



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, 2014**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Expenditures</b>	<b>Non-Cash Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>					
<b>Passed Through Ohio Department of Education</b>					
Child Nutrition Cluster:					
Non-Cash Assistance (Food Distribution):					
National School Lunch Program	10.555		\$310,400		\$310,400
Cash Assistance:					
School Breakfast Program	10.553	\$235,211		\$235,211	
National School Lunch Program	10.555	1,235,425		1,235,425	
National School Lunch Program - Incentive	10.555	40,472		40,472	
Total National School Lunch Program		<u>1,275,897</u>		<u>1,275,897</u>	
Total Child Nutrition Cluster		<u>1,511,108</u>	<u>310,400</u>	<u>1,511,108</u>	<u>310,400</u>
Child and Adult Care Food Program	10.558	23,607		23,607	
Total U.S. Department of Agriculture		<u>1,534,715</u>	<u>310,400</u>	<u>1,534,715</u>	<u>310,400</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>					
<b>Passed Through Ohio Department of Education</b>					
Adult Education - Basic Grants to States	84.002	36,326		38,934	
Title I Grants to Local Educational Agencies	84.010	1,167,172		1,400,915	
Special Educational Cluster (IDEA):					
Special Education Grants to States	84.027	1,325,975		1,470,054	
Special Education Preschool Grants	84.173	3,915		5,003	
Total Special Education Cluster (IDEA)		<u>1,329,890</u>		<u>1,475,057</u>	
Even Start State Educational Agencies	84.213	379,638		369,647	
English Language Acquisition State Grants	84.365	20,719		37,545	
Improving Teacher Quality State Grants	84.367	83,269		162,154	
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants: Resident Educator	84.395	163,480		262,090	
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants: Ohio Residence Program	84.395	3,500		3,500	
Total ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants		<u>166,980</u>		<u>265,590</u>	
<b>Passed Through Centerville City School District</b>					
Career and Technical Education - Basic Grants to States	84.048	94,357		63,588	
Total U.S. Department of Education		<u>3,278,351</u>		<u>3,813,430</u>	
Total Federal Awards Receipts and Expenditures		<u>\$4,813,066</u>	<u>\$310,400</u>	<u>\$5,348,145</u>	<u>\$310,400</u>

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

**KETTERING CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**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 – ADULT EDUCATION – BASIC GRANTS TO STATES**

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

**NOTE D – FOOD DONATION PROGRAM**

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

**NOTE E - MATCHING REQUIREMENTS**

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



# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kettering City School District, Montgomery County, (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 27, 2015.

### ***Internal Control Over Financial Reporting***

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

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

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

### ***Compliance and Other Matters***

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

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402

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[www.ohioauditor.gov](http://www.ohioauditor.gov)

***Purpose of this Report***

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

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

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

February 27, 2015



# Dave Yost • Auditor of State

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

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

To the Board of Education:

### ***Report on Compliance for Each Major Federal Program***

We have audited the Kettering City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Kettering City School District's major federal programs for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

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

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

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

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

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

***Opinion on Each Major Federal Program***

In our opinion, the Kettering City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2014.

***Report on Internal Control over Compliance***

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

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

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

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

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

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Kettering City School District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated February 27, 2015. We conducted our audit to opine on the District's basic financial statements. The accompanying schedule of federal awards receipts and expenditures presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



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

February 27, 2015

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**KETTERING CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2014**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Child Nutrition Cluster: School Breakfast Program (CFDA # 10.553) National School Lunch Program (CFDA # 10.555)  Even Start State Educational Agencies (CFDA 84.213)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

**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

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# **Kettering City School District**

**Montgomery County, Ohio**



## **Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2014**

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



Alan Valadez - 11<sup>th</sup> Grade

**Comprehensive Annual  
Financial Report**

of the

**Kettering City School District**

Montgomery County, Ohio

for the

Fiscal Year Ended June 30, 2014

*Prepared by:*  
Mr. Daniel Schall  
Treasurer

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

***Introductory Section***

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# Kettering City School District

3750 Far Hills Avenue  
Kettering, Ohio 45429

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

fax (937)-499-1467

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February 27, 2015

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

We are pleased to present the twentieth Comprehensive Annual Financial Report (CAFR) of the Kettering City School District (the District) for the fiscal year ended June 30, 2014. This report was prepared by the Treasurer's Office, and includes the unmodified opinion of our independent auditor, the Ohio Auditor of State. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. The CAFR conforms to generally accepted accounting principles (GAAP) applicable to government entities.

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

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

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

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

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

LETTER OF TRANSMITTAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**HISTORY AND BACKGROUND**

The 2014 school year marked the 173rd year of existence for the Van Buren/Kettering City School District. Van Buren Township was established on June 26, 1841, through separation from Dayton. The township was at first divided into small one-room district schools (#1, #6, #9, #10, #11 and #12) and later into Carrmonte, Pasadena, and Fairmont elementary districts. Oakwood and Belmont were originally part of Van Buren Township. Oakwood formed its own district in 1926. Later, the Belmont area was annexed to Dayton.

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

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

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

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

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

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

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

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

LETTER OF TRANSMITTAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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 7,347 enrolled in eight elementary schools, two middle schools and one high school during the 2013-14 school year; enrollment decreased to 7,243 students during fiscal year 2014. The District's school buildings range in age from 7 years to 65 years old. Other facilities operated by the District include a maintenance building, a transportation building, and the Central Office Building that had been a high school and junior high school previously. The Central Office Building also houses the District's alternative high school program.

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

**ORGANIZATION OF THE DISTRICT**

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

The Board members on June 30, 2014 were as follows:

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

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

The Treasurer/CFO is the chief financial officer of the District, responsible directly to the Board for maintaining all financial records, issuing all payments, maintaining custody of all District funds and assets, and investing idle funds as specified by Ohio Law. Daniel Schall was appointed Treasurer effective May 5, 2014.

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

LETTER OF TRANSMITTAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**ECONOMIC CONDITION AND OUTLOOK**

*Economic Condition and Outlook (Kettering)*

The economic environment for Kettering's business community continued to be one of relative stability during 2014.

According to the City of Kettering, although the City has been negatively impacted by the decline in employment in the area, the overall effect was diminished due to the diversity of the employment base. Kettering's business base ranges from some major employers headquartered in Kettering to many midsize companies specializing in technology or professional services and smaller, family-owned businesses. Kettering's largest employers include Kettering Medical Center (KMC), G.E. Money, and Reynolds & Reynolds Co. KMC employs 3,570 people and continued to work on a master plan that includes additional growth on vacant land across the street from the main campus. Reynolds & Reynolds Co., a fortune 1000 company based in Dayton since 1866, continues to employ 1,150 to 1,300 people at its Miami Valley Research Park campus. G.E. Money employs 1,800 people and recently invested \$1.5 million for improvements in their facility at the Kettering Business Park (KBP).

In the area of new employment, Mound Laser and Photonics Center completed a new 20,800 square foot facility. The \$4 million project currently employs 36 with plans to create at least 50 new jobs in the next three years. Community Tissue Services purchased an additional 22 acres of property for the purpose of creating a bioscience campus. Booz/Allen/Hamilton, a defense contractor located at the Miami Valley Research Park, completed construction of 5,000 square feet of SCIF area. Safe Sourcing expanded their location in the Executive Building on West Dorothy Lane. The former Kettering Sports Medicine facility on Far Hills Avenue was completely renovated and is now the Carlyle House, an Assisted Living Community with special Alzheimer's care.

*Economic Condition and Outlook (Moraine)*

According to the City of Moraine, the City's local economy is showing an improvement over the decline from the past several years. In 2013 the City experienced the first full relocation year of Tyler Technologies, a real estate software appraisal company employing over 100 high paying jobs. The former Cooper tire building was completely revitalized and now houses Heidelberg Distributing. The \$21 million project allowed for a complete remodel of both the warehouse and office space in order to meet the needs of their 300 new employees. Weiler Welding completed their corporate facility, which will allow them to add 25 executive positions. In addition, the City of Moraine is working with Fuyao on a project investing over \$50 million in improvements and the addition of over 1,000 jobs. The company has targeted 33% of the United States automotive glass market.

According to the City of Moraine, the opening of exit 47 of Interstate 75 (I-75) was a long awaited event. The reconstruction of the exit has been in progress for over 5 years, both in planning and construction. The redevelopment allows for substantially easier access to both northbound and southbound I-75. This will be an advantage for those businesses in Moraine and an added incentive to draw more business into the City.

Ryan Homes was founded in 1948 in Pittsburgh, Pennsylvania, to provide housing in the post-World War II economy. In the 65 years since, Ryan has constructed more than 300,000 homes. With operations in 23 metropolitan areas spanning 13 states, Ryan Homes is one of the nation's most prolific home builder and continues to be active in the area.

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

LETTER OF TRANSMITTAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**EMPLOYEE RELATIONS**

The Board employs 1,032 full-time and part-time employees (including non-teaching personnel). Of the Board's current employees, 582 are certificated by the Ohio Department of Education serving as classroom teachers, education specialists and administrators, all of whom have at least a bachelor's degree.

Five hundred forty-four (544) of the Board's certificated teachers and educational specialists are members of the Kettering Education Association ("KEA"), which is a labor organization affiliated with the Ohio Education Association. The current contract between the Board and the Association became effective on May 4, 2014 and expires on June 30, 2017.

Two hundred fifty-six (256) of the Board's classified employees are members of the Ohio Association of Public School Employees ("OAPSE") which is a labor organization affiliated with the American Federation of State, County and Municipal Employees ("AFSME"). The current contract between the Board and OAPSE became effective on August 1, 2014 and expires on July 31, 2017.

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

**MAJOR INITIATIVES**

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

We have laid the groundwork for being part of Partnership for Assessment of Readiness for College and Careers (PARCC).

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

- Improving and tweaking our programming to comply with the PARCC in so far as it drives improved student achievement.
- Continuing to support the full implementation of the Common Core State Standards and Ohio New Learning Standards.
- Providing teachers with the resources they need to teach students to be knowledgeable problem solvers.
- Training teachers and students on using technology to enhance their learning.
- Training teachers to focus their instruction on challenging content that develops students' skills which will prepare them to compete in the 21st Century global economy.
- Implementing the Ohio Teacher Evaluation System (OTES) to assist teachers in refining their teaching skills while focusing on student growth.
- Implementation of new technology strategies with an \$8 million Straight A Grant from the State of Ohio.

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

LETTER OF TRANSMITTAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

**FINANCIAL INFORMATION**

*Internal Controls*

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

*Budgetary Controls*

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

*Independent Audit*

The State of Ohio requires an annual audit by either the Auditor of State or by an independent public accounting firm. The Auditor of State performed the audit for the fiscal year ended June 30, 2014. The audit has been conducted in accordance with generally accepted auditing standards, generally accepted government auditing standards, and includes a review of internal controls and tests of compliance with Federal and State laws and regulations. The auditor's report on the District's basic financial statements, combining statements, and individual fund statements and schedules is included in the financial section of this Comprehensive Annual Financial Report.

In addition to the financial audit, a single audit was performed as required by the Single Audit Act Amendments of 1996 and the provisions of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". The single audit report is not included in the CAFR.

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

LETTER OF TRANSMITTAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

*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, 2013. This was the twentieth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

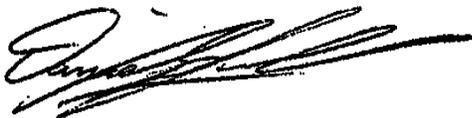
The Association of School Business Officials (ASBO) of the United States and Canada awarded a Certificate of Excellence in Financial Reporting to the Kettering City School District for its comprehensive annual financial report for the year ended June 30, 2013. This award certifies that a Comprehensive 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 nineteen consecutive years. We believe our current report continues to meet the Certificate of Excellence Program's requirements, and we are submitting it to ASBO to determine its eligibility for another certificate.

*Acknowledgments*

The preparation of this twentieth Comprehensive Annual Financial Report would not have been possible without the cooperation and support of the entire staff of the Treasurer's Office. Sincere appreciation is extended to Jake Schlereth, Assistant Treasurer, for his exceptional individual effort and dedication to this achievement. A special thanks to the administration and staff who help to make our District sustainable and vibrant, the Montgomery County Auditor's Office, the Kettering City Finance Department, the Moraine City Finance Department, and the State Auditor's Office for their special support. Also, special thanks to Julian & Grube, Inc. and staff for assistance in the preparation of this financial report.

Sincerely,



Mr. Daniel Schall, CFO  
Treasurer



Mr. L. Scott Inskeep  
Superintendent

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

PRINCIPAL OFFICIALS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

*Elected Officials*

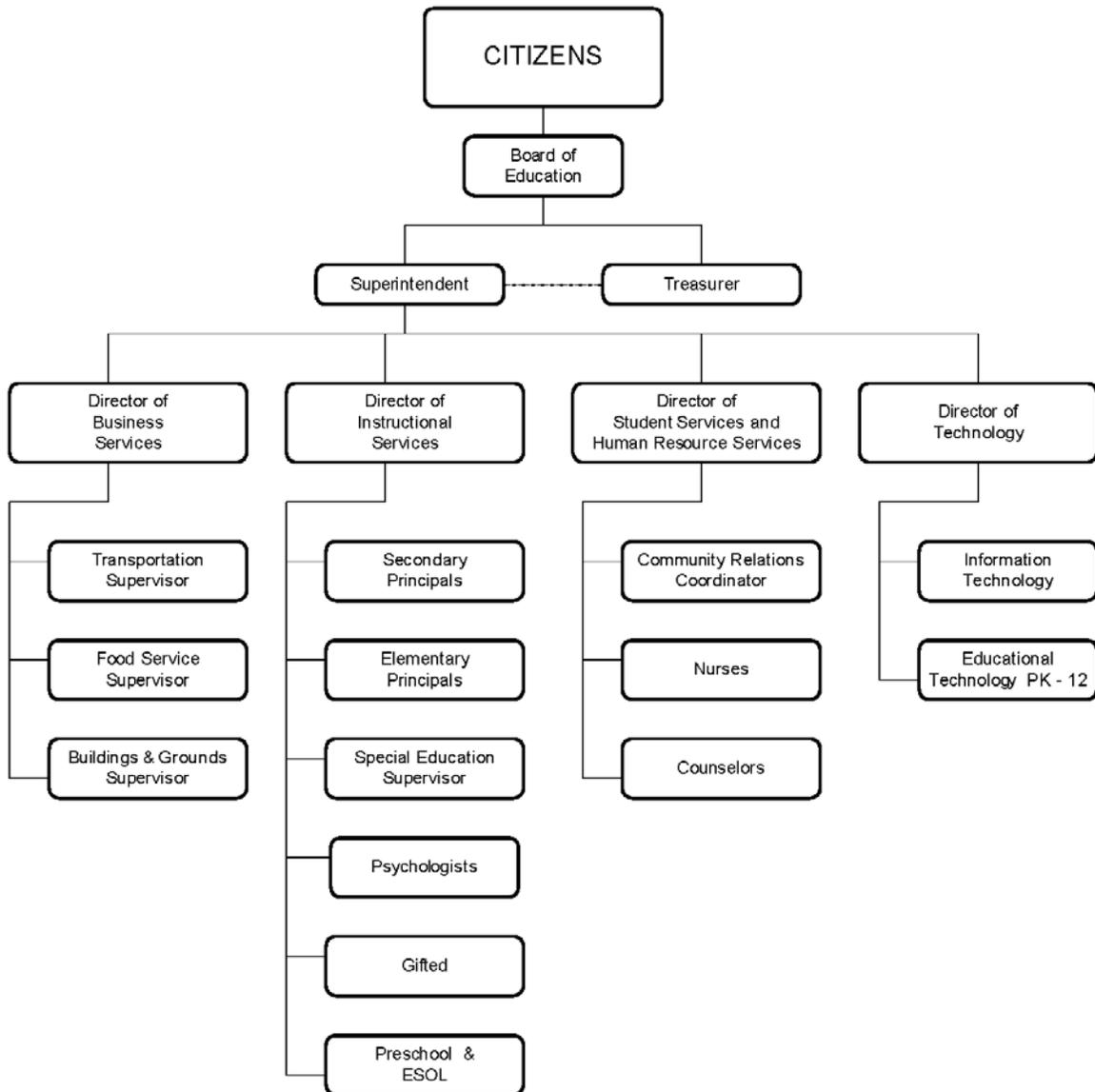
President - Board of Education ..... Mr. George H. Bayless  
Vice President - Board of Education.....Mr. James T. Ambrose  
Board of Education Member..... Ms. Julie A. Gilmore  
Board of Education Member.....Ms. Lori E. Simms  
Board of Education Member.....Ms. Jennifer Kane

*Appointed Officials*

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

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

**ORGANIZATIONAL CHART  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

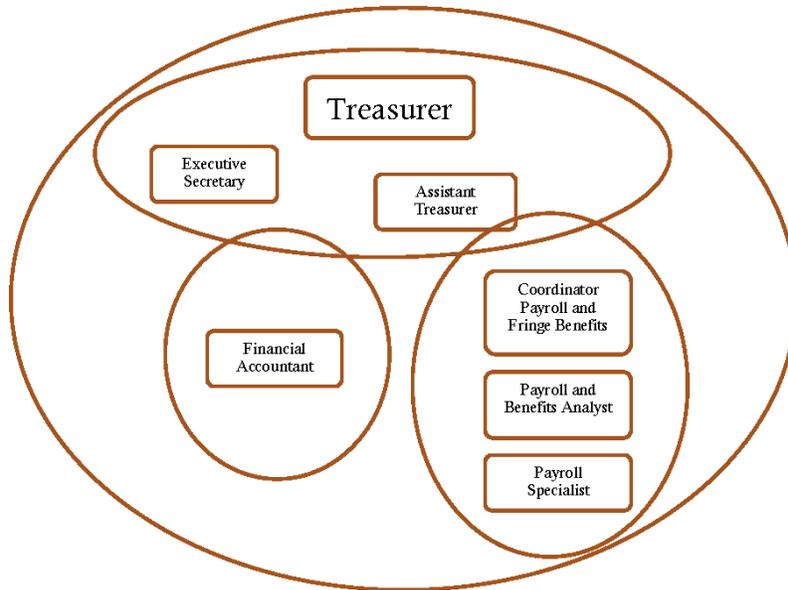


**KETTERING CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

OFFICE OF THE TREASURER  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

*Team Organization*

Treasurer/Chief Financial Officer.....Daniel Schall  
Assistant Treasurer..... Michael “Jake” Schlereth  
Coordinator - Payroll and Fringe Benefits..... Jill E. Lopez  
Payroll and Benefits Analyst..... Denise Lay  
Executive Secretary .....Carol S. Trospen  
Payroll Specialist ..... Vicki McCloud  
Financial Accountant .....Robin Keogh





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Kettering City School District**  
**Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

# Association of School Business Officials International



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

## **Kettering City School District**

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2013*

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



A handwritten signature in black ink, reading "Terrie S. Simmons", written over a horizontal line.

Terrie S. Simmons, RSBA, CSBO  
President

A handwritten signature in black ink, reading "John D. Musso", written over a horizontal line.

