	530	530	530	530	530
387	387	383	361	356	338
45,633	45,633	45,633	45,633	45,633	45,633
720	720	720	720	720	720
326	326	313	341	308	314
102,000	102,000	102,000	102,000	102,000	102,000
1,300	1,300	1,300	1,300	1,300	1,300
448	448	421	431	454	438
106,000	106,000	106,000	106,000	106,000	106,000
1,000	1,000	1,000	1,000	1,000	1,000
534	534	567	555	554	547
26,732	26,732	26,732	26,732	26,732	26,732
418	418	418	418	418	418
153	153	151	157	0	0

(Continued)

Kettering City School District

Capital Asset Statistics by Building Last Ten Years

	2003	2004	2005	2006
Oakview Elementary School				
Square Footage	49,056	49,056	49,056	49,056
Capacity (students)	500	500	500	500
Enrollment	416	433	565	409
Orchard Park Elementary School				
Square Footage	34,189	34,189	34,189	34,189
Capacity (students)	450	450	450	450
Enrollment	305	291	290	304
J.E.Prass Elementary School				
Square Footage	47,264	47,264	47,264	47,264
Capacity (students)	570	570	570	570
Enrollment	369	349	348	336
Southdale Elementary School				
Square Footage	47,185	47,185	47,185	47,185
Capacity (students)	530	530	530	530
Enrollment	393	363	384	407
All Other				
Central Administration Building				
Square Footage	26,968	26,968	26,968	26,968
Occupancy	195	178	195	153
Transportation Building				
Square Footage	30,000	30,000	30,000	30,000
Maintenance Building				
Square Footage	15,000	15,000	15,000	15,000

Source: District Treasurer's Office

* Moraine Meadows Elementary School was closed during 2011.

Kettering City School District

2007	2008	2009	2010	2011	2012
49,056	49,056	49,056	49,056	49,056	49,056
500	500	500	500	500	500
402	402	382	395	409	382
34,189	34,189	34,189	34,189	34,189	34,189
450	450	450	450	450	450
306	306	291	300	258	264
47,264	47,264	47,264	47,264	47,264	47,264
570	570	570	570	570	570
324	324	342	352	339	364
47,185	47,185	47,185	47,185	47,185	47,185
530	530	530	530	530	530
451	451	471	463	541	544
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

	2003	2004	2005	2006	2007
ACT Scores (Average)					
Kettering	23.4	22.2	22.2	23.2	22.7
Ohio	21.4	21.4	21.1	21.5	21.6
National	20.8	20.9	20.6	21.1	21.2
SAT Scores (Average)					
Kettering					
Verbal	544	527	524	541	525
Mathematical	551	531	532	552	532
Ohio					
Verbal	536	540	539	535	536
Mathematical	541	540	543	544	542
National					
Verbal	507	510	508	503	502
Mathematical	519	510	520	581	515
National Merit Scholars					
Finalist	2	2	0	0	0
Semi-Finalist	2	2	0	0	0
Commended Scholars	0	0	3	4	6
Cost per Student (ODE)					
Kettering	7,726	8,247	9,434	10,593	10,998
Ohio (Average)	8,441	8,768	9,028	9,356	9,586
Attendance Rate					
Kettering	93.50%	93.90%	94.10%	95.50%	94.90%
Ohio (Average)	94.90%	95.30%	95.20%	94.10%	94.10%
Graduation Rate					
Kettering	97.60%	99.30%	99.40%	98.60%	98.70%
Ohio (Average)	83.90%	84.30%	85.90%	86.20%	86.90%

Source:

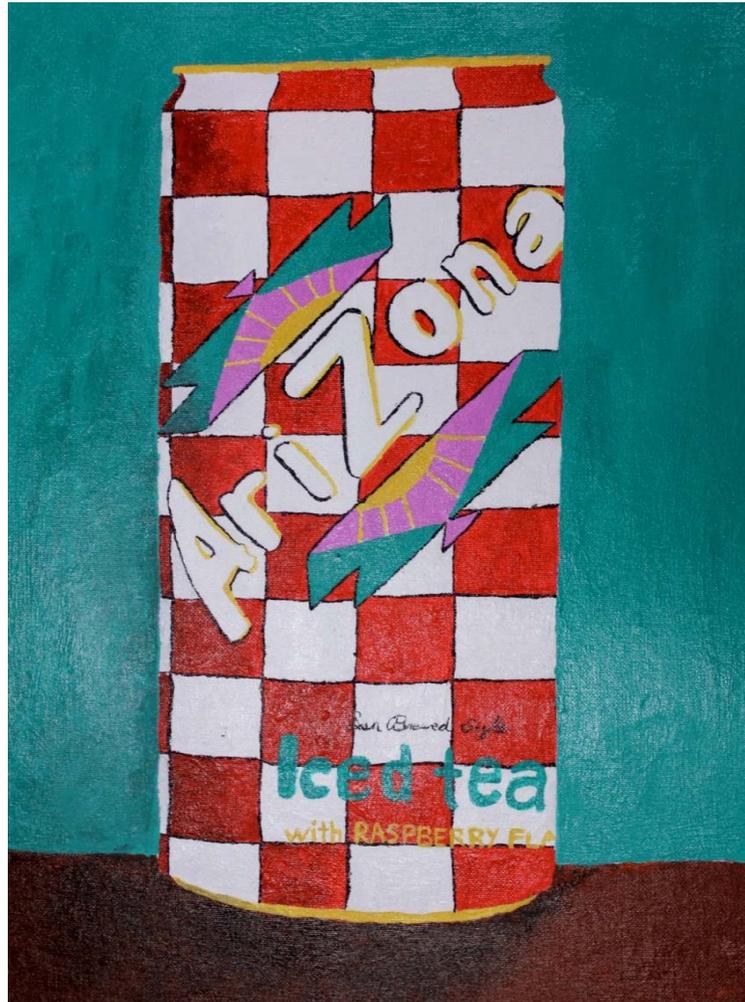
District's Student Records and Ohio Department of Education

N/A = Not Available

* The Ohio Department of Education changed the method of calculating the graduation rate to a 4-year cohort during fiscal year 2012.

Kettering City School District

2008	2009	2010	2011	2012
22.7	23.6	23.0	23.1	23.1
21.7	21.7	21.8	21.8	21.8
21.1	21.1	21.1	21.1	21.1
517	540	550	545	548
531	556	558	547	563
534	537	538	539	534
544	546	548	545	552
502	501	501	497	492
515	515	516	514	514
0	0	0	0	0
2	1	0	0	3
1	3	5	5	5
11,078	8,590	12,299	12,017	N/A
9,939	10,254	10,512	10,538	10,571
95.10%	95.10%	95.30%	95.70%	96.00%
94.20%	94.30%	94.30%	94.50%	94.20%
97.80%	97.90%	98.00%	97.10%	93.90% *
86.20%	84.60%	83.00%	84.30%	80.00%



Joshua Nickleman 11th Grade



Dave Yost • Auditor of State

KETTERING CITY SCHOOL DISTRICT

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 29, 2013**