John D. Musso, CAE, RSBA  
Executive Director

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

***Financial Section***

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



Gillian Garland – 10<sup>th</sup> Grade



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kettering City School District, Montgomery County, Ohio (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Kettering City School District, Montgomery County, Ohio, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

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

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

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

February 27, 2015

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(UNAUDITED)**

The management's discussion and analysis of the Kettering City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2014 are as follows:

- In total, net position of governmental activities increased \$4,727,108 which represents a 17.83% increase from fiscal year 2013.
- General revenues accounted for \$90,417,078 in revenue or 87.08% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$13,420,843 or 12.92% of total revenues of \$103,837,921.
- The District had \$99,110,813 in expenses related to governmental activities; \$13,420,843 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$90,417,078 were adequate to provide for these programs.
- The District's two major governmental funds are the general fund and the bond retirement fund. The general fund had \$86,528,140 in revenues and \$83,829,271 in expenditures and other financing uses. During fiscal year 2014, the general fund's fund balance increased \$2,702,843 from a balance of \$2,863,863 to \$5,566,706.
- The bond retirement fund had \$7,606,058 in revenues and other financing sources and \$7,553,057 in expenditures. During fiscal year 2014, the bond retirement fund's fund balance increased by \$53,001 from a balance of \$3,449,104 to a balance of \$3,502,105.

**Using these Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader may understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell the reader how services were financed in the short-term, as well as what balances remain for future spending. The fund financial statements also present the District's most significant funds with all other, nonmajor funds presented in one aggregated column. In the case of the District, the general fund and the bond retirement fund are the most significant funds and are the only funds considered major funds.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(UNAUDITED)**

**Reporting the District as a Whole**

*Statement of Net Position and the Statement of Activities*

While this report contains the large number of funds utilized by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did the District perform financially during 2014?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operations and maintenance, pupil transportation, extracurricular activities, and operation of non-instructional services.

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

**Reporting the District's Most Significant Funds**

*Fund Financial Statements*

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

*Governmental Funds*

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

*Proprietary Funds*

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(UNAUDITED)

***Fiduciary Funds***

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

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 29-64 of this report.

**The District as a Whole**

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for 2014 and 2013.

	<b>Net Position</b>	
	Governmental Activities 2014	Governmental Activities 2013
<b><u>Assets</u></b>		
Current and other assets	\$ 87,699,788	\$ 84,987,952
Capital assets, net	110,646,279	109,296,155
Total assets	198,346,067	194,284,107
<b><u>Deferred Outflows of Resources</u></b>	1,805,285	2,018,861
<b><u>Liabilities</u></b>		
Current liabilities	14,483,044	14,726,901
Long-term liabilities	97,930,700	98,799,952
Total liabilities	112,413,744	113,526,853
<b><u>Deferred Inflows of Resources</u></b>	56,491,988	56,257,603
<b><u>Net Position</u></b>		
Net investment in capital assets	23,611,501	21,078,401
Restricted	5,133,952	5,720,633
Unrestricted (deficit)	2,500,167	(280,522)
Total net position	\$ 31,245,620	\$ 26,518,512

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2014, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$31,245,620.

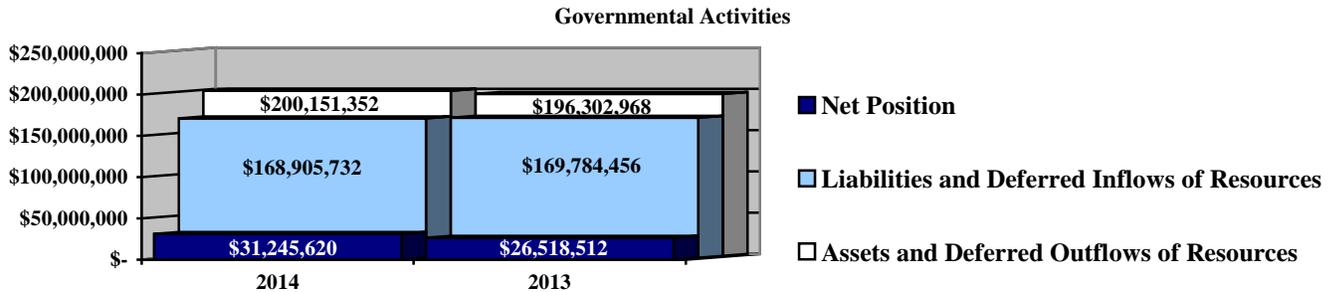
**KETTERING CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(UNAUDITED)**

At year-end, capital assets represented 55.78% of total assets. Capital assets include land, construction in progress, buildings and improvements, furniture, fixtures and equipment, and vehicles. The District's net investment in capital assets at June 30, 2014 was \$23,611,501. These capital assets are used to provide services to students and community members and are not available for future spending. Although the District's net investment in capital assets is reported net of debt related to the acquisition of these assets, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$5,133,952, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a balance of \$2,500,167.

The graph below illustrates the District's assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position at June 30, 2014 and June 30, 2013.



**Governmental Activities**

Net position of the District's governmental activities increased \$4,727,108. Total governmental expenses of \$99,110,813 were offset by program revenues of \$13,420,843 and general revenues of \$90,417,078. Program revenues supported 13.54% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from taxes, and grants and entitlements. These revenue sources represent 85.86% of total governmental revenue.

Overall, revenues of the governmental activities increased 8.43%. The largest components of this increase resulted from property taxes, which increased 13.50%, and unrestricted grants and entitlements, which increased 0.88%. Property tax revenues increased as a result of a 4.89 mill operating levy passed by the District's voters on November 5, 2013.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$56,532,840 or 57.04% of total governmental expenses for fiscal year 2014. Fiscal year 2014 instructional expenses increased \$4,267,791 over fiscal year 2013. This is primarily due to coding changes in the Uniform School Accounting System (USAS). In fiscal year 2014, certain expenses that were previously reported in the instructional staff expense in USAS were reclassified to the special instruction expense line item.

Overall expenses of the District increased by approximately \$300,000.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(UNAUDITED)**

The table below shows the change in net position of the governmental activities for fiscal year 2014 and 2013.

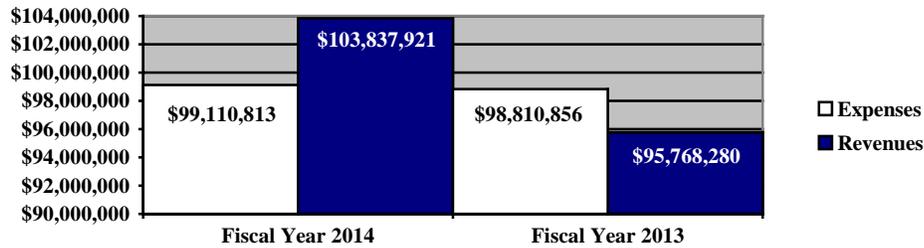
	<b>Changes in Net Position - Governmental Activities</b>		
	<u>2014</u>	<u>2013</u>	Increase (Decrease)
<b><u>Revenues</u></b>			
Program revenues:			
Charges for services and sales	\$ 4,053,363	\$ 4,287,356	\$ (233,993)
Operating grants and contributions	9,367,480	9,216,700	150,780
General revenues:			
Property taxes	65,014,848	57,281,151	7,733,697
Payment in lieu of taxes	633,323	582,655	50,668
Grants and entitlements	24,145,012	23,933,755	211,257
Investment earnings	162,671	91,520	71,151
Increase (decrease) in FMV of investments	-	(140,157)	140,157
Miscellaneous	461,224	515,300	(54,076)
Total revenues	<u>103,837,921</u>	<u>95,768,280</u>	<u>\$ 8,069,641</u>
<b><u>Expenses</u></b>			
Program expenses:			
Instruction:			
Regular	36,363,264	35,679,782	\$ 683,482
Special	12,931,044	9,745,956	3,185,088
Vocational	2,630,263	2,765,023	(134,760)
Adult/Continuing	92,941	91,829	1,112
Other	4,515,328	3,982,459	532,869
Support services:			
Pupil	7,399,986	7,444,865	(44,879)
Instructional staff	3,465,511	6,052,370	(2,586,859)
Board of education	78,949	53,648	25,301
Administration	5,684,412	5,533,408	151,004
Fiscal	1,962,857	1,740,590	222,267
Business	550,804	489,754	61,050
Operations and maintenance	8,006,649	8,183,719	(177,070)
Pupil transportation	3,860,361	3,803,988	56,373
Central	877,877	1,800,269	(922,392)
Operation of non-instructional services	5,337,227	5,781,286	(444,059)
Extracurricular activities	1,478,447	1,522,424	(43,977)
Debt service:			
Interest and fiscal charges	3,874,893	4,139,486	(264,593)
Total expenses	<u>99,110,813</u>	<u>98,810,856</u>	<u>\$ 299,957</u>
Change in net position	4,727,108	(3,042,576)	
Net position at beginning of year	<u>26,518,512</u>	<u>29,561,088</u>	
Net position at end of year	<u>\$ 31,245,620</u>	<u>\$ 26,518,512</u>	

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(UNAUDITED)**

The graph below presents the District's governmental activities revenues and expenses for fiscal year 2014 and 2013.

**Governmental Activities - Revenues and Expenses**



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

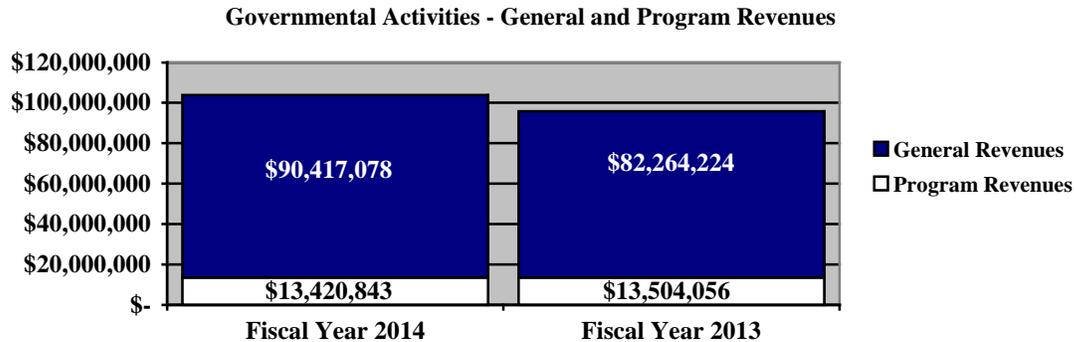
**Governmental Activities**

	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
<u>Program expenses</u>				
Instruction:				
Regular	\$ 36,363,264	\$ 35,344,128	\$ 35,679,782	\$ 34,585,712
Special	12,931,044	8,762,981	9,745,956	6,312,874
Vocational	2,630,263	2,114,388	2,765,023	2,410,914
Adult/continuing	92,941	(3,833)	91,829	8,094
Other	4,515,328	4,432,547	3,982,459	3,893,856
Support services:				
Pupil	7,399,986	6,823,551	7,444,865	6,777,951
Instructional staff	3,465,511	2,990,539	6,052,370	4,906,190
Board of education	78,949	76,549	53,648	53,607
Administration	5,684,412	5,373,072	5,533,408	5,214,130
Fiscal	1,962,857	1,962,857	1,740,590	1,740,590
Business	550,804	550,804	489,754	489,754
Operations and maintenance	8,006,649	7,950,742	8,183,719	8,015,558
Pupil transportation	3,860,361	3,547,767	3,803,988	3,507,759
Central	877,877	856,488	1,800,269	1,579,141
Operations of non-instructional services	5,337,227	(12,940)	5,781,286	612,664
Extracurricular activities	1,478,447	1,045,437	1,522,424	1,058,520
Debt service:				
Interest and fiscal charges	3,874,893	3,874,893	4,139,486	4,139,486
<b>Total expenses</b>	<u>\$ 99,110,813</u>	<u>\$ 85,689,970</u>	<u>\$ 98,810,856</u>	<u>\$ 85,306,800</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(UNAUDITED)**

The District's dependence upon tax and other general revenues for governmental activities is apparent, as 89.59% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 86.46%. The District's taxpayers and grants and entitlements received from the State of Ohio that are not restricted in use are by far the primary support for District's students. The graph below presents the District's governmental activities revenue for fiscal year 2014 and 2013.



**The District's Funds**

The District's governmental funds, as presented on the balance sheet on page 17, reported a combined fund balance of \$11,229,479, which is greater than last year's total of \$7,944,252. The schedule below shows fund balances at June 30, 2014 and June 30, 2013 and the net changes in fund balances during fiscal year 2014.

	Fund Balance June 30, 2014	Fund Balance June 30, 2013	Increase	Percentage Change
General fund	\$ 5,566,706	\$ 2,863,863	\$ 2,702,843	94.38 %
Bond retirement fund	3,502,105	3,449,104	53,001	1.54 %
Nonmajor governmental funds	2,160,668	1,631,285	529,383	32.45 %
Total	<u>\$ 11,229,479</u>	<u>\$ 7,944,252</u>	<u>\$ 3,285,227</u>	41.35 %

**General Fund**

The table that follows shows the revenues of the general fund for fiscal years 2014 and 2013.

Revenues	2014 Amount	2013 Amount	Increase/ (Decrease)	Percentage Change
Taxes	\$ 57,585,899	\$ 51,651,202	\$ 5,934,697	11.49 %
Payment in lieu of taxes	633,323	582,655	50,668	8.70 %
Tuition	781,761	857,163	(75,402)	(8.80) %
Earnings on investments	163,214	77,648	85,566	110.20 %
Increase (decrease) in FMV of investments	-	(140,157)	140,157	(100.00) %
Extracurricular activities	279,282	305,910	(26,628)	(8.70) %
Intergovernmental	25,890,786	24,434,510	1,456,276	5.96 %
Other	1,193,875	1,302,097	(108,222)	(8.31) %
Total	<u>\$ 86,528,140</u>	<u>\$ 79,071,028</u>	<u>\$ 7,457,112</u>	9.43 %

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(UNAUDITED)**

Revenues exceeded expenditures and other financing uses of the general fund by \$2,698,869. Overall, revenues in the general fund increased 9.43%. The largest components of this increase resulted from property taxes, which increased 11.49%, and intergovernmental revenues, which increased 5.96%. Property tax revenues in the general fund increased as a result of a 4.89 mill operating levy which was passed by the District's voters on November 5, 2013.

Intergovernmental revenue increased \$1,456,276 over fiscal year 2013. This is primarily the result of changes to the formula used in the State Foundation Program which benefitted the District.

The table that follows displays the expenditures of the general fund for fiscal years 2014 and 2013:

Expenditures	2014 Amount	2013 Amount	Increase/ (Decrease)	Percentage Change
<b>Instruction:</b>				
Regular	\$ 34,977,720	\$ 34,519,663	\$ 458,057	1.33 %
Special	10,412,028	8,107,951	2,304,077	28.42 %
Vocational	2,525,149	2,618,174	(93,025)	(3.55) %
Other	4,422,253	3,893,197	529,056	13.59 %
<b>Supporting services:</b>				
Pupil	6,961,830	6,989,518	(27,688)	(0.40) %
Instruction staff	2,649,707	5,040,042	(2,390,335)	(47.43) %
Board of education	75,494	53,047	22,447	42.32 %
Administration	5,214,666	5,145,798	68,868	1.34 %
Fiscal	1,853,831	1,660,128	193,703	11.67 %
Business	518,184	519,095	(911)	(0.18) %
Operations and maintenance	8,206,605	7,815,140	391,465	5.01 %
Pupil transportation	3,548,311	3,571,236	(22,925)	(0.64) %
Central	917,948	1,671,663	(753,715)	(45.09) %
Operation of non-instructional services	470,144	478,715	(8,571)	(1.79) %
Extracurricular activities	960,441	994,153	(33,712)	(3.39) %
Facilities acquisition and construction	62,913	204,874	(141,961)	(69.29) %
<b>Debt service:</b>				
Interest & fiscal charges	38,547	-	38,547	100.00 %
<b>Total</b>	<u>\$ 83,815,771</u>	<u>\$ 83,282,394</u>	<u>\$ 533,377</u>	0.64 %

Expenditures of the general fund increased \$533,377 or 0.64%. Among the District's instructional services, an increase in expenditures for special instruction. This increase, and the corresponding decrease in instructional staff expenditures, is due to coding changes implemented in USAS. The decrease in central expenditures is primarily due to a decrease in the purchase of technology equipment from fiscal year 2013.

The District's general fund recognized no debt service expenditures during fiscal year 2013, whereas during fiscal year 2014 the District made interest payments on the 2013 energy conservation bond.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(UNAUDITED)**

***Bond Retirement Fund***

In total, the bond retirement fund recognized \$7,606,058 in revenues and other financing sources and \$7,553,057 in expenditures during fiscal year 2014. During fiscal year 2014, the bond retirement fund's fund balance increased by \$53,001 from a balance of \$3,449,104 to a balance of \$3,502,105.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2014, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$77,630,013 and final budgeted revenues and other financing sources were \$84,014,269. Actual revenues and other financing sources for fiscal year 2014 were \$85,231,320; this represents a \$1,217,051 increase over final budgeted revenues.

General fund original appropriations and other financing uses totaled \$84,993,988 and final appropriations and other financing uses totaled \$84,896,364. The actual budget basis expenditures and other financing uses for fiscal year 2014 totaled \$84,294,511, which is less than the final budget appropriations by \$601,853.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2014, the District had \$110,646,279 invested in land, construction in progress, buildings and improvements, furniture, fixtures and equipment, and vehicles. This entire amount is reported in the District's governmental activities. The following table shows the District's net capital asset balances for 2014 and 2013.

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

	2014	2013
Land	\$ 461,616	\$ 461,616
Construction in progress	1,441,523	168,500
Building and improvements	105,523,874	105,415,260
Furniture, fixtures, and equipment	694,278	798,270
Vehicles	2,524,988	2,452,509
Total	\$ 110,646,279	\$ 109,296,155

The overall increase in capital assets of \$1,350,124 is due to capital asset additions of \$3,455,245 exceeding depreciation expense of \$2,095,175 and disposals with a net book value of \$9,946. See Note 10 to the basic financial statements for additional information on the District's capital assets.

***Debt Administration***

The following table summarizes the District's long term debt outstanding at June 30, 2014 and 2013.

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

	2014	2013
General obligation bonds	\$ 85,211,083	\$ 85,869,349
Unamortized premiums on bonds	4,565,001	4,845,446
Total	\$ 89,776,084	\$ 90,714,795

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(UNAUDITED)**

At June 30, 2014, the District had \$85,211,083 in general obligation bonds outstanding, including current interest bonds, capital appreciation bonds, and accreted interest. Of this total, \$4,090,309 is due within one year and \$81,120,774 is due in greater than one year. See Note 11 to the basic financial statements for additional information on the District's debt administration.

**Current Financial Related Activities**

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

**Contacting the District's Financial Management**

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

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

STATEMENT OF NET POSITION  
JUNE 30, 2014

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments . . . . .	\$ 23,943,209
Cash with fiscal agent . . . . .	17,976
Receivables:	
Property taxes . . . . .	61,495,127
Accounts . . . . .	44,904
Accrued interest . . . . .	10,694
Intergovernmental . . . . .	1,884,275
Prepayments . . . . .	151,005
Materials and supplies inventory . . . . .	152,598
Capital assets:	
Nondepreciable capital assets . . . . .	1,903,139
Depreciable capital assets, net . . . . .	108,743,140
Capital assets, net . . . . .	110,646,279
Total assets . . . . .	198,346,067
 <b>Deferred outflows of resources:</b>	
Unamortized deferred charges on debt refunding . . . . .	1,805,285
Total deferred outflows of resources . . . . .	1,805,285
 <b>Liabilities:</b>	
Accounts payable . . . . .	580,941
Contracts payable . . . . .	127,400
Accrued wages and benefits payable . . . . .	10,410,284
Pension obligation payable . . . . .	1,463,004
Intergovernmental payable . . . . .	378,644
Accrued interest payable . . . . .	293,795
Claims payable . . . . .	1,211,000
Matured bonds payable . . . . .	17,976
Long-term liabilities:	
Due within one year . . . . .	5,277,585
Due in more than one year . . . . .	92,653,115
Total liabilities . . . . .	112,413,744
 <b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year . . . . .	56,491,988
Total deferred inflows of resources . . . . .	56,491,988
 <b>Net position:</b>	
Net investment in capital assets . . . . .	23,611,501
Restricted for:	
Capital projects . . . . .	834,883
Debt service . . . . .	2,696,993
Permanent fund:	
Expendable . . . . .	894
Nonexpendable . . . . .	12,801
State funded programs . . . . .	260,053
Federally funded programs . . . . .	197,904
Student activities . . . . .	290,476
Other purposes . . . . .	839,948
Unrestricted . . . . .	2,500,167
Total net position . . . . .	\$ 31,245,620

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 36,363,264	\$ 833,159	\$ 185,977	\$ (35,344,128)
Special . . . . .	12,931,044	160,630	4,007,433	(8,762,981)
Vocational . . . . .	2,630,263	91,964	423,911	(2,114,388)
Adult/continuing . . . . .	92,941	-	96,774	3,833
Other . . . . .	4,515,328	-	82,781	(4,432,547)
Support services:				
Pupil . . . . .	7,399,986	291,301	285,134	(6,823,551)
Instructional staff . . . . .	3,465,511	179,752	295,220	(2,990,539)
Board of education . . . . .	78,949	-	2,400	(76,549)
Administration . . . . .	5,684,412	13,579	297,761	(5,373,072)
Fiscal . . . . .	1,962,857	-	-	(1,962,857)
Business . . . . .	550,804	-	-	(550,804)
Operations and maintenance . . . . .	8,006,649	55,884	23	(7,950,742)
Pupil transportation . . . . .	3,860,361	42,201	270,393	(3,547,767)
Central . . . . .	877,877	2,585	18,804	(856,488)
Operation of non-instructional services . . . . .	5,337,227	1,951,446	3,398,721	12,940
Extracurricular activities . . . . .	1,478,447	430,862	2,148	(1,045,437)
Debt service:				
Interest and fiscal charges . . . . .	3,874,893	-	-	(3,874,893)
<b>Total governmental activities . . . . .</b>	<b>\$ 99,110,813</b>	<b>\$ 4,053,363</b>	<b>\$ 9,367,480</b>	<b>(85,689,970)</b>

**General revenues:**

Property taxes levied for:	
General purposes . . . . .	57,820,633
Debt service . . . . .	6,594,216
Capital outlay . . . . .	599,999
Payment in lieu of taxes . . . . .	633,323
Grants and entitlements not restricted to specific programs . . . . .	24,145,012
Investment earnings . . . . .	162,671
Miscellaneous . . . . .	461,224
<b>Total general revenues . . . . .</b>	<b>90,417,078</b>
Change in net position . . . . .	4,727,108
<b>Net position at beginning of year . . . . .</b>	<b>26,518,512</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 31,245,620</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and investments . . . . .	\$ 13,965,796	\$ 3,236,594	\$ 3,388,310	\$ 20,590,700
Cash with fiscal agent . . . . .	-	17,976	-	17,976
Receivables:				
Property taxes . . . . .	54,609,542	6,308,071	577,514	61,495,127
Accounts . . . . .	37,476	-	4,915	42,391
Accrued interest . . . . .	10,694	-	-	10,694
Interfund loans . . . . .	40,000	-	-	40,000
Intergovernmental . . . . .	439,022	-	1,445,253	1,884,275
Prepayments . . . . .	138,192	-	12,813	151,005
Materials and supplies inventory . . . . .	103,004	-	49,594	152,598
Due from other funds . . . . .	678,229	-	-	678,229
Total assets . . . . .	<u>\$ 70,021,955</u>	<u>\$ 9,562,641</u>	<u>\$ 5,478,399</u>	<u>\$ 85,062,995</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 394,519	\$ -	\$ 186,422	\$ 580,941
Contracts payable . . . . .	-	-	127,400	127,400
Accrued wages and benefits payable . . . . .	9,587,380	-	822,904	10,410,284
Interfund loans payable . . . . .	-	-	40,000	40,000
Intergovernmental payable . . . . .	351,809	-	26,835	378,644
Pension obligation payable . . . . .	1,348,303	-	114,701	1,463,004
Due to other funds . . . . .	-	-	678,229	678,229
Matured bonds payable . . . . .	-	17,976	-	17,976
Total liabilities . . . . .	<u>11,682,011</u>	<u>17,976</u>	<u>1,996,491</u>	<u>13,696,478</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year . . . . .	50,134,619	5,823,926	533,443	56,491,988
Delinquent property tax revenue not available . . . . .	2,239,168	218,634	20,773	2,478,575
Accrued interest not available . . . . .	9,186	-	-	9,186
Intergovernmental revenue not available . . . . .	220,514	-	767,024	987,538
Miscellaneous revenue not available . . . . .	169,751	-	-	169,751
Total deferred inflows of resources . . . . .	<u>52,773,238</u>	<u>6,042,560</u>	<u>1,321,240</u>	<u>60,137,038</u>
<b>Fund balances:</b>				
Nonspendable . . . . .	241,196	-	75,208	316,404
Restricted . . . . .	-	3,502,105	2,708,986	6,211,091
Committed . . . . .	-	-	20,745	20,745
Assigned . . . . .	5,325,510	-	-	5,325,510
Unassigned (deficit) . . . . .	-	-	(644,271)	(644,271)
Total fund balances . . . . .	<u>5,566,706</u>	<u>3,502,105</u>	<u>2,160,668</u>	<u>11,229,479</u>
Total liabilities, deferred inflows of resources, and fund balances . . . . .	<u>\$ 70,021,955</u>	<u>\$ 9,562,641</u>	<u>\$ 5,478,399</u>	<u>\$ 85,062,995</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2014

<b>Total governmental fund balances</b>		\$	11,229,479
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			110,646,279
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows of resources in the funds.			
Property taxes receivable	\$	2,478,575	
Accrued interest receivable		9,186	
Intergovernmental receivable		1,157,289	
Total		3,645,050	3,645,050
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities on the statement of net position.			2,144,022
Unamortized premiums on bonds issued are not recognized in the funds.			(4,565,001)
Unamortized deferred charges on refundings are not recognized in the funds.			1,805,285
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(293,795)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(85,211,083)	
Compensated absences		(8,154,616)	
Total		(93,365,699)	(93,365,699)
<b>Net position of governmental activities</b>		\$	31,245,620

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 57,585,899	\$ 6,588,635	\$ 599,682	\$ 64,774,216
Payment in lieu of taxes . . . . .	633,323	-	-	633,323
Tuition. . . . .	781,761	-	458,823	1,240,584
Transportation fees . . . . .	42,201	-	-	42,201
Earnings on investments. . . . .	163,214	-	5,503	168,717
Charges for services. . . . .	-	-	1,430,120	1,430,120
Extracurricular . . . . .	279,282	-	374,719	654,001
Classroom materials and fees . . . . .	164,675	-	-	164,675
Rental income. . . . .	55,433	-	-	55,433
Contributions and donations. . . . .	74,126	-	3,528	77,654
Contract services . . . . .	466,125	-	-	466,125
Other local revenues. . . . .	391,315	-	68,133	459,448
Intergovernmental - state. . . . .	25,890,786	931,301	1,711,348	28,533,435
Intergovernmental - federal . . . . .	-	-	5,661,186	5,661,186
Total revenues . . . . .	<u>86,528,140</u>	<u>7,519,936</u>	<u>10,313,042</u>	<u>104,361,118</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	34,977,720	-	314,229	35,291,949
Special. . . . .	10,412,028	-	2,292,045	12,704,073
Vocational. . . . .	2,525,149	-	83,588	2,608,737
Adult/continuing . . . . .	-	-	102,281	102,281
Other . . . . .	4,422,253	-	85,050	4,507,303
Support services:				
Pupil. . . . .	6,961,830	-	450,035	7,411,865
Instructional staff . . . . .	2,649,707	-	765,466	3,415,173
Board of education . . . . .	75,494	-	3,455	78,949
Administration . . . . .	5,214,666	-	333,708	5,548,374
Fiscal . . . . .	1,853,831	85,388	8,578	1,947,797
Business . . . . .	518,184	-	1,785	519,969
Operations and maintenance . . . . .	8,206,605	-	205,983	8,412,588
Pupil transportation. . . . .	3,548,311	-	304,308	3,852,619
Central . . . . .	917,948	-	19,403	937,351
Operation of non-instructional services. . . . .	470,144	-	4,711,575	5,181,719
Extracurricular activities . . . . .	960,441	-	311,838	1,272,279
Facilities acquisition and construction. . . . .	62,913	-	2,613,520	2,676,433
Debt service:				
Principal retirement . . . . .	-	3,738,427	-	3,738,427
Interest and fiscal charges . . . . .	38,547	3,654,430	-	3,692,977
Bond issuance costs . . . . .	-	74,812	-	74,812
Total expenditures. . . . .	<u>83,815,771</u>	<u>7,553,057</u>	<u>12,606,847</u>	<u>103,975,675</u>

(Continued)

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014 - CONTINUED

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	\$ 2,712,369	\$ (33,121)	\$ (2,293,805)	\$ 385,443
<b>Other financing sources (uses):</b>				
Issuance of bonds . . . . .	-	13,000	2,810,000	2,823,000
Premium on bonds . . . . .	-	73,122	-	73,122
Transfers in . . . . .	-	-	13,500	13,500
Transfers (out) . . . . .	(13,500)	-	-	(13,500)
Total other financing sources (uses) . . . . .	<u>(13,500)</u>	<u>86,122</u>	<u>2,823,500</u>	<u>2,896,122</u>
Net change in fund balances . . . . .	2,698,869	53,001	529,695	3,281,565
<b>Fund balances at beginning of year . . . . .</b>	2,863,863	3,449,104	1,631,285	7,944,252
<b>Increase (decrease) in reserve for inventory . . .</b>	3,974	-	(312)	3,662
<b>Fund balances at end of year. . . . .</b>	<u>\$ 5,566,706</u>	<u>\$ 3,502,105</u>	<u>\$ 2,160,668</u>	<u>\$ 11,229,479</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<b>Net change in fund balances of governmental funds</b>	\$	3,281,565
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 3,455,245	
Current year depreciation	<u>(2,095,175)</u>	
Total		1,360,070
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(9,946)
Governmental funds report expenditures for inventory when purchased; however, in the statement of activities, they are reported as an expense when consumed.		
		3,662
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Property taxes	240,632	
Earnings on investments	(2,365)	
Intergovernmental	(761,522)	
Miscellaneous	<u>47,624</u>	
Total		(475,631)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		3,738,427
The issuances of bonds are recorded as other financing sources in the governmental funds; however, the issuances are not reported in the statement of activities as they increase long-term liabilities on the statement of net position.		
		(2,823,000)
Premiums on bond issuances are reported as an other financing source in the governmental funds but are amortized over the term of the issuance on the statement of activities.		
		(73,122)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	10,066	
Accreted interest on capital appreciation bonds	(257,161)	
Amortization of bond premiums	353,567	
Amortization of deferred charges	<u>(213,576)</u>	
Total		(107,104)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
		(69,459)
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>(98,354)</u>
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>4,727,108</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 47,458,730	\$ 51,361,713	\$ 57,288,470	\$ 5,926,757
Payment in lieu of taxes. . . . .	1,070,136	1,158,144	633,323	(524,821)
Tuition. . . . .	753,452	815,416	781,982	(33,434)
Transportation fees . . . . .	91,005	98,489	42,356	(56,133)
Earnings on investments . . . . .	88,101	95,346	70,027	(25,319)
Extracurricular . . . . .	91,791	99,340	48,770	(50,570)
Classroom materials and fees. . . . .	6,392	6,918	2,795	(4,123)
Rental income. . . . .	63,607	68,838	53,807	(15,031)
Contributions and donations . . . . .	-	-	2,000	2,000
Other local revenues . . . . .	628,247	679,914	392,972	(286,942)
Intergovernmental - state . . . . .	27,327,024	29,574,385	25,890,786	(3,683,599)
Total revenues . . . . .	<u>77,578,485</u>	<u>83,958,503</u>	<u>85,207,288</u>	<u>1,248,785</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	35,195,382	35,122,820	34,958,810	164,010
Special . . . . .	10,512,303	10,490,630	10,470,208	20,422
Vocational . . . . .	2,577,723	2,572,409	2,540,167	32,242
Other . . . . .	4,750,005	4,740,212	4,736,504	3,708
Support services:				
Pupil . . . . .	6,910,759	6,896,511	6,826,696	69,815
Instructional staff . . . . .	2,768,545	2,762,837	2,754,445	8,392
Board of education. . . . .	48,394	48,294	76,436	(28,142)
Administration. . . . .	5,294,969	5,284,052	5,198,329	85,723
Fiscal . . . . .	1,775,342	1,771,682	1,908,506	(136,824)
Business . . . . .	542,913	541,794	521,206	20,588
Operations and maintenance. . . . .	8,773,474	8,755,386	8,457,537	297,849
Pupil transportation . . . . .	3,605,393	3,597,960	3,633,425	(35,465)
Central . . . . .	1,073,683	1,071,469	1,005,030	66,439
Operation of non-instructional services . . . . .	81,378	81,210	71,318	9,892
Extracurricular activities. . . . .	969,336	967,338	965,252	2,086
Facilities acquisition and construction . . . . .	85,389	85,213	78,595	6,618
Debt service:				
Interest and fiscal charges. . . . .	-	38,547	38,547	-
Total expenditures . . . . .	<u>84,964,988</u>	<u>84,828,364</u>	<u>84,241,011</u>	<u>587,353</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(7,386,503)</u>	<u>(869,861)</u>	<u>966,277</u>	<u>1,836,138</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures. . . . .	51,528	55,766	24,032	(31,734)
Transfers (out). . . . .	(29,000)	(28,000)	(13,500)	14,500
Advances (out) . . . . .	-	(40,000)	(40,000)	-
Total other financing sources (uses) . . . . .	<u>22,528</u>	<u>(12,234)</u>	<u>(29,468)</u>	<u>(17,234)</u>
Net change in fund balance . . . . .	(7,363,975)	(882,095)	936,809	1,818,904
<b>Fund balance at beginning of year . . . . .</b>	<b>11,270,584</b>	<b>11,270,584</b>	<b>11,270,584</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>1,060,936</b>	<b>1,060,936</b>	<b>1,060,936</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 4,967,545</u></b>	<b><u>\$ 11,449,425</u></b>	<b><u>\$ 13,268,329</u></b>	<b><u>\$ 1,818,904</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2014

	<u><b>Governmental Activities - Internal Service Funds</b></u>
<b>Assets:</b>	
Equity in pooled cash and investments . . . . .	\$ 3,352,509
Receivables:	
Accounts . . . . .	<u>2,513</u>
Total assets. . . . .	<u>3,355,022</u>
<b>Liabilities:</b>	
Claims payable . . . . .	<u>1,211,000</u>
Total liabilities . . . . .	<u>1,211,000</u>
<b>Net position:</b>	
Unrestricted . . . . .	<u>2,144,022</u>
Total net position. . . . .	<u><u>\$ 2,144,022</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<b>Governmental Activities - Internal Service Funds</b>
<b>Operating revenues:</b>	
Charges for services . . . . .	\$ 13,719,509
Total operating revenues. . . . .	<u>13,719,509</u>
<b>Operating expenses:</b>	
Purchased services. . . . .	1,463,571
Claims expense . . . . .	<u>12,354,350</u>
Total operating expenses . . . . .	<u>13,817,921</u>
Operating loss. . . . .	<u>(98,412)</u>
<b>Nonoperating revenues:</b>	
Interest revenue . . . . .	58
Total nonoperating revenues . . . . .	<u>58</u>
Change in net position . . . . .	(98,354)
<b>Net position at beginning of year. . . . .</b>	<u>2,242,376</u>
<b>Net position at end of year . . . . .</b>	<u>\$ 2,144,022</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<b>Governmental Activities - Internal Service Funds</b>
<b>Cash flows from operating activities:</b>	
Cash received from charges for services . . . . .	\$ 13,716,996
Cash payments for purchased services . . . . .	(1,463,571)
Cash payments for claims . . . . .	<u>(12,122,350)</u>
Net cash provided by operating activities . . . . .	<u>131,075</u>
<b>Cash flows from investing activities:</b>	
Interest received . . . . .	<u>58</u>
Net cash provided by investing activities . . . . .	<u>58</u>
Net increase in cash and investments . . . . .	131,133
<b>Cash and investments at beginning of year . . . . .</b>	<u>3,221,376</u>
<b>Cash and investments at end of year . . . . .</b>	<u><u>\$ 3,352,509</u></u>
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>	
Operating loss . . . . .	\$ (98,412)
Changes in assets and liabilities:	
(Increase) in accounts receivable. . . . .	(2,513)
Increase in claims payable. . . . .	<u>232,000</u>
Net cash provided by operating activities . . . . .	<u><u>\$ 131,075</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
JUNE 30, 2014

	<b>Agency</b>
<b>Assets:</b>	
Equity in pooled cash and investments . . . . .	\$ 247,256
Total assets. . . . .	\$ 247,256
<b>Liabilities:</b>	
Accounts payable. . . . .	\$ 5,520
Due to students . . . . .	69,822
Due to others . . . . .	152,464
Claims payable . . . . .	19,450
Total liabilities . . . . .	\$ 247,256

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

The Kettering City School District (the "District") was originally chartered in 1841 by the Ohio State Legislature. In 1853 State laws were enacted to create local Boards of Education. Today, the District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code.

The District operates under a locally elected five-member Board form of government and provides educational services in accordance with the constitution and laws of the State of Ohio and as required federal agencies. This Board controls the District's instructional and support facilities staffed by 432 classified personnel and 582 certificated teaching and administrative personnel to provide services to students and other community members. The District currently operates one early education center, eight elementary schools, two middle schools (grades 6-8), and one comprehensive high school (grades 9-12).

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," as amended by GASB Statement No. 39 "*Determining Whether Certain Organizations Are Component Units*" and GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes student instruction (regular, special education, vocational, adult/continuing, and other), student guidance, extracurricular activities, food service, pupil transportation, and care and upkeep of grounds and buildings.

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

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

*JOINTLY GOVERNED ORGANIZATIONS*

*Metropolitan Dayton Educational Computer Association* - The District is a member of the Metropolitan Dayton Educational Computer Association (MDECA), which is a computer consortium of area school districts sharing computer resources. MDECA is an association of public school districts in a geographical area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative instructional functions among member districts. The Board of MDECA consists of one representative from each of the participating members. Each member pays an annual membership fee plus any other fees for services performed by the consortium. During fiscal year 2014, the District paid \$52,656 to MDECA for services. To obtain financial information, write to the Metropolitan Dayton Educational Computer Association, Dean Reineke, who serves as Executive Director, 225 Linwood Street, Dayton, Ohio 45405.

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

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

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

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net position is to be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the general fund and amounted to \$2,902 during fiscal year 2014. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Frank DePalma, who serves as Interim Director, 1205 East Fifth Street, Dayton, Ohio 45402.

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

*PUBLIC ENTITY RISK POOL*

Southwestern Ohio Educational Purchasing Council - The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing council made up of over 139 schools in 18 counties. The purpose of the council is to obtain prices for quality merchandise and services commonly used by schools. All members are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the members. Any member withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. During fiscal year 2014, the District paid \$3,377 to the SOEPC for membership. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, Director, 303 Corporate Center Drive Suite 208, Vandalia, Ohio 45377.

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The following are the District's major governmental funds:

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

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

*PROPRIETARY FUNDS*

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

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

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations or other governments and therefore not available to support the District's own programs. The District has no trust funds.

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

**C. Basis of Presentation and Measurement Focus**

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid the "doubling up" of revenues and expenses.

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

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

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

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

Fiduciary funds generally are reported using the economic resources measurement focus; however, agency funds do not report a measurement focus as they do not report operations.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

*Revenues - Exchange and Nonexchange Transactions* - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

**KETTERING CITY SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, payment in lieu of taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 5). Revenue from payment in lieu of taxes, grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes, interest, transportation fees, tuition, rental income, grants, student fees, and other local revenues.

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

Property taxes for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows. Grants not received within the available period, grants and entitlements received before their timing requirements are met, and delinquent property taxes due at June 30, 2014, are recorded as deferred inflows on the governmental fund financial statements.

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

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

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**E. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year.

**KETTERING CITY SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

1. Tax Budget - Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the County Budget Commission for rate determination. Montgomery County has waived this requirement for the District.
2. Estimated Resources - Prior to April 1, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported as the final budgeted amount on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2014.
3. Appropriations - A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 through September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 through June 30. The appropriation resolution establishes spending controls at the fund level except for the general fund which is budgeted at the object level. The appropriation resolution may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by management. During the year, several supplemental appropriations were necessary to budget the use of contingency funds. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the statement of revenues, expenditures, and changes in fund balance - budget and actual are provided on the financial statement basis to provide a comparison of actual results to the final budget, including all amendments and modifications.
4. Encumbrances - As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities.
5. Lapsing of Appropriations - At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be re-appropriated.

**KETTERING CITY SCHOOL DISTRICT  
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**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

6. *Budgetary Basis of Accounting* - The District's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. Encumbrances are recorded as the equivalent of expenditures (budgetary basis) as opposed to a restricted, committed, or assigned designation of fund balance (GAAP basis).

**F. Cash and Investments**

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

During fiscal year 2014, the District's investments included, federal agency securities, negotiable certificates of deposit, U.S. government money market mutual funds, and the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for non-participating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price at which the investment could be sold on June 30, 2014.

Under existing Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2014 totaled \$163,214, which includes \$59,567 assigned from other District funds.

For presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investments at year end is provided in Note 4.

**G. Inventory**

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

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

**KETTERING CITY SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

**H. Capital Assets**

General capital assets are those assets specifically related to governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$2,500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset life are not. Interest incurred during the construction of capital assets is also capitalized.

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

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

**I. Accrued Liabilities and Long-Term Obligations**

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

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

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

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

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

**KETTERING CITY SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

**K. Compensated Absences**

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if (a) the employees' rights to payment are attributable to services already rendered; and (b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2014, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave for employees expected to become eligible to retire in the future, all employees with at least 20 years of service, regardless of age, and employees with at least five years of service who are of at least sixty years of age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2014 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

**L. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. These classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable in the general fund.

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

**KETTERING CITY SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Education has by resolution authorized the treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments general only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**M. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for food service operations and a special trust.

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

**N. Pensions and Postemployment Benefits**

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

**KETTERING CITY SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

**O. Prepayments**

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

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

**P. Interfund Balances**

On fund financial statements, receivables and payables resulting from cash deficits among the governmental activities are classified as amounts "due to/from other funds". On fund financial statements, receivables and payables resulting from short-term interfund loans between governmental funds are classified as "interfund loans receivable/payable." These amounts are eliminated in the governmental activities column on the statement of net position.

**Q. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in the governmental funds and as an adjustment to net position following nonoperating revenues/expenses in the proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund activity between governmental funds is eliminated in the statement of activities.

**R. Private/Parochial Schools**

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

**S. Estimates**

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

**T. Extraordinary and Special items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2014.

**KETTERING CITY SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2014, the District has implemented GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balances**

Fund balances at June 30, 2014 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Pathfinder/preschool	\$ 78,520
Public school preschool	16,315
Alternative	935
Other state funds	4,927
Adult basic education	32,192
Race to the top	6,840
IDEA Part B	240,950
Bilingual education	172
Title I	246,802
Preschool grant	4,686
Title II	2,345

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

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described items in (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all non-FDIC insured public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities resending the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**KETTERING CITY SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

**A. Cash with Fiscal Agent**

At June 30, 2014, \$17,976 was on deposit in the District's debt service clearing account. This amount is not part of the District's internal investment pool and has been excluded from the total amount of deposits reported below. The balance of this account is reported on the financial statements as "cash with fiscal agent".

**B. Deposits with Financial Institutions**

At June 30, 2014, the carrying amount of all District deposits was \$13,074,371. Based on the criteria described in GASB Statement No. 40, "*Deposits and Investment Risk Disclosures*", as of June 30, 2014, \$8,247,314 of the District's bank balance of \$13,503,803 was exposed to custodial risk as discussed below, while \$5,256,489 was covered by the FDIC.

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

**C. Investments**

The District's investments at June 30, 2014, were as follows:

Investment type	Fair Value	Investment Maturity				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
FHLB	\$ 1,296,139	\$ -	\$ -	\$ -	\$ -	\$ 1,296,139
FHLMC	250,217	-	-	-	-	250,217
FNMA	2,094,610	-	-	-	270,002	1,824,608
FFCB	1,292,239	-	-	-	-	1,292,239
Negotiable CDs	2,140,810	400,802	-	-	500,487	1,239,521
STAR Ohio	3,224,892	3,224,892	-	-	-	-
US government money market	817,187	817,187	-	-	-	-
Total	<u>\$ 11,116,094</u>	<u>\$ 4,442,881</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 770,489</u>	<u>\$ 5,902,724</u>

At June 30, 2014, the weighted average yield to maturity of the District's investments is 1.85 years.

**KETTERING CITY SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

*Credit Risk:* STAR Ohio and the U.S. government money market carry ratings of AAAm by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's federal agency securities were rated Aaa by Moody's Investor Services and AA+ by Standard and Poor's. The District's negotiable certificates of deposit were not rated.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent, but not in the District's name. The negotiable certificates of deposit are not exposed to custodial credit risk as they are insured by the FDIC in their full amounts. The District has no investment policy dealing with investment custodial risk beyond the requirements of State statute.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2014:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLB	\$ 1,296,139	11.66
FHLMC	250,217	2.25
FNMA	2,094,610	18.84
FFCB	1,292,239	11.63
Negotiable CDs	2,140,810	19.26
STAR Ohio	3,224,892	29.01
US government money market	817,187	7.35
Total	<u>\$ 11,116,094</u>	<u>100.00</u>

**D. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position and statement of fiduciary assets and liabilities as of June 30, 2014:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$13,074,371
Investments	11,116,094
Cash with fiscal agent	17,976
Total	<u>\$24,208,441</u>

**KETTERING CITY SCHOOL DISTRICT  
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**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$23,961,185
Agency funds	<u>247,256</u>
Total	<u>\$24,208,441</u>

**NOTE 5 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Public utility real and personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Montgomery and Greene Counties. The County Auditors periodically advance to the District their portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available as an advance at June 30, 2014 was \$2,235,755 in the general fund, \$265,511 in the bond retirement fund and \$23,298 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2013 was \$1,723,141 in the general fund, \$222,314 in the bond retirement fund and \$19,885 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

**KETTERING CITY SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second Half Collections		2014 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 1,172,169,030	91.94	\$ 1,166,011,970	91.18
Public utility personal	<u>102,770,980</u>	<u>8.06</u>	<u>112,802,920</u>	<u>8.82</u>
Total	<u>\$ 1,274,940,010</u>	<u>100.00</u>	<u>\$ 1,278,814,890</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 78.00		\$ 82.89	

**NOTE 6 - PAYMENT IN LIEU OF TAXES**

The District has entered into tax incremental financing agreements with local companies. These companies were granted reductions or exemptions from property tax obligations to encourage economic development in the area; however, as part of these agreements, the companies make payments in lieu of taxes to the District to compensate the District for its portion of the reduction in property tax receipts. On the governmental fund financial statements, payment in lieu of taxes receipts totaled \$633,323 in the general fund during fiscal year 2014.

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2014 consisted of taxes, accounts, accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

<b>Governmental activities:</b>	
Property taxes	\$ 61,495,127
Accounts	44,904
Accrued interest	10,694
Intergovernmental	<u>1,884,275</u>
Total	<u>\$ 63,435,000</u>

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

**KETTERING CITY SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 8 - INTERFUND TRANSFERS**

Following is a summary of transfers in and out for all funds at June 30, 2014:

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

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

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

**NOTE 9 - INTERFUND BALANCES**

- A.** Interfund balances at June 30, 2014, as reported on the fund statements, consist of the following individual short-term interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 40,000</u>

The primary purpose of the interfund balance is to cover costs in the Pathfinder/preschool fund (a nonmajor governmental fund) where revenues were not received by June 30. The interfund balance will be repaid once the anticipated revenues are received. The interfund balance is expected to be repaid within one year.

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

- B.** Interfund balances at June 30, 2014, as reported on the fund statements, consist of the following amounts due to and due from other funds:

<u>Due to</u>	<u>Due from</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 678,229</u>

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

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

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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 10 - CAPITAL ASSETS**

Capital asset activity for fiscal year 2014 is as follows:

<b>Governmental activities:</b>	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
<i>Capital assets not being depreciated:</i>				
Land	\$ 461,616	\$ -	\$ -	\$ 461,616
Construction in progress	<u>168,500</u>	<u>1,441,523</u>	<u>(168,500)</u>	<u>1,441,523</u>
Total capital assets not being depreciated	<u>630,116</u>	<u>1,441,523</u>	<u>(168,500)</u>	<u>1,903,139</u>
<i>Capital assets being depreciated:</i>				
Building and improvements	136,203,186	1,831,808	-	138,034,994
Furniture, fixtures, and equipment	3,845,839	42,024	(35,073)	3,852,790
Vehicles	<u>4,599,543</u>	<u>308,390</u>	<u>(119,924)</u>	<u>4,788,009</u>
Total capital assets being depreciated	<u>144,648,568</u>	<u>2,182,222</u>	<u>(154,997)</u>	<u>146,675,793</u>
<i>Less: accumulated depreciation:</i>				
Building and improvements	(30,787,926)	(1,723,194)	-	(32,511,120)
Furniture, fixtures, and equipment	(3,047,569)	(146,016)	35,073	(3,158,512)
Vehicles	<u>(2,147,034)</u>	<u>(225,965)</u>	<u>109,978</u>	<u>(2,263,021)</u>
Total accumulated depreciation	<u>(35,982,529)</u>	<u>(2,095,175)</u>	<u>145,051</u>	<u>(37,932,653)</u>
Governmental activities capital assets, net	<u>\$ 109,296,155</u>	<u>\$ 1,528,570</u>	<u>\$ (178,446)</u>	<u>\$ 110,646,279</u>

Depreciation expense was charged to governmental functions as follows:

<b>Instruction:</b>	
Regular	\$ 1,114,638
Special	38,524
Vocational	65,450
<b>Support services:</b>	
Pupil	8,290
Instructional staff	57,911
Administration	155,677
Fiscal	525
Operations and maintenance	75,701
Pupil transportation	233,019
Central	11,673
Operation of non-instructional services	146,945
Extracurricular activities	<u>186,822</u>
Total depreciation expense	<u>\$ 2,095,175</u>

**KETTERING CITY SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 11 - LONG-TERM OBLIGATIONS**

A. The activity of the long-term obligations of the District's governmental activities for the fiscal year ended June 30, 2014, is as follows:

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014	Amount Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds:					
2002 Energy Conservation	\$ 311,239	\$ -	\$ (98,427)	\$ 212,812	\$ 103,654
2003 School Improvement	2,390,000	-	(2,390,000)	-	-
2004 School Improvement	400,000	-	(400,000)	-	-
2005 School Improvement Refunding	1,405,000	-	(685,000)	720,000	720,000
2006 School Improvement Refunding	9,648,988	77,182	(40,000)	9,686,170	50,000
2007 School Improvement Refunding	56,672,696	62,269	(45,000)	56,689,965	424,965
2012 School Improvement Refunding	8,145,071	91,619	-	8,236,690	2,496,690
2012 Taxable School Improvement Refunding	6,896,355	26,091	(80,000)	6,842,446	80,000
2013 School Improvement	-	413,000	-	413,000	80,000
2013 Energy Conservation	-	2,410,000	-	2,410,000	135,000
Total general obligation bonds	85,869,349	3,080,161	(3,738,427)	85,211,083	4,090,309
Compensated Absences	8,085,157	1,465,786	(1,396,327)	8,154,616	1,187,276
Total governmental activities long-term debt	<u>\$ 93,954,506</u>	<u>\$ 4,545,947</u>	<u>\$ (5,134,754)</u>	93,365,699	<u>\$ 5,277,585</u>
Add: Unamortized premiums on bonds				4,565,001	
Total long-term liabilities reported on the statement of net position				<u>\$ 97,930,700</u>	

**B. Compensated Absences**

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

**C. General Obligation Bonds**

At June 30, 2014, the District had eight outstanding general obligation bond issuances. These bonds were used to finance the construction and/or renovation of the District's buildings, to finance renovations to reduce the District's energy consumption, and to advance refund previous issuances. These general obligation bonds are direct obligations of the District for which its full faith, credit, and resources are pledged and payable from taxes levied on all taxable property in the District. Payments of principal and interest related to these bonds are recorded as expenditures of the bond retirement fund, except for the 2013 energy conservation bonds, which are paid from the general fund.

**KETTERING CITY SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

	Balance 6/30/13	Additions	Reductions	Balance 6/30/14
<b>General obligation bonds:</b>				
2002 Energy Conservation Current interest bonds	\$ 311,239	\$ -	\$ (98,427)	\$ 212,812
2003 School Improvement Current interest bonds	2,390,000	-	(2,390,000)	-
2004 School Improvement Current interest bonds	400,000	-	(400,000)	-
2005 School Improvement Refunding Current interest bonds	1,405,000	-	(685,000)	720,000
2006 School Improvement Refunding Current interest bonds	9,430,000	-	(40,000)	9,390,000
Capital appreciation bonds	29,994	-	-	29,994
Accreted interest	188,994	77,182	-	266,176
Total 2006 School Improvement Refunding	9,648,988	77,182	(40,000)	9,686,170
2007 School Improvement Refunding Current interest bonds	56,310,000	-	(45,000)	56,265,000
Capital appreciation bonds	134,996	-	-	134,996
Accreted interest	227,700	62,269	-	289,969
Total 2007 School Improvement Refunding	56,672,696	62,269	(45,000)	56,689,965
2012 School Improvement Refunding Current interest bonds	7,740,000	-	-	7,740,000
Capital appreciation bonds	354,954	-	-	354,954
Accreted interest	50,117	91,619	-	141,736
Total 2012 School Improvement Refunding	8,145,071	91,619	-	8,236,690
2012 Taxable School Improvement Refunding Current interest bonds	6,785,000	-	(80,000)	6,705,000
Capital appreciation bonds	99,986	-	-	99,986
Accreted interest	11,369	26,091	-	37,460
Total 2012 Taxable School Improvement Refunding	6,896,355	26,091	(80,000)	6,842,446
2013 School Improvement Bonds Current interest bonds	-	413,000	-	413,000
2013 Energy Conservation Bonds Current interest bonds	-	2,410,000	-	2,410,000
Total general obligation bonds	\$ 85,869,349	\$ 3,080,161	\$ (3,738,427)	\$ 85,211,083

**KETTERING CITY SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

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

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

Remaining principal on the current interest term bonds of \$109,158 is payable at maturity on December 1, 2015. Sinking fund payments made during 2014 amounted to \$98,427 and are reflected as principal payments of the bond retirement fund.

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

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

Portions of the 2003 School Improvement general obligation bonds were refunded during fiscal years 2007 and 2013 by the District's 2006 School Improvement Refunding general obligation bonds, 2007 School Improvement Refunding general obligation bonds, and 2012 School Improvement Refunding general obligation bonds. The 2006 School Improvement Refunding general obligation bonds refunded \$585,000 in current interest serial bonds and \$9,055,000 in current interest term bonds. The 2007 School Improvement Refunding general obligation bonds refunded \$42,965,000 in current interest serial bonds and \$2,995,000 in current interest term bonds. The 2012 School Improvement Refunding general obligation bonds refunded \$4,805,000 in current interest serial bonds and \$3,290,000 in current interest term bonds for a total of \$8,095,000. Principal payments made during fiscal year 2014 amounted to \$2,390,000 and were paid from the bond retirement fund.

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

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

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

**KETTERING CITY SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

On March 8, 2007, \$11,400,000 of the 2004 School Improvement general obligation current interest term bonds was refunded by the District's 2007 School Improvement Refunding general obligation bonds. Principal payments on the 2004 School Improvement general obligation bonds made during 2014 amounted to \$400,000 and were paid from the bond retirement fund.

2005 School Improvement Refunding - On October 7, 2004, the District issued 2005 School Improvement Refunding general obligation bonds to advance refund the District's 1994 School Improvement general obligation bonds. The issuance proceeds of \$12,149,989 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt, the outstanding balance of which totaled \$11,740,000 at June 30, 2014, is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

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

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

On November 27, 2012, \$3,435,000 in current interest serial refunding bonds and \$3,450,000 in current interest term refunding bonds were refunded by the District's 2012 Taxable School Improvement Refunding general obligation bonds. Principal payments on the 2005 School Improvement Refunding general obligation bonds made during 2014 amounted to \$685,000 and were paid from the bond retirement fund; principal remaining to be paid by the District on the unrefunded portion of the current interest serial bonds is \$720,000 at June 30, 2014. Interest rates on the remaining, unrefunded bonds range from 3.35% to 4.5% with interest payments due on June 1 and December 1 of each year until final maturity at December 1, 2014.

2006 School Improvement Refunding - On November 2, 2006, the District issued 2006 School Improvement Refunding general obligation bonds to advance refund \$9,640,000 of the District's 2003 School Improvement general obligation bonds. The issuance proceeds of \$9,639,994 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt, the outstanding balance of which totaled \$9,640,000 at June 30, 2014, is considered defeased (in-substance) and, accordingly, has been removed from the statement of net position.

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

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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

The capital appreciation refunding bonds mature on December 1, 2016 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date at a stated approximate yield to maturity of 4.05%. The accreted value at maturity for the capital appreciation bonds is \$630,000. Total accreted interest of \$266,176 has been included in the statement of net position.

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

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

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

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

*2007 School Improvement Refunding* - On March 8, 2007, the District issued 2007 School Improvement Refunding general obligation bonds to advance refund a portion of the District's 2003 School Improvement general obligation bonds (principal \$45,960,000) and a portion of the District's 2004 School Improvement general obligation bonds (principal \$11,400,000). The issuance proceeds of \$57,359,996 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt, the outstanding balance of which totaled \$57,360,000 at June 30, 2014, is considered defeased (in-substance) and, accordingly, has been removed from the statement of net position.

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

The capital appreciation refunding bonds mature on December 1, 2014 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date at a stated approximate yield to maturity of 4.05%. The accreted value at maturity for the capital appreciation bonds is \$460,000. Total accreted interest of \$289,969 has been included in the statement of net position.

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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

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

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

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

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

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

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

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

*2012 School Improvement Refunding* - On October 10, 2012, the District issued 2012 School Improvement Refunding general obligation bonds to advance refund an \$8,095,000 portion of the District's 2003 School Improvement general obligation bonds. The issuance proceeds of \$8,094,954 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt, the outstanding balance of which totaled \$8,095,000 at June 30, 2014, is considered defeased (in-substance) and, accordingly, has been removed from the statement of net position.

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

The capital appreciation refunding bonds mature on December 1, 2014 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date at a stated approximate yield to maturity of 0.83%. The accreted value at maturity for the capital appreciation bonds is \$550,000. Total accreted interest of \$141,736 has been included in the statement of net position.

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

The reacquisition price exceeded the net carrying amount of the old debt by \$63,192. This amount is amortized as a deferred outflow of resources over the remaining term of the refunded debt, which is equal to the term of the new debt issued.

2012 Taxable School Improvement Refunding - On November 27, 2012, the District issued 2012 Taxable School Improvement Refunding general obligation bonds to advance refund a \$6,885,000 portion of the District's 2005 School Improvement Refunding general obligation bonds. The issuance proceeds of \$6,884,986 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt, the balance of which totaled \$6,885,000 at June 30, 2014, is considered defeased (in-substance) and, accordingly, has been removed from the statement of net position.

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

The capital appreciation refunding bonds mature on December 1, 2020 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date at a stated approximate yield to maturity of 2.7%. The accreted value at maturity for the capital appreciation bonds is \$540,000. Total accreted interest of \$37,460 has been included in the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$535,868. This amount is amortized as a deferred outflow of resources over the remaining term of the refunded debt, which is equal to the term of the new debt issued.

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

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

The District had unspent bond proceeds of \$328,080 at June 30, 2014 (net of contracts payable of \$127,400).

**KETTERING CITY SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

**D. Debt Service Requirements**

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

Year Ended	Current Interest Serial/Term Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 3,168,654	\$ 3,580,379	\$ 6,749,033	\$ 489,950	\$ 520,050	\$ 1,010,000
2016	4,300,158	3,441,978	7,742,136	-	-	-
2017	3,728,000	3,279,715	7,007,715	29,994	600,006	630,000
2018	4,529,000	3,105,489	7,634,489	-	-	-
2019	4,720,000	2,913,553	7,633,553	-	-	-
2020 - 2024	24,145,000	11,487,469	35,632,469	99,986	440,014	540,000
2025 - 2029	26,315,000	6,075,405	32,390,405	-	-	-
2030 - 2032	12,950,000	672,306	13,622,306	-	-	-
Total	<u>\$ 83,855,812</u>	<u>\$ 34,556,294</u>	<u>\$ 118,412,106</u>	<u>\$ 619,930</u>	<u>\$ 1,560,070</u>	<u>\$ 2,180,000</u>

**E. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2014, are a voted debt margin of \$36,742,515 (including available funds of \$3,502,105), an unvoted debt margin of \$1,278,815, and an energy conservation debt margin of \$8,886,522.

**NOTE 12 - RISK MANAGEMENT**

**A. Property and Liability Insurance**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2014, 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

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

**B. Workers' Compensation**

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

**C. Employee Benefits**

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

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

The District is self-insured for employee dental care benefits and health insurance benefits. The dental program is administered by CoreSource, which provides claims review and processing services. The health program is administered by United Health Care, which provides claims review and processing services. Both of the self-insurance programs are accounted for in the District's internal service funds. Claims incurred but not reported within the District's self-insurance internal service funds were \$78,000 for dental care benefits and \$1,133,000 for health insurance benefits. The District has adopted Governmental Accounting Standards Board Statement No. 30, "*Risk Financing Omnibus*", and the claims liabilities and the claims incurred but not reported have been calculated in accordance with the criteria contained therein.

The claims activity of the District's dental care self-insurance program for fiscal years 2014 and 2013 are as follows:

Fiscal Year	Beginning Balance	Claims & Changes in Estimates	Claims Payments	Ending Balance
2014	\$ 84,000	\$ 880,609	\$ (886,609)	\$ 78,000
2013	245,856	787,966	(949,822)	84,000

The claims activity of the District's health insurance benefits self-insurance program for fiscal years 2014 and 2013 are as follows:

Fiscal Year	Beginning Balance	Claims & Changes in Estimates	Claims Payments	Ending Balance
2014	\$ 895,000	\$ 11,473,741	\$ (11,235,741)	\$ 1,133,000
2013	821,000	9,741,457	(9,667,457)	895,000

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 13 - PENSION PLANS**

**A. School Employees Retirement System**

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2014, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 14 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$1,696,309, \$1,676,741 and \$1,634,176, respectively; 83.29 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. A liability for the unpaid contributions at June 30, 2014 has been reported in pension obligation payable.

**B. State Teachers Retirement System of Ohio**

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

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

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

Funding Policy - For fiscal year 2014, plan members were required to contribute 11 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 14 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$5,248,582, \$5,220,173 and \$5,379,603, respectively; 83.52 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. A liability for the unpaid contributions at June 30, 2014 has been reported in pension obligation payable. Contributions to the DC and Combined Plans for fiscal year 2014 were \$251,491 made by the District and \$197,600 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2014 certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".

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

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2014, 0.14 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the actuarially determined amount was \$20,250.

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013 and 2012 were \$240,548, \$210,577 and \$71,161, respectively; 83.29 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. A liability for the unpaid contributions at June 30, 2014 has been reported in pension obligation payable.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$98,412, \$94,717 and \$97,038, respectively; 83.29 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. A liability for the unpaid contributions at June 30, 2014 has been reported in pension obligation payable.

**B. State Teachers Retirement System of Ohio**

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, 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, 2014, 2013 and 2012 were \$403,737, \$401,552 and \$413,816, respectively; 83.52 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. A liability for the unpaid contributions at June 30, 2014 has been reported in pension obligation payable.

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

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 15 - FUND BALANCE**

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

<u>Fund balance</u>	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:				
Materials and supplies inventory	\$ 103,004	\$ -	\$ 49,594	\$ 152,598
Prepayments	138,192	-	12,813	151,005
Endowments	<u>-</u>	<u>-</u>	<u>12,801</u>	<u>12,801</u>
Total nonspendable	<u>241,196</u>	<u>-</u>	<u>75,208</u>	<u>316,404</u>
Restricted:				
Food service operations	-	-	835,862	835,862
Endowments	-	-	894	894
Capital improvements	-	-	1,142,190	1,142,190
Non-public schools	-	-	257,344	257,344
Vocational education	-	-	87,974	87,974
Extracurricular activities	-	-	290,476	290,476
Debt service	-	3,502,105	-	3,502,105
Other purposes	<u>-</u>	<u>-</u>	<u>94,246</u>	<u>94,246</u>
Total restricted	<u>-</u>	<u>3,502,105</u>	<u>2,708,986</u>	<u>6,211,091</u>
Committed:				
Capital improvements	<u>-</u>	<u>-</u>	<u>20,745</u>	<u>20,745</u>
Total committed	<u>-</u>	<u>-</u>	<u>20,745</u>	<u>20,745</u>
Assigned:				
Student instruction	202,211	-	-	202,211
Student and staff support	749,900	-	-	749,900
School supplies	86,970	-	-	86,970
Facilities acquisition and construction	12,000	-	-	12,000
Subsequent year appropriations	4,249,549	-	-	4,249,549
Other purposes	<u>24,880</u>	<u>-</u>	<u>-</u>	<u>24,880</u>
Total assigned	<u>5,325,510</u>	<u>-</u>	<u>-</u>	<u>5,325,510</u>
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>(644,271)</u>	<u>(644,271)</u>
Total fund balances	<u>\$ 5,566,706</u>	<u>\$ 3,502,105</u>	<u>\$ 2,160,668</u>	<u>\$ 11,229,479</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 16 - CONTINGENCIES**

**A. Grants**

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, any such disallowed claims will not have a material, adverse effect on the overall financial condition of the District at June 30, 2014.

**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, 2014.

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING**

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

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

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

**KETTERING CITY SCHOOL DISTRICT  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

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

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 936,809
Net adjustment for revenue accruals	389,340
Net adjustment for expenditure accruals	351,184
Net adjustment for other sources	15,968
Funds budgeted elsewhere	49,323
Adjustment for encumbrances	956,245
GAAP basis	<u>\$ 2,698,869</u>

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

**NOTE 18 - SET-ASIDES**

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

During fiscal years 1998, 2003 and 2014, the District issued \$104,413,000 in capital related school improvement bonds. These proceeds may be used to reduce capital acquisition to zero in future years. The District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$104,413,000 at June 30, 2014.

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2013	\$ -
Current year set-aside requirement	1,255,790
Current year qualifying expenditures	(1,531,103)
Current year offsets	(674,425)
Total	<u>\$ (949,738)</u>
Balance carried forward to fiscal year 2015	<u>\$ -</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 18 - SET-ASIDES - (Continued)**

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

**NOTE 19 - OTHER COMMITMENTS**

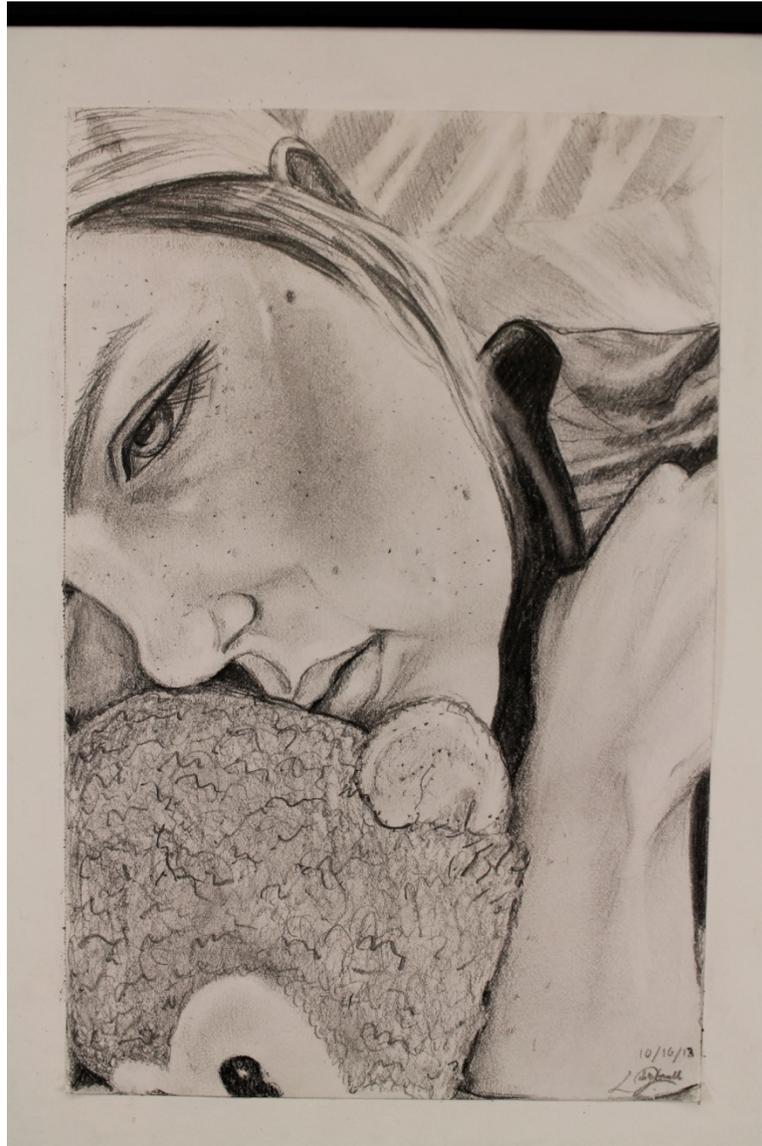
The District utilizes encumbrance accounting as part of its budgetary controls. To the extent of available balances, encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 707,793
Nonmajor governmental funds	<u>677,900</u>
Total	<u>\$ 1,385,693</u>

*Combining and Individual Fund  
Statements and Schedules*

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

KETTERING CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO



Libby Groll – 11<sup>th</sup> Grade

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

FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

**Major Funds**

**General Fund**

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

**Bond Retirement Fund**

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

**Nonmajor Special Revenue Funds**

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

**Food Service Fund**

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

**Special Trust Fund**

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

**Pathfinder/Preschool Fund**

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

**Athletic Fund**

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

**Auxiliary Services Fund**

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

**Public School Preschool Fund**

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

**Data Communications Fund**

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

**Alternative Fund**

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

**Other State Funds Fund**

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

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

FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

**Nonmajor Special Revenue Funds (Continued)**

**Adult Basic Education Fund**

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

**Race to the Top Fund**

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

**Title II Fund**

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

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

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

**Carl D. Perkins Fund**

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

**Bilingual Education Fund**

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

**Even Start Program Fund**

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

**Title I Fund**

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

**Preschool Grant Fund**

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

**Other Federal Programs Fund**

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

(Continued)

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

FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

**Nonmajor Special Revenue Funds (Continued)**

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

**Uniform School Supplies Fund**

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

**Rotary Special Services Fund**

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

**Public School Support Fund**

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

**Special Enterprise Fund**

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

**Nonmajor Capital Projects Funds**

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

**Permanent Improvement Fund**

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

**Building Fund**

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

**Replacement Fund**

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

**Nonmajor Permanent Fund**

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

**Permanent Fund**

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

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

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Nonmajor Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>				
Equity in pooled cash and investments. . . . .	\$ 2,061,123	\$ 1,313,492	\$ 13,695	\$ 3,388,310
Receivables:				
Property taxes . . . . .	-	577,514	-	577,514
Accounts. . . . .	4,915	-	-	4,915
Intergovernmental . . . . .	1,445,253	-	-	1,445,253
Prepayments. . . . .	12,813	-	-	12,813
Materials and supplies inventory . . . . .	49,594	-	-	49,594
Total assets . . . . .	<u>\$ 3,573,698</u>	<u>\$ 1,891,006</u>	<u>\$ 13,695</u>	<u>\$ 5,478,399</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 139,967	\$ 46,455	\$ -	\$ 186,422
Contracts payable . . . . .	-	127,400	-	127,400
Accrued wages and benefits payable. . . . .	822,904	-	-	822,904
Interfund loans payable. . . . .	40,000	-	-	40,000
Intergovernmental payable. . . . .	26,835	-	-	26,835
Pension obligation payable. . . . .	114,701	-	-	114,701
Due to other funds . . . . .	678,229	-	-	678,229
Total liabilities. . . . .	<u>1,822,636</u>	<u>173,855</u>	<u>-</u>	<u>1,996,491</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year. . . . .	-	533,443	-	533,443
Delinquent property tax revenue not available. . . . .	-	20,773	-	20,773
Intergovernmental revenue not available. . . . .	767,024	-	-	767,024
Total deferred inflows of resources . . . . .	<u>767,024</u>	<u>554,216</u>	<u>-</u>	<u>1,321,240</u>
<b>Fund balances:</b>				
Nonspendable. . . . .	62,407	-	12,801	75,208
Restricted. . . . .	1,565,902	1,142,190	894	2,708,986
Committed . . . . .	-	20,745	-	20,745
Unassigned (deficit) . . . . .	(644,271)	-	-	(644,271)
Total fund balances . . . . .	<u>984,038</u>	<u>1,162,935</u>	<u>13,695</u>	<u>2,160,668</u>
Total liabilities, deferred inflows of resources, and fund balances. . . . .	<u>\$ 3,573,698</u>	<u>\$ 1,891,006</u>	<u>\$ 13,695</u>	<u>\$ 5,478,399</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ -	\$ 599,682	\$ -	\$ 599,682
Tuition . . . . .	458,823	-	-	458,823
Earnings on investments. . . . .	3,090	2,409	4	5,503
Charges for services . . . . .	1,430,120	-	-	1,430,120
Extracurricular . . . . .	374,719	-	-	374,719
Contributions and donations. . . . .	3,528	-	-	3,528
Other local revenues . . . . .	68,133	-	-	68,133
Intergovernmental - state . . . . .	1,635,678	75,670	-	1,711,348
Intergovernmental - federal . . . . .	5,661,186	-	-	5,661,186
<b>Total revenues . . . . .</b>	<b>9,635,277</b>	<b>677,761</b>	<b>4</b>	<b>10,313,042</b>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	225,103	89,126	-	314,229
Special. . . . .	2,292,045	-	-	2,292,045
Vocational. . . . .	83,588	-	-	83,588
Adult/continuing. . . . .	102,281	-	-	102,281
Other. . . . .	85,050	-	-	85,050
Support services:				
Pupil . . . . .	450,035	-	-	450,035
Instructional staff . . . . .	765,140	-	326	765,466
Board of education. . . . .	3,455	-	-	3,455
Administration. . . . .	333,708	-	-	333,708
Fiscal . . . . .	-	8,578	-	8,578
Business . . . . .	-	1,785	-	1,785
Operations and maintenance . . . . .	23,990	181,993	-	205,983
Pupil transportation . . . . .	2,718	301,590	-	304,308
Central . . . . .	19,403	-	-	19,403
Operation of non-instructional services. . . . .	4,711,575	-	-	4,711,575
Extracurricular activities . . . . .	308,888	2,950	-	311,838
Facilities acquisition and construction. . . . .	131,600	2,481,920	-	2,613,520
<b>Total expenditures. . . . .</b>	<b>9,538,579</b>	<b>3,067,942</b>	<b>326</b>	<b>12,606,847</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	96,698	(2,390,181)	(322)	(2,293,805)
<b>Other financing sources:</b>				
Issuance of bonds . . . . .	-	2,810,000	-	2,810,000
Transfers in . . . . .	13,500	-	-	13,500
<b>Total other financing sources . . . . .</b>	<b>13,500</b>	<b>2,810,000</b>	<b>-</b>	<b>2,823,500</b>
Net change in fund balances. . . . .	110,198	419,819	(322)	529,695
<b>Fund balances at beginning of year . . . . .</b>	<b>874,152</b>	<b>743,116</b>	<b>14,017</b>	<b>1,631,285</b>
<b>Decrease in reserve for inventory. . . . .</b>	<b>(312)</b>	<b>-</b>	<b>-</b>	<b>(312)</b>
<b>Fund balances at end of year . . . . .</b>	<b>\$ 984,038</b>	<b>\$ 1,162,935</b>	<b>\$ 13,695</b>	<b>\$ 2,160,668</b>

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

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2014

	<u>Food Service</u>	<u>Special Trust</u>	<u>Pathfinder/ Preschool</u>	<u>Athletic</u>
<b>Assets:</b>				
Equity in pooled cash and investments. . . . .	\$ 1,085,340	\$ 82,828	\$ 17,978	\$ 300,805
Receivables:				
Accounts . . . . .	4,316	599	-	-
Intergovernmental. . . . .	-	-	-	-
Prepayments . . . . .	3,226	-	-	-
Materials and supplies inventory . . . . .	49,594	-	-	-
Total assets . . . . .	<u>\$ 1,142,476</u>	<u>\$ 83,427</u>	<u>\$ 17,978</u>	<u>\$ 300,805</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 1,687	\$ -	\$ 7,866	\$ 10,131
Accrued wages and benefits payable . . . . .	208,607	-	41,964	-
Interfund loans payable. . . . .	-	-	40,000	-
Intergovernmental payable . . . . .	5,877	-	2,125	198
Pension obligation payable. . . . .	37,623	-	4,543	-
Due to other funds . . . . .	-	-	-	-
Total liabilities. . . . .	<u>253,794</u>	<u>-</u>	<u>96,498</u>	<u>10,329</u>
<b>Deferred inflows of resources:</b>				
Intergovernmental revenue not available. . . . .	-	-	-	-
Total deferred inflows of resources . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>				
Nonspendable . . . . .	52,820	-	-	-
Restricted. . . . .	835,862	83,427	-	290,476
Unassigned (deficit) . . . . .	-	-	(78,520)	-
Total fund balances (deficit) . . . . .	<u>888,682</u>	<u>83,427</u>	<u>(78,520)</u>	<u>290,476</u>
Total liabilities, deferred inflows of resources, and fund balances . . . . .	<u>\$ 1,142,476</u>	<u>\$ 83,427</u>	<u>\$ 17,978</u>	<u>\$ 300,805</u>

<b>Auxiliary Services</b>	<b>Public School Preschool</b>	<b>Data Communications</b>	<b>Alternative</b>	<b>Other State Funds</b>	<b>Adult Basic Education</b>
\$ 446,819	\$ -	\$ 8,670	\$ -	\$ 17,522	\$ -
-	-	-	-	-	-
-	77,829	-	14,054	25,000	115,800
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 446,819</u>	<u>\$ 77,829</u>	<u>\$ 8,670</u>	<u>\$ 14,054</u>	<u>\$ 42,522</u>	<u>\$ 115,800</u>
\$ 74,723	\$ -	\$ -	\$ 936	\$ -	\$ 3,943
100,819	14,849	-	-	22,000	25,134
-	-	-	-	-	-
3,301	522	-	-	449	759
10,632	944	-	-	-	2,356
-	71,339	-	6,466	-	86,381
<u>189,475</u>	<u>87,654</u>	<u>-</u>	<u>7,402</u>	<u>22,449</u>	<u>118,573</u>
-	6,490	-	7,587	25,000	29,419
-	6,490	-	7,587	25,000	29,419
-	-	-	-	-	-
257,344	-	8,670	-	-	-
-	(16,315)	-	(935)	(4,927)	(32,192)
<u>257,344</u>	<u>(16,315)</u>	<u>8,670</u>	<u>(935)</u>	<u>(4,927)</u>	<u>(32,192)</u>
<u>\$ 446,819</u>	<u>\$ 77,829</u>	<u>\$ 8,670</u>	<u>\$ 14,054</u>	<u>\$ 42,522</u>	<u>\$ 115,800</u>

(Continued)

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

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2014

	<u>Race to the Top</u>	<u>Title II</u>	<u>IDEA Part B</u>	<u>Carl D. Perkins</u>
<b>Assets:</b>				
Equity in pooled cash and investments. . . . .	\$ -	\$ -	\$ -	\$ 99,012
Receivables:				
Accounts . . . . .	-	-	-	-
Intergovernmental. . . . .	147,226	94,915	413,172	-
Prepayments . . . . .	1,531	192	4,958	-
Materials and supplies inventory . . . . .	-	-	-	-
Total assets . . . . .	<u>\$ 148,757</u>	<u>\$ 95,107</u>	<u>\$ 418,130</u>	<u>\$ 99,012</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ -	\$ 1,930	\$ 8,927	\$ 10,534
Accrued wages and benefits payable . . . . .	5,704	370	202,382	360
Interfund loans payable. . . . .	-	-	-	-
Intergovernmental payable . . . . .	435	91	6,464	144
Pension obligation payable. . . . .	2,232	146	28,135	-
Due to other funds . . . . .	120,883	82,366	139,012	-
Total liabilities. . . . .	<u>129,254</u>	<u>84,903</u>	<u>384,920</u>	<u>11,038</u>
<b>Deferred inflows of resources:</b>				
Intergovernmental revenue not available. . . . .	26,343	12,549	274,160	-
Total deferred inflows of resources . . . . .	<u>26,343</u>	<u>12,549</u>	<u>274,160</u>	<u>-</u>
<b>Fund balances:</b>				
Nonspendable . . . . .	1,531	192	4,958	-
Restricted. . . . .	-	-	-	87,974
Unassigned (deficit) . . . . .	(8,371)	(2,537)	(245,908)	-
Total fund balances (deficit) . . . . .	<u>(6,840)</u>	<u>(2,345)</u>	<u>(240,950)</u>	<u>87,974</u>
Total liabilities, deferred inflows of resources, and fund balances . . . . .	<u>\$ 148,757</u>	<u>\$ 95,107</u>	<u>\$ 418,130</u>	<u>\$ 99,012</u>

<b>Bilingual Education</b>	<b>Title I</b>	<b>Preschool Grant</b>	<b>Other Federal Programs</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ -	\$ -	\$ -	\$ 2,149	\$ 2,061,123
-	-	-	-	4,915
16,196	535,147	5,914	-	1,445,253
4	2,902	-	-	12,813
-	-	-	-	49,594
<u>\$ 16,200</u>	<u>\$ 538,049</u>	<u>\$ 5,914</u>	<u>\$ 2,149</u>	<u>\$ 3,573,698</u>
\$ 165	\$ 19,125	\$ -	\$ -	\$ 139,967
8	196,693	4,014	-	822,904
-	-	-	-	40,000
2	6,382	86	-	26,835
-	27,504	586	-	114,701
<u>15,696</u>	<u>154,783</u>	<u>1,303</u>	<u>-</u>	<u>678,229</u>
<u>15,871</u>	<u>404,487</u>	<u>5,989</u>	<u>-</u>	<u>1,822,636</u>
<u>501</u>	<u>380,364</u>	<u>4,611</u>	<u>-</u>	<u>767,024</u>
<u>501</u>	<u>380,364</u>	<u>4,611</u>	<u>-</u>	<u>767,024</u>
4	2,902	-	-	62,407
-	-	-	2,149	1,565,902
<u>(176)</u>	<u>(249,704)</u>	<u>(4,686)</u>	<u>-</u>	<u>(644,271)</u>
<u>(172)</u>	<u>(246,802)</u>	<u>(4,686)</u>	<u>2,149</u>	<u>984,038</u>
<u>\$ 16,200</u>	<u>\$ 538,049</u>	<u>\$ 5,914</u>	<u>\$ 2,149</u>	<u>\$ 3,573,698</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Food Service</u>	<u>Special Trust</u>	<u>Pathfinder/ Preschool</u>	<u>Athletic</u>
<b>Revenues:</b>				
From local sources:				
Tuition. . . . .	\$ -	\$ -	\$ 458,823	\$ -
Earnings on investments. . . . .	2,891	199	-	-
Charges for services. . . . .	1,430,120	-	-	-
Extracurricular . . . . .	-	841	-	373,878
Contributions and donations. . . . .	-	1,528	-	2,000
Other local revenues. . . . .	27,246	6,939	33,918	30
Intergovernmental - state . . . . .	31,672	-	-	-
Intergovernmental - federal. . . . .	1,822,190	-	23,606	-
Total revenues . . . . .	<u>3,314,119</u>	<u>9,507</u>	<u>516,347</u>	<u>375,908</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	-	-	31,223	-
Special. . . . .	-	-	-	-
Vocational. . . . .	-	-	6,321	-
Adult/continuing. . . . .	-	-	-	-
Other. . . . .	-	-	-	-
Support services:				
Pupil. . . . .	-	-	182,273	-
Instructional staff . . . . .	-	12,390	251,975	-
Board of education. . . . .	-	-	-	-
Administration. . . . .	-	-	-	-
Operations and maintenance. . . . .	22,425	-	640	925
Pupil transportation. . . . .	-	-	-	-
Central. . . . .	-	-	3,672	-
Operation of non-instructional services . . . . .	3,190,830	522	175,697	-
Extracurricular activities. . . . .	-	1,000	-	307,888
Facilities acquisition and construction . . . . .	-	-	-	-
Total expenditures. . . . .	<u>3,213,255</u>	<u>13,912</u>	<u>651,801</u>	<u>308,813</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>100,864</u>	<u>(4,405)</u>	<u>(135,454)</u>	<u>67,095</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	-	-	-	13,500
Total other financing sources . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,500</u>
Net change in fund balances. . . . .	100,864	(4,405)	(135,454)	80,595
<b>Fund balances (deficit) at beginning of year . . . . .</b>	788,130	87,832	56,934	209,881
<b>Decrease in reserve for inventory . . . . .</b>	(312)	-	-	-
<b>Fund balances (deficit) at end of year. . . . .</b>	<u>\$ 888,682</u>	<u>\$ 83,427</u>	<u>\$ (78,520)</u>	<u>\$ 290,476</u>

<u>Auxiliary Services</u>	<u>Public School Preschool</u>	<u>Data Communications</u>	<u>Alternative</u>	<u>Other State Funds</u>	<u>Adult Basic Education</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,399,440	153,285	19,800	6,481	25,000	-
-	-	-	-	-	181,516
<u>1,399,440</u>	<u>153,285</u>	<u>19,800</u>	<u>6,481</u>	<u>25,000</u>	<u>181,516</u>
-	66,608	3,025	9,025	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	102,281
-	-	-	-	-	-
-	61,276	-	1,936	24,996	73,664
-	28,177	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	26,636
-	-	-	-	-	-
-	-	-	-	-	-
-	-	11,364	-	-	-
1,173,929	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	3,600
<u>1,173,929</u>	<u>156,061</u>	<u>14,389</u>	<u>10,961</u>	<u>24,996</u>	<u>206,181</u>
<u>225,511</u>	<u>(2,776)</u>	<u>5,411</u>	<u>(4,480)</u>	<u>4</u>	<u>(24,665)</u>
-	-	-	-	-	-
-	-	-	-	-	-
225,511	(2,776)	5,411	(4,480)	4	(24,665)
31,833	(13,539)	3,259	3,545	(4,931)	(7,527)
-	-	-	-	-	-
<u>\$ 257,344</u>	<u>\$ (16,315)</u>	<u>\$ 8,670</u>	<u>\$ (935)</u>	<u>\$ (4,927)</u>	<u>\$ (32,192)</u>

(Continued)

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Race to the Top</u>	<u>Title II</u>	<u>IDEA Part B</u>	<u>Carl D. Perkins</u>
<b>Revenues:</b>				
From local sources:				
Tuition. . . . .	\$ -	\$ -	\$ -	\$ -
Earnings on investments. . . . .	-	-	-	-
Charges for services. . . . .	-	-	-	-
Extracurricular . . . . .	-	-	-	-
Contributions and donations. . . . .	-	-	-	-
Other local revenues. . . . .	-	-	-	-
Intergovernmental - state . . . . .	-	-	-	-
Intergovernmental - federal. . . . .	263,967	102,518	1,464,987	94,357
Total revenues . . . . .	<u>263,967</u>	<u>102,518</u>	<u>1,464,987</u>	<u>94,357</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	114,995	-	-	-
Special. . . . .	-	-	928,371	-
Vocational. . . . .	-	-	5,280	71,987
Adult/continuing. . . . .	-	-	-	-
Other. . . . .	-	-	85,050	-
Support services:				
Pupil. . . . .	-	-	62,061	-
Instructional staff . . . . .	115,097	148,318	104,166	-
Board of education. . . . .	-	-	-	-
Administration. . . . .	16,167	10,090	219,205	-
Operations and maintenance. . . . .	-	-	-	-
Pupil transportation. . . . .	-	-	-	-
Central. . . . .	-	-	-	-
Operation of non-instructional services . . . . .	-	970	62,717	-
Extracurricular activities. . . . .	-	-	-	-
Facilities acquisition and construction . . . . .	-	-	-	-
Total expenditures. . . . .	<u>246,259</u>	<u>159,378</u>	<u>1,466,850</u>	<u>71,987</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>17,708</u>	<u>(56,860)</u>	<u>(1,863)</u>	<u>22,370</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	-	-	-	-
Total other financing sources . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances. . . . .	17,708	(56,860)	(1,863)	22,370
<b>Fund balances (deficit) at beginning of year . . .</b>	(24,548)	54,515	(239,087)	65,604
<b>Increase in reserve for inventory . . . . .</b>	-	-	-	-
<b>Fund balances (deficit) at end of year. . . . .</b>	<u>\$ (6,840)</u>	<u>\$ (2,345)</u>	<u>\$ (240,950)</u>	<u>\$ 87,974</u>

<b>Bilingual Education</b>	<b>Even Start Program</b>	<b>Title I</b>	<b>Preschool Grant</b>	<b>Other Federal Programs</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 458,823
-	-	-	-	-	3,090
-	-	-	-	-	1,430,120
-	-	-	-	-	374,719
-	-	-	-	-	3,528
-	-	-	-	-	68,133
-	-	-	-	-	1,635,678
34,991	346,096	1,321,955	5,003	-	5,661,186
<u>34,991</u>	<u>346,096</u>	<u>1,321,955</u>	<u>5,003</u>	<u>-</u>	<u>9,635,277</u>
227	-	-	-	-	225,103
-	141,145	1,216,603	5,926	-	2,292,045
-	-	-	-	-	83,588
-	-	-	-	-	102,281
-	-	-	-	-	85,050
33,345	10,374	110	-	-	450,035
-	17,679	87,338	-	-	765,140
-	-	3,455	-	-	3,455
237	-	61,373	-	-	333,708
-	-	-	-	-	23,990
711	-	2,007	-	-	2,718
-	-	4,367	-	-	19,403
-	942	105,968	-	-	4,711,575
-	-	-	-	-	308,888
-	128,000	-	-	-	131,600
<u>34,520</u>	<u>298,140</u>	<u>1,481,221</u>	<u>5,926</u>	<u>-</u>	<u>9,538,579</u>
471	47,956	(159,266)	(923)	-	96,698
-	-	-	-	-	13,500
-	-	-	-	-	13,500
471	47,956	(159,266)	(923)	-	110,198
(643)	(47,956)	(87,536)	(3,763)	2,149	874,152
-	-	-	-	-	(312)
<u>\$ (172)</u>	<u>\$ -</u>	<u>\$ (246,802)</u>	<u>\$ (4,686)</u>	<u>\$ 2,149</u>	<u>\$ 984,038</u>

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

COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2014

	<b>Permanent Improvement</b>	<b>Building</b>	<b>Replacement</b>	<b>Total Nonmajor Capital Projects Funds</b>
<b>Assets:</b>				
Equity in pooled cash and investments. . . . .	\$ 837,267	\$ 455,480	\$ 20,745	\$ 1,313,492
Receivables:				
Property taxes . . . . .	577,514	-	-	577,514
Total assets. . . . .	<u>\$ 1,414,781</u>	<u>\$ 455,480</u>	<u>\$ 20,745</u>	<u>\$ 1,891,006</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 46,455	\$ -	\$ -	\$ 46,455
Contracts payable. . . . .	-	127,400	-	127,400
Total liabilities. . . . .	46,455	127,400	-	173,855
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year . . . . .	533,443	-	-	533,443
Delinquent property tax revenue not available . . . . .	20,773	-	-	20,773
Total deferred inflows of resources . . . . .	554,216	-	-	554,216
<b>Fund balances:</b>				
Restricted . . . . .	814,110	328,080	-	1,142,190
Committed. . . . .	-	-	20,745	20,745
Total fund balances . . . . .	814,110	328,080	20,745	1,162,935
Total liabilities, deferred inflows of resources, and fund balances . . . . .	<u>\$ 1,414,781</u>	<u>\$ 455,480</u>	<u>\$ 20,745</u>	<u>\$ 1,891,006</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Replacement</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 599,682	\$ -	\$ -	\$ 599,682
Earnings on investments . . . . .	2,346	-	63	2,409
Intergovernmental - state . . . . .	75,670	-	-	75,670
Total revenues . . . . .	<u>677,698</u>	<u>-</u>	<u>63</u>	<u>677,761</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	89,126	-	-	89,126
Support services:				
Fiscal . . . . .	8,578	-	-	8,578
Business . . . . .	1,785	-	-	1,785
Operations and maintenance . . . . .	181,993	-	-	181,993
Pupil transportation . . . . .	301,590	-	-	301,590
Extracurricular activities . . . . .	2,950	-	-	2,950
Facilities acquisition and construction . . . . .	-	2,481,920	-	2,481,920
Total expenditures . . . . .	<u>586,022</u>	<u>2,481,920</u>	<u>-</u>	<u>3,067,942</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>91,676</u>	<u>(2,481,920)</u>	<u>63</u>	<u>(2,390,181)</u>
<b>Other financing sources:</b>				
Issuance of bonds . . . . .	-	2,810,000	-	2,810,000
Total other financing sources . . . . .	<u>-</u>	<u>2,810,000</u>	<u>-</u>	<u>2,810,000</u>
Change in fund balance . . . . .	91,676	328,080	63	419,819
<b>Fund balances at beginning of year . . . . .</b>	<u>722,434</u>	<u>-</u>	<u>20,682</u>	<u>743,116</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 814,110</u>	<u>\$ 328,080</u>	<u>\$ 20,745</u>	<u>\$ 1,162,935</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
MAJOR FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**GENERAL FUND**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 47,458,730	\$ 51,361,713	\$ 57,288,470	\$ 5,926,757
Payment in lieu of taxes. . . . .	1,070,136	1,158,144	633,323	(524,821)
Tuition. . . . .	753,452	815,416	781,982	(33,434)
Transportation fees. . . . .	91,005	98,489	42,356	(56,133)
Earnings on investments . . . . .	88,101	95,346	70,027	(25,319)
Extracurricular. . . . .	91,791	99,340	48,770	(50,570)
Classroom materials and fees . . . . .	6,392	6,918	2,795	(4,123)
Rental income . . . . .	63,607	68,838	53,807	(15,031)
Contributions and donations . . . . .	-	-	2,000	2,000
Other local revenues . . . . .	628,247	679,914	392,972	(286,942)
Intergovernmental - state . . . . .	27,327,024	29,574,385	25,890,786	(3,683,599)
Total revenues . . . . .	<u>77,578,485</u>	<u>83,958,503</u>	<u>85,207,288</u>	<u>1,248,785</u>
<b>Expenditures:</b>				
Current:				
Salaries and wages. . . . .	49,241,739	49,047,598	48,984,915	62,683
Fringe benefits. . . . .	21,124,255	21,060,772	21,052,813	7,959
Purchased services. . . . .	8,991,331	9,541,048	9,192,706	348,342
Supplies and materials . . . . .	3,117,265	3,109,946	2,961,851	148,095
Other expenditures. . . . .	1,148,076	1,149,977	1,142,631	7,346
Capital outlay . . . . .	1,342,322	880,476	867,548	12,928
Debt service:				
Interest and fiscal charges. . . . .	-	38,547	38,547	-
Total expenditures . . . . .	<u>84,964,988</u>	<u>84,828,364</u>	<u>84,241,011</u>	<u>587,353</u>
Excess of expenditures over revenues. . . . .	<u>(7,386,503)</u>	<u>(869,861)</u>	<u>966,277</u>	<u>1,836,138</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	51,528	55,766	24,032	(31,734)
Transfers (out). . . . .	(29,000)	(28,000)	(13,500)	14,500
Advances (out) . . . . .	-	(40,000)	(40,000)	-
Total other financing sources (uses) . . . . .	<u>22,528</u>	<u>(12,234)</u>	<u>(29,468)</u>	<u>(17,234)</u>
Net change in fund balance . . . . .	(7,363,975)	(882,095)	936,809	1,818,904
Fund balance at beginning of year . . . . .	11,270,584	11,270,584	11,270,584	-
Prior year encumbrances appropriated . . . . .	1,060,936	1,060,936	1,060,936	-
Fund balance at end of year . . . . .	<u>\$ 4,967,545</u>	<u>\$ 11,449,425</u>	<u>\$ 13,268,329</u>	<u>\$ 1,818,904</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
MAJOR FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**BOND RETIREMENT FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 7,093,555	\$ 7,590,895	\$ 497,340
Total expenditures and other financing uses. . . . .	<u>7,551,029</u>	<u>7,553,059</u>	<u>(2,030)</u>
Net change in fund balance . . . . .	(457,474)	37,836	495,310
Fund balance at beginning of year. . . . .	3,198,758	3,198,758	-
Fund balance at end of year . . . . .	<u>\$ 2,741,284</u>	<u>\$ 3,236,594</u>	<u>\$ 495,310</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**FOOD SERVICE FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 3,000,000	\$ 2,999,866	\$ (134)
Total expenditures and other financing uses. . . . .	<u>3,127,092</u>	<u>2,908,166</u>	<u>218,926</u>
Net change in fund balance . . . . .	(127,092)	91,700	218,792
Fund balance at beginning of year. . . . .	973,637	973,637	-
Prior year encumbrances appropriated. . . . .	<u>10,047</u>	<u>10,047</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 856,592</u>	<u>\$ 1,075,384</u>	<u>\$ 218,792</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**SPECIAL TRUST FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 14,000	\$ 10,029	\$ (3,971)
Total expenditures and other financing uses. . . . .	<u>23,508</u>	<u>15,253</u>	<u>8,255</u>
Net change in fund balance . . . . .	(9,508)	(5,224)	4,284
Fund balance at beginning of year. . . . .	87,444	87,444	-
Prior year encumbrances appropriated. . . . .	608	608	-
Fund balance at end of year . . . . .	<u>\$ 78,544</u>	<u>\$ 82,828</u>	<u>\$ 4,284</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**PATHFINDER/PRESCHOOL FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 547,500	\$ 556,347	\$ 8,847
Total expenditures and other financing uses. . . . .	<u>645,251</u>	<u>640,142</u>	<u>5,109</u>
Net change in fund balance . . . . .	(97,751)	(83,795)	13,956
Fund balance at beginning of year. . . . .	95,705	95,705	-
Prior year encumbrances appropriated. . . . .	<u>2,401</u>	<u>2,401</u>	<u>-</u>
Fund balance (deficit) at end of year . . . . .	<u>\$ 355</u>	<u>\$ 14,311</u>	<u>\$ 13,956</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**ATHLETIC FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 465,000	\$ 389,408	\$ (75,592)
Total expenditures and other financing uses. . . . .	<u>543,880</u>	<u>315,765</u>	<u>228,115</u>
Net change in fund balance . . . . .	(78,880)	73,643	152,523
Fund balance at beginning of year. . . . .	213,258	213,258	-
Prior year encumbrances appropriated. . . . .	4,804	4,804	-
Fund balance at end of year . . . . .	<u>\$ 139,182</u>	<u>\$ 291,705</u>	<u>\$ 152,523</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**AUXILIARY SERVICES FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 1,426,022	\$ 1,399,440	\$ (26,582)
Total expenditures and other financing uses. . . . .	<u>1,695,950</u>	<u>1,377,715</u>	<u>318,235</u>
Net change in fund balance . . . . .	(269,928)	21,725	291,653
Fund balance at beginning of year. . . . .	112,046	112,046	-
Prior year encumbrances appropriated. . . . .	<u>184,464</u>	<u>184,464</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 26,582</u>	<u>\$ 318,235</u>	<u>\$ 291,653</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**PUBLIC SCHOOL PRESCHOOL FUND**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources . . . . .	\$ 159,775	\$ 81,946	\$ (77,829)
Total expenditures and other financing uses. . . . .	<u>161,251</u>	<u>154,761</u>	<u>6,490</u>
Net change in fund balance . . . . .	(1,476)	(72,815)	(71,339)
Fund balance at beginning of year. . . . .	1,476	1,476	-
Fund balance (deficit) at end of year . . . . .	<u>\$ -</u>	<u>\$ (71,339)</u>	<u>\$ (71,339)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**DATA COMMUNICATIONS FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 21,600	\$ 19,800	\$ (1,800)
Total expenditures and other financing uses. . . . .	<u>23,093</u>	<u>22,857</u>	<u>236</u>
Net change in fund balance . . . . .	(1,493)	(3,057)	(1,564)
Fund balance at beginning of year. . . . .	234	234	-
Prior year encumbrances appropriated. . . . .	<u>3,293</u>	<u>3,293</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 2,034</u>	<u>\$ 470</u>	<u>\$ (1,564)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**ALTERNATIVE FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 23,308	\$ 5,910	\$ (17,398)
Total expenditures and other financing uses. . . . .	<u>20,988</u>	<u>11,069</u>	<u>9,919</u>
Net change in fund balance . . . . .	2,320	(5,159)	(7,479)
Fund balance (deficit) at beginning of year. . . . .	(5,896)	(5,896)	-
Prior year encumbrances appropriated. . . . .	<u>3,576</u>	<u>3,576</u>	<u>-</u>
Fund balance (deficit) at end of year. . . . .	<u>\$ -</u>	<u>\$ (7,479)</u>	<u>\$ (7,479)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**OTHER STATE FUNDS FUND**

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

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**ADULT BASIC EDUCATION FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 240,558	\$ 112,199	\$ (128,359)
Total expenditures and other financing uses. . . . .	<u>243,166</u>	<u>207,362</u>	<u>35,804</u>
Net change in fund balance . . . . .	(2,608)	(95,163)	(92,555)
Fund balance (deficit) at beginning of year. . . . .	(14,456)	(14,456)	-
Prior year encumbrances appropriated. . . . .	<u>17,064</u>	<u>17,064</u>	<u>-</u>
Fund balance (deficit) at end of year. . . . .	<u>\$ -</u>	<u>\$ (92,555)</u>	<u>\$ (92,555)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**RACE TO THE TOP FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 337,950	\$ 166,980	\$ (170,970)
Total expenditures and other financing uses. . . . .	<u>315,677</u>	<u>265,590</u>	<u>50,087</u>
Net change in fund balance . . . . .	22,273	(98,610)	(120,883)
Fund balance (deficit) at beginning of year. . . . .	(23,897)	(23,897)	-
Prior year encumbrances appropriated. . . . .	1,624	1,624	-
Fund balance (deficit) at end of year. . . . .	<u>\$ -</u>	<u>\$ (120,883)</u>	<u>\$ (120,883)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**TITLE II FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 380,751	\$ 83,269	\$ (297,482)
Total expenditures and other financing uses. . . . .	<u>377,270</u>	<u>209,542</u>	<u>167,728</u>
Net change in fund balance . . . . .	3,481	(126,273)	(129,754)
Fund balance (deficit) at beginning of year. . . . .	(63,117)	(63,117)	-
Prior year encumbrances appropriated. . . . .	<u>59,636</u>	<u>59,636</u>	<u>-</u>
Fund balance (deficit) at end of year. . . . .	<u>\$ -</u>	<u>\$ (129,754)</u>	<u>\$ (129,754)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**IDEA PART B FUND**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 1,900,673	\$ 1,325,975	\$ (574,698)
Total expenditures and other financing uses. . . . .	1,905,741	1,479,129	426,612
Net change in fund balance . . . . .	(5,068)	(153,154)	(148,086)
Fund balance at beginning of year. . . . .	4,528	4,528	-
Prior year encumbrances appropriated. . . . .	540	540	-
Fund balance (deficit) at end of year. . . . .	\$ -	\$ (148,086)	\$ (148,086)

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**CARL D. PERKINS FUND**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources . . . . .	\$ 94,357	\$ 94,357	\$ -
Total expenditures and other financing uses. . . . .	<u>162,418</u>	<u>80,761</u>	<u>81,657</u>
Net change in fund balance . . . . .	(68,061)	13,596	81,657
Fund balance at beginning of year. . . . .	62,343	62,343	-
Prior year encumbrances appropriated. . . . .	<u>5,900</u>	<u>5,900</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 182</u>	<u>\$ 81,839</u>	<u>\$ 81,657</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**BILINGUAL EDUCATION FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 41,981	\$ 20,718	\$ (21,263)
Total expenditures and other financing uses. . . . .	<u>42,157</u>	<u>38,264</u>	<u>3,893</u>
Net change in fund balance . . . . .	(176)	(17,546)	(17,370)
Fund balance (deficit) at beginning of year. . . . .	(467)	(467)	-
Prior year encumbrances appropriated. . . . .	1,597	1,597	-
Fund balance (deficit) at end of year. . . . .	<u>\$ 954</u>	<u>\$ (16,416)</u>	<u>\$ (17,370)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**EVEN START PROGRAM FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 394,901	\$ 379,638	\$ (15,263)
Total expenditures and other financing uses. . . . .	<u>369,648</u>	<u>369,648</u>	<u>-</u>
Net change in fund balance . . . . .	25,253	9,990	(15,263)
Fund balance (deficit) at beginning of year. . . . .	(33,542)	(33,542)	-
Prior year encumbrances appropriated. . . . .	<u>23,552</u>	<u>23,552</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 15,263</u>	<u>\$ -</u>	<u>\$ (15,263)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**TITLE I FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 2,060,485	\$ 1,167,172	\$ (893,313)
Total expenditures and other financing uses. . . . .	<u>2,139,444</u>	<u>1,549,794</u>	<u>589,650</u>
Net change in fund balance . . . . .	(78,959)	(382,622)	(303,663)
Fund balance at beginning of year. . . . .	12,936	12,936	-
Prior year encumbrances appropriated. . . . .	<u>66,023</u>	<u>66,023</u>	<u>-</u>
Fund balance (deficit) at end of year. . . . .	<u>\$ -</u>	<u>\$ (303,663)</u>	<u>\$ (303,663)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**PRESCHOOL GRANT FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 12,338	\$ 3,915	\$ (8,423)
Total expenditures and other financing uses. . . . .	<u>12,123</u>	<u>5,003</u>	<u>7,120</u>
Net change in fund balance . . . . .	215	(1,088)	(1,303)
Fund balance (deficit) at beginning of year. . . . .	<u>(215)</u>	<u>(215)</u>	<u>-</u>
Fund balance (deficit) at end of year. . . . .	<u>\$ -</u>	<u>\$ (1,303)</u>	<u>\$ (1,303)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**OTHER FEDERAL PROGRAMS FUND**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Fund balance at beginning of year . . . . .	\$ 2,149	\$ 2,149	\$ -
Fund balance at end of year . . . . .	\$ 2,149	\$ 2,149	\$ -

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**UNIFORM SCHOOL SUPPLIES FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 160,000	\$ 162,401	\$ 2,401
Total expenditures and other financing uses. . . . .	<u>173,800</u>	<u>118,565</u>	<u>55,235</u>
Net change in fund balance . . . . .	(13,800)	43,836	57,636
Fund balance at beginning of year. . . . .	15,539	15,539	-
Prior year encumbrances appropriated. . . . .	<u>27,300</u>	<u>27,300</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 29,039</u>	<u>\$ 86,675</u>	<u>\$ 57,636</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**ROTARY SPECIAL SERVICES FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 60,000	\$ 33,350	\$ (26,650)
Total expenditures and other financing uses. . . . .	<u>68,000</u>	<u>32,642</u>	<u>35,358</u>
Net change in fund balance . . . . .	(8,000)	708	8,708
Fund balance at beginning of year. . . . .	11,200	11,200	-
Fund balance at end of year . . . . .	<u>\$ 3,200</u>	<u>\$ 11,908</u>	<u>\$ 8,708</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**PUBLIC SCHOOL SUPPORT FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 340,000	\$ 305,755	\$ (34,245)
Total expenditures and other financing uses. . . . .	<u>523,312</u>	<u>332,062</u>	<u>191,250</u>
Net change in fund balance . . . . .	(183,312)	(26,307)	157,005
Fund balance at beginning of year. . . . .	263,568	263,568	-
Prior year encumbrances appropriated. . . . .	<u>23,080</u>	<u>23,080</u>	<u>-</u>
Fund balance at end of year . . . . .	<u><u>\$ 103,336</u></u>	<u><u>\$ 260,341</u></u>	<u><u>\$ 157,005</u></u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**SPECIAL ENTERPRISE FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 430,000	\$ 430,287	\$ 287
Total expenditures and other financing uses. . . . .	<u>511,226</u>	<u>454,542</u>	<u>56,684</u>
Net change in fund balance . . . . .	(81,226)	(24,255)	56,971
Fund balance at beginning of year. . . . .	52,699	52,699	-
Prior year encumbrances appropriated. . . . .	<u>31,284</u>	<u>31,284</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 2,757</u>	<u>\$ 59,728</u>	<u>\$ 56,971</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**PERMANENT IMPROVEMENT FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 640,670	\$ 676,771	\$ 36,101
Total expenditures and other financing uses. . . . .	<u>772,306</u>	<u>734,818</u>	<u>37,488</u>
Net change in fund balance . . . . .	(131,636)	(58,047)	73,589
Fund balance at beginning of year. . . . .	646,249	646,249	-
Prior year encumbrances appropriated . . . . .	<u>87,306</u>	<u>87,306</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 601,919</u>	<u>\$ 675,508</u>	<u>\$ 73,589</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**BUILDING FUND**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources . . . . .	\$ 2,810,000	\$ 2,810,000	\$ -
Total expenditures and other financing uses. . . . .	<u>2,810,000</u>	<u>2,778,478</u>	<u>31,522</u>
Net change in fund balance . . . . .	-	31,522	31,522
Fund balance at beginning of year. . . . .	-	-	-
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ 31,522</u>	<u>\$ 31,522</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**REPLACEMENT FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 60	\$ 63	\$ 3
Total expenditures and other financing uses. . . . .	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Net change in fund balance . . . . .	(14,940)	63	15,003
Fund balance at beginning of year. . . . .	20,682	20,682	-
Fund balance at end of year . . . . .	<u>\$ 5,742</u>	<u>\$ 20,745</u>	<u>\$ 15,003</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
NONMAJOR PERMANENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**PERMANENT FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues and other financing sources . . . . .	\$ 40	\$ 4	\$ (36)
Total expenditures and other financing uses. . . . .	<u>332</u>	<u>326</u>	<u>6</u>
Net change in fund balance . . . . .	(292)	(322)	(30)
Fund balance at beginning of year. . . . .	14,017	14,017	-
Fund balance at end of year . . . . .	<u>\$ 13,725</u>	<u>\$ 13,695</u>	<u>\$ (30)</u>

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

FUND DESCRIPTIONS - INTERNAL SERVICE FUNDS

**Internal Service Funds**

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

**Dental Insurance Fund**

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

**Health Insurance Fund**

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

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

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2014

	<b>Dental Insurance</b>	<b>Health Insurance</b>	<b>Total Internal Service Funds</b>
<b>Assets:</b>			
Equity in pooled cash and investments. . . . .	\$ 716,632	\$ 2,635,877	\$ 3,352,509
Receivables:			
Accounts. . . . .	-	2,513	2,513
Total assets. . . . .	716,632	2,638,390	3,355,022
<b>Liabilities:</b>			
Claims payable. . . . .	78,000	1,133,000	1,211,000
Total liabilities. . . . .	78,000	1,133,000	1,211,000
<b>Net position:</b>			
Unrestricted . . . . .	638,632	1,505,390	2,144,022
Total net position. . . . .	\$ 638,632	\$ 1,505,390	\$ 2,144,022

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

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<b>Dental Insurance</b>	<b>Health Insurance</b>	<b>Total Internal Service Funds</b>
<b>Operating revenues:</b>			
Charges for services . . . . .	\$ 1,050,406	\$ 12,669,103	\$ 13,719,509
Total operating revenues . . . . .	1,050,406	12,669,103	13,719,509
<b>Operating expenses:</b>			
Purchased services . . . . .	37,785	1,425,786	1,463,571
Claims expense . . . . .	880,609	11,473,741	12,354,350
Total operating expenses . . . . .	918,394	12,899,527	13,817,921
Operating income (loss) . . . . .	132,012	(230,424)	(98,412)
<b>Nonoperating revenues:</b>			
Interest revenue . . . . .	58	-	58
Total nonoperating revenues . . . . .	58	-	58
Change in net position . . . . .	132,070	(230,424)	(98,354)
<b>Net position at beginning of year . . . . .</b>	<b>506,562</b>	<b>1,735,814</b>	<b>2,242,376</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 638,632</b>	<b>\$ 1,505,390</b>	<b>\$ 2,144,022</b>

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

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<b>Dental Insurance</b>	<b>Health Insurance</b>	<b>Total Internal Service Funds</b>
<b>Cash flows from operating activities:</b>			
Cash received from charges for services. . . . .	\$ 1,050,406	\$ 12,666,590	\$ 13,716,996
Cash payments for purchased services. . . . .	(37,785)	(1,425,786)	(1,463,571)
Cash payments for claims . . . . .	(886,609)	(11,235,741)	(12,122,350)
Net cash provided by operating activities . . . . .	126,012	5,063	131,075
<b>Cash flows from investing activities:</b>			
Interest received . . . . .	58	-	58
Net cash provided by investing activities . . . . .	58	-	58
Net increase in cash and investments . . . . .	126,070	5,063	131,133
<b>Cash and investments at beginning of year . . .</b>	<b>590,562</b>	<b>2,630,814</b>	<b>3,221,376</b>
<b>Cash and investments at end of year . . . . .</b>	<b>\$ 716,632</b>	<b>\$ 2,635,877</b>	<b>\$ 3,352,509</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss). . . . .	\$ 132,012	\$ (230,424)	\$ (98,412)
Changes in assets and liabilities:			
(Increase) in accounts receivable. . . . .	-	(2,513)	(2,513)
Increase (decrease) in claims payable. . . . .	(6,000)	238,000	232,000
Net cash provided by operating activities . . . . .	\$ 126,012	\$ 5,063	\$ 131,075

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
INTERNAL SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**HEALTH INSURANCE FUND**

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Total revenues. . . . .	\$ 11,000,000	\$ 12,666,590	\$ 1,666,590
Total expenditures. . . . .	12,180,568	12,661,527	(480,959)
Net change in fund balance . . . . .	(1,180,568)	5,063	1,185,631
Fund balance at beginning of year. . . . .	2,630,814	2,630,814	-
Fund balance at end of year . . . . .	<u>\$ 1,450,246</u>	<u>\$ 2,635,877</u>	<u>\$ 1,185,631</u>

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

**FUND DESCRIPTIONS - FIDUCIARY FUNDS**

**Fiduciary Funds**

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

**Agency Funds**

**Student Managed Activity Fund**

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

**Rotary Fund**

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

**Employee Benefits Fund**

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

**District Agency Fund**

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

**KETTERING CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<b>Beginning Balance July 1, 2013</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance July 1, 2014</b>
<b><u>Student Managed Activity Fund</u></b>				
<b>Assets:</b>				
Equity in pooled cash and investments. . . . .	\$ 81,392	\$ 140,276	\$ 146,326	\$ 75,342
Total assets . . . . .	<u>\$ 81,392</u>	<u>\$ 140,276</u>	<u>\$ 146,326</u>	<u>\$ 75,342</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 5,654	\$ 5,520	\$ 5,654	\$ 5,520
Due to students . . . . .	75,738	134,756	140,672	69,822
Total liabilities . . . . .	<u>\$ 81,392</u>	<u>\$ 140,276</u>	<u>\$ 146,326</u>	<u>\$ 75,342</u>
<b><u>Rotary Fund</u></b>				
<b>Assets:</b>				
Equity in pooled cash and investments. . . . .	\$ 1,696	\$ 17,313	\$ 18,358	\$ 651
Accounts receivable. . . . .	552	-	552	-
Total assets . . . . .	<u>\$ 2,248</u>	<u>\$ 17,313</u>	<u>\$ 18,910</u>	<u>\$ 651</u>
<b>Liabilities:</b>				
Intergovernmental payable . . . . .	\$ 1,521	\$ -	\$ 1,521	\$ -
Due to others . . . . .	727	16,761	16,837	651
Total liabilities . . . . .	<u>\$ 2,248</u>	<u>\$ 16,761</u>	<u>\$ 18,358</u>	<u>\$ 651</u>
<b><u>Employee Benefits Fund</u></b>				
<b>Assets:</b>				
Equity in pooled cash and investments. . . . .	\$ 164,603	\$ 84,462	\$ 77,802	\$ 171,263
Total assets . . . . .	<u>\$ 164,603</u>	<u>\$ 84,462</u>	<u>\$ 77,802</u>	<u>\$ 171,263</u>
<b>Liabilities:</b>				
Claims payable . . . . .	\$ 23,832	\$ 19,450	\$ 23,832	\$ 19,450
Due to others . . . . .	140,771	65,012	53,970	151,813
Total liabilities . . . . .	<u>\$ 164,603</u>	<u>\$ 84,462</u>	<u>\$ 77,802</u>	<u>\$ 171,263</u>

(Continued)

**KETTERING CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014 (CONTINUED)

	<b>Beginning Balance July 1, 2013</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance July 1, 2014</b>
<b><u>District Agency Fund</u></b>				
<b>Assets:</b>				
Equity in pooled cash and investments. . . . .	\$ 79,557	\$ 109,615	\$ 189,172	\$ -
Total assets . . . . .	<u>\$ 79,557</u>	<u>\$ 109,615</u>	<u>\$ 189,172</u>	<u>\$ -</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 477	\$ -	\$ 477	\$ -
Due to students . . . . .	79,080	110,092	189,172	-
Total liabilities . . . . .	<u>\$ 79,557</u>	<u>\$ 110,092</u>	<u>\$ 189,649</u>	<u>\$ -</u>
<b><u>Total Agency Funds</u></b>				
<b>Assets:</b>				
Equity in pooled cash and investments. . . . .	\$ 327,248	\$ 351,666	\$ 431,658	\$ 247,256
Accounts receivable. . . . .	552	-	552	-
Total assets . . . . .	<u>\$ 327,800</u>	<u>\$ 351,666</u>	<u>\$ 432,210</u>	<u>\$ 247,256</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 6,131	\$ 5,520	\$ 6,131	\$ 5,520
Intergovernmental payable . . . . .	1,521	-	1,521	-
Due to students . . . . .	154,818	244,848	329,844	69,822
Due to others . . . . .	141,498	81,773	70,807	152,464
Claims payable . . . . .	23,832	19,450	23,832	19,450
Total liabilities . . . . .	<u>\$ 327,800</u>	<u>\$ 351,591</u>	<u>\$ 432,135</u>	<u>\$ 247,256</u>

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

***Statistical Section***

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



Mila Nickelman – 11<sup>th</sup> Grade

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

STATISTICAL SECTION

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	<b>120-133</b>
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	<b>134-141</b>
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
<b>Debt Capacity</b>	<b>142-149</b>
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	<b>150-153</b>
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
<b>Operating Information</b>	<b>154-167</b>
These schedules contain service and operational data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

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

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

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Governmental activities</b>				
Net investment in capital assets	\$ 8,537,315	\$ 10,572,943	\$ 11,380,187	\$ 14,042,346
Restricted for:				
Capital projects	-	755,941	645,202	621,820
Debt service	2,144,839	2,649,523	4,356,490	2,524,780
Permanent	-	14,133	14,866	15,468
Locally funded programs	-	-	-	-
State funded programs	-	-	-	-
Federally funded programs	-	-	-	-
Student activities	-	-	-	-
Other purposes	1,821,150	936,280	589,735	444,932
Unrestricted (deficit)	6,892,084	6,700,355	4,671,211	4,329,914
Total governmental activities net position	<u>\$ 19,395,388</u>	<u>\$ 21,629,175</u>	<u>\$ 21,657,691</u>	<u>\$ 21,979,260</u>

**Source:** District financial records.

<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
\$ 14,593,555	\$ 16,447,133	\$ 18,472,838	\$ 19,433,829	\$ 21,078,401	\$ 23,611,501
316,338	407,428	575,916	700,616	742,890	834,883
2,058,605	1,873,907	3,014,264	3,224,803	2,880,116	2,696,993
15,672	15,140	15,156	14,577	14,017	13,695
-	-	-	-	20,312	-
-	-	-	-	30,354	260,053
-	-	-	-	1,075,191	197,904
-	-	-	-	209,881	290,476
492,031	878,676	574,799	725,954	747,872	839,948
6,014,488	2,157,873	4,720,582	5,461,309	(280,522)	2,500,167
<u>\$ 23,490,689</u>	<u>\$ 21,780,157</u>	<u>\$ 27,373,555</u>	<u>\$ 29,561,088</u>	<u>\$ 26,518,512</u>	<u>\$ 31,245,620</u>

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

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Expenses</b>				
Governmental activities:				
Instruction:				
Regular	\$ 30,303,175	\$ 30,026,305	\$ 33,962,450	\$ 33,619,843
Special	7,195,031	7,592,499	7,999,070	7,840,416
Vocational	1,938,656	1,989,974	2,047,759	2,091,488
Adult/continuing	40,025	28,453	34,254	37,255
Other instructional	2,193,266	3,546,792	4,373,656	4,253,666
Support services:				
Pupil	6,012,755	6,183,114	6,663,259	6,520,008
Instructional staff	4,293,737	4,473,685	4,749,251	4,766,122
Board of education	1,551,467	58,880	66,612	68,541
Administration	6,220,245	6,280,987	6,822,367	6,889,537
Fiscal	1,521,850	1,723,088	1,796,626	1,899,405
Business	371,627	519,187	595,008	612,826
Operations and maintenance	7,434,445	7,491,277	7,812,668	8,595,610
Pupil transportation	3,013,238	2,731,380	3,077,737	3,421,844
Central	1,356,202	1,090,013	1,733,260	1,723,029
Operation of non-instructional services	4,305,313	4,051,744	4,797,572	4,774,211
Extracurricular activities	1,604,609	1,457,996	1,733,777	1,862,353
Debt service:				
Interest and fiscal charges	4,942,861	5,098,030	3,929,935	4,644,799
Total governmental activities expenses	<u>\$ 84,298,502</u>	<u>\$ 84,343,404</u>	<u>\$ 92,195,261</u>	<u>\$ 93,620,953</u>

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 35,494,431	\$ 36,080,724	\$ 35,764,848	\$ 34,695,073	\$ 35,679,782	\$ 36,363,264
8,267,476	9,075,308	9,096,792	9,646,917	9,745,956	12,931,044
2,206,443	2,726,098	2,695,255	2,711,654	2,765,023	2,630,263
41,716	80,190	87,962	55,404	91,829	92,941
2,706,076	2,333,372	2,273,126	3,462,802	3,982,459	4,515,328
7,662,489	8,570,082	7,761,518	7,599,142	7,444,865	7,399,986
4,710,916	5,617,159	5,749,533	6,118,959	6,052,370	3,465,511
73,370	67,166	62,685	66,586	53,648	78,949
6,918,465	5,676,841	5,250,963	5,870,320	5,533,408	5,684,412
1,894,159	1,570,448	1,785,522	1,753,709	1,740,590	1,962,857
574,690	617,931	591,628	657,346	489,754	550,804
8,463,308	8,764,444	8,877,007	8,338,608	8,183,719	8,006,649
3,319,938	3,531,497	3,531,175	3,751,327	3,803,988	3,860,361
1,772,667	1,895,046	1,927,323	1,830,592	1,800,269	877,877
4,724,183	4,730,528	5,473,549	5,316,205	5,781,286	5,337,227
2,000,014	1,841,347	1,776,337	1,574,598	1,522,424	1,478,447
4,423,719	4,321,249	4,211,670	4,041,701	4,139,486	3,874,893
<u>\$ 95,254,060</u>	<u>\$ 97,499,430</u>	<u>\$ 96,916,893</u>	<u>\$ 97,490,943</u>	<u>\$ 98,810,856</u>	<u>\$ 99,110,813</u>

(Continued)

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

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

<b>Program revenues</b>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities:				
Charges for services and sales:				
Instruction:				
Regular	\$ 347,741	\$ 334,109	\$ 571,307	\$ 678,013
Special	308,858	237,299	155,477	104,445
Vocational	-	-	-	-
Adult/continuing	34,671	35,460	16,750	28,008
Support services:				
Pupil	367,062	-	-	-
Instructional staff	10,800	400,010	401,284	674,654
Administration	21,253	30,252	49,277	46,140
Operations and maintenance	-	-	-	-
Pupil transportation	-	-	-	-
Central	-	-	-	-
Operation of non-instructional services	1,688,221	1,759,386	1,831,394	1,792,888
Extracurricular activities	419,602	475,612	666,435	509,738
Operating grants and contributions:				
Instruction:				
Regular	552,018	376,258	329,286	296,781
Special	2,595,060	2,876,339	2,582,847	2,497,407
Vocational	306,675	316,934	283,366	294,615
Adult/continuing	87,703	87,705	39,579	31,823
Other instructional	-	-	-	-
Support services:				
Pupil	251,156	318,981	259,281	601,674
Instructional staff	253,581	43,221	285,300	479,462
Board of education	146,000	-	-	-
Administration	-	115,721	204,007	254,747
Operations and maintenance	-	-	-	-
Pupil transportation	27,117	135,676	181,267	1,070,470
Central	59,958	61,562	61,234	69,871
Operation of non-instructional services	2,330,514	2,475,296	2,550,820	2,794,445
Extracurricular activities	-	-	-	-
Capital grants and contributions:				
Support services:				
Operations and maintenance	135,765	80,770	111,299	107,095
Central	61,635	-	-	50,923
Total governmental program revenues	<u>10,005,390</u>	<u>10,160,591</u>	<u>10,580,210</u>	<u>12,383,199</u>
<b>Net (expense)/revenue</b>				
Governmental activities	<u>(74,293,112)</u>	<u>(74,182,813)</u>	<u>(81,615,051)</u>	<u>(81,237,754)</u>
Total primary government net expense	<u>\$ (74,293,112)</u>	<u>\$ (74,182,813)</u>	<u>\$ (81,615,051)</u>	<u>\$ (81,237,754)</u>

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
\$	477,910	\$ 552,513	\$ 491,487	\$ 766,581	\$ 963,092	\$ 833,159
	74,964	34,700	-	226,565	174,734	160,630
	-	-	169,574	59,929	50,520	91,964
	30,352	42,500	-	-	-	-
	-	119,368	446,810	124,352	257,003	291,301
	513,678	471,644	255,312	155,842	182,229	179,752
	51,507	-	-	-	29,939	13,579
	-	-	-	-	151,458	55,884
	-	-	36,955	45,698	42,356	42,201
	-	-	-	804	2,180	2,585
	1,767,093	1,687,589	2,040,451	2,101,177	1,977,126	1,951,446
	488,330	700,425	662,649	691,845	456,719	430,862
	226,969	7,473,371	8,377,327	370,134	130,978	185,977
	2,912,482	3,346,402	3,086,493	3,445,819	3,258,348	4,007,433
	353,015	286,128	293,519	294,535	303,589	423,911
	43,281	98,527	97,720	56,783	83,735	96,774
	-	-	-	-	88,603	82,781
	788,766	1,055,244	534,663	588,001	409,911	285,134
	568,709	850,810	963,601	830,284	963,951	295,220
	-	-	-	-	41	2,400
	246,945	579,451	635,090	294,143	289,339	297,761
	20,437	598,523	684,787	41,188	16,703	23
	1,323,273	898,521	1,269,191	30,503	253,873	270,393
	72,533	162,603	222,777	33,267	218,948	18,804
	2,807,184	3,081,388	1,696,423	3,258,352	3,191,496	3,398,721
	-	-	-	2,325	7,185	2,148
	72,312	83,724	-	-	-	-
	-	-	-	-	-	-
	<u>12,839,740</u>	<u>22,123,431</u>	<u>21,964,829</u>	<u>13,418,127</u>	<u>13,504,056</u>	<u>13,420,843</u>
	(82,414,320)	(75,375,999)	(74,952,064)	(84,072,816)	(85,306,800)	(85,689,970)
\$	<u>(82,414,320)</u>	<u>(75,375,999)</u>	<u>(74,952,064)</u>	<u>(84,072,816)</u>	<u>(85,306,800)</u>	<u>(85,689,970)</u>

(Continued)

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

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>General revenues and other changes in net position</b>				
Governmental activities:				
Property taxes	\$ 58,078,104	\$ 57,412,021	\$ 60,149,130	\$ 58,323,623
Payment in lieu of taxes	-	-	-	-
Grants and entitlements not restricted				
to specific programs	16,296,597	16,595,607	18,921,497	21,120,885
Investment earnings	1,462,565	1,100,764	1,670,128	1,215,189
Net increase/(decrease) in fair market value of investments	-	-	-	-
Miscellaneous	1,715,022	1,308,188	902,832	899,626
Total governmental activities	<u>77,552,288</u>	<u>76,416,580</u>	<u>81,643,587</u>	<u>81,559,323</u>
<b>Change in net position</b>				
Governmental activities	<u>\$ 3,259,176</u>	<u>\$ 2,233,767</u>	<u>\$ 28,536</u>	<u>\$ 321,569</u>

**Source:** District financial records.

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 57,874,816	\$ 53,552,069	\$ 61,540,434	\$ 61,048,275	\$ 57,281,151	\$ 65,014,848
-	-	-	151,425	582,655	633,323
24,253,458	18,883,431	18,477,287	25,145,742	23,933,755	24,145,012
654,210	184,639	73,241	95,301	91,520	162,671
-	-	-	21,193	(140,157)	-
<u>1,143,265</u>	<u>1,045,328</u>	<u>454,500</u>	<u>532,700</u>	<u>515,300</u>	<u>461,224</u>
<u>83,925,749</u>	<u>73,665,467</u>	<u>80,545,462</u>	<u>86,994,636</u>	<u>82,264,224</u>	<u>90,417,078</u>
<u>\$ 1,511,429</u>	<u>\$ (1,710,532)</u>	<u>\$ 5,593,398</u>	<u>\$ 2,921,820</u>	<u>\$ (3,042,576)</u>	<u>\$ 4,727,108</u>

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

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>General fund:</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	4,723,857	3,617,142	3,604,839	4,124,451
Unreserved (deficit)	<u>7,880,070</u>	<u>5,953,358</u>	<u>5,757,962</u>	<u>4,261,563</u>
Total general fund	<u>12,603,927</u>	<u>9,570,500</u>	<u>9,362,801</u>	<u>8,386,014</u>
<b>All other governmental funds:</b>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned (deficit)	-	-	-	-
Reserved	17,372,528	4,114,077	1,524,602	1,104,400
Unreserved (deficit), reported in:				
Special revenue funds	1,198,474	1,401,577	1,131,065	1,233,206
Debt service funds	-	-	4,035,349	2,914,350
Capital projects funds	4,685,394	1,295,510	134,847	176,958
Permanent fund	<u>752</u>	<u>1,312</u>	<u>2,065</u>	<u>2,667</u>
Total all other governmental funds	<u>23,257,148</u>	<u>6,812,476</u>	<u>6,827,928</u>	<u>5,431,581</u>
Total governmental funds	<u>\$ 35,861,075</u>	<u>\$ 16,382,976</u>	<u>\$ 16,190,729</u>	<u>\$ 13,817,595</u>

**Source:** District financial records.

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

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ -	\$ -	\$ 254,318	\$ 111,440	\$ 221,889	\$ 241,196
-	-	655,959	755,801	2,641,974	5,325,510
-	-	5,245,949	6,233,898	-	-
3,963,090	1,706,751	-	-	-	-
<u>5,797,826</u>	<u>1,957,847</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>9,760,916</u>	<u>3,664,598</u>	<u>6,156,226</u>	<u>7,101,139</u>	<u>2,863,863</u>	<u>5,566,706</u>
-	-	65,747	60,665	69,292	75,208
-	-	5,432,381	5,996,748	5,422,499	6,211,091
-	-	-	-	20,682	20,745
-	-	(403,080)	(534,876)	(432,084)	(644,271)
677,325	688,912	-	-	-	-
1,070,848	1,346,377	-	-	-	-
2,309,582	2,236,522	-	-	-	-
253,203	352,429	-	-	-	-
<u>2,871</u>	<u>2,339</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>4,313,829</u>	<u>4,626,579</u>	<u>5,095,048</u>	<u>5,522,537</u>	<u>5,080,389</u>	<u>5,662,773</u>
<u>\$ 14,074,745</u>	<u>\$ 8,291,177</u>	<u>\$ 11,251,274</u>	<u>\$ 12,623,676</u>	<u>\$ 7,944,252</u>	<u>\$ 11,229,479</u>

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

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Revenues</b>				
From local sources:				
Property taxes	\$ 58,630,450	\$ 57,446,028	\$ 61,267,771	\$ 57,556,743
Payment in lieu of taxes	-	-	-	-
Tuition	177,173	183,559	609,365	613,261
Transportation fees	308,858	237,299	157,477	104,445
Earnings on investments	1,505,456	1,186,344	1,653,214	1,205,909
Net increase/(decrease) in fair market value of investments	-	-	-	-
Charges for services	1,686,277	1,750,980	1,827,929	1,792,888
Extracurricular	642,718	720,352	892,333	735,312
Classroom materials and fees	265,090	247,234	260,652	251,374
Rental income	-	-	-	-
Contributions and donations	-	-	-	-
Contract services	-	-	-	-
Other local revenues	1,833,114	1,440,892	847,000	1,236,232
Intergovernmental	23,111,700	23,493,753	25,771,927	29,622,757
Total revenues	<u>88,160,836</u>	<u>86,706,441</u>	<u>93,287,668</u>	<u>93,118,921</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	29,495,513	31,367,491	32,288,016	32,454,270
Special	7,170,658	7,449,037	7,842,597	7,775,400
Vocational	1,883,682	1,969,979	2,001,139	1,987,377
Adult/continuing	40,193	29,675	34,254	37,255
Other	2,202,452	3,699,059	4,373,656	4,253,666
Support services:				
Pupil	6,043,951	6,312,259	6,559,484	6,523,471
Instructional staff	4,424,620	4,480,281	4,543,760	4,675,328
Board of education	1,557,965	61,408	66,612	68,541
Administration	6,144,449	6,395,203	6,537,621	6,716,620
Fiscal	1,540,782	1,779,432	1,777,309	1,884,587
Business	552,678	541,416	536,772	568,496
Operations and maintenance	7,573,422	7,781,644	7,885,136	8,276,731
Pupil transportation	2,907,533	3,130,092	2,758,153	3,352,988
Central	1,184,368	1,036,217	2,082,946	1,667,372
Operation of non-instructional services	4,301,318	4,172,955	4,600,634	4,832,456
Extracurricular activities	1,608,403	1,534,011	1,630,658	1,676,487
Facilities acquisition and construction	57,098,482	17,385,414	2,119,606	558,345
Debt service:				
Principal retirement	15,225,923	2,094,004	2,925,887	3,746,555
Interest and fiscal charges	5,510,702	5,199,402	4,888,769	4,716,400
Bond issuance costs	-	-	-	-
Total expenditures	<u>\$ 156,467,094</u>	<u>\$ 106,418,979</u>	<u>\$ 95,453,009</u>	<u>\$ 95,772,345</u>

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$	57,658,781	\$ 52,813,987	\$ 61,900,078	\$ 61,313,023	\$ 58,566,436	\$ 64,774,216
	-	-	-	151,425	582,655	633,323
	693,321	763,831	715,907	1,003,619	1,291,273	1,240,584
	74,964	34,700	36,955	45,698	42,356	42,201
	680,404	184,639	73,241	95,301	82,560	168,717
	-	-	-	21,193	(140,157)	-
	1,767,093	1,687,589	1,585,503	1,579,194	1,487,003	1,430,120
	701,920	683,015	678,487	696,663	698,243	654,001
	205,572	181,273	179,143	193,980	158,212	164,675
	-	-	-	-	136,758	55,433
	-	-	-	-	90,545	77,654
	-	-	-	-	473,511	466,125
	1,104,229	1,303,659	1,361,743	1,186,339	562,405	459,448
	33,117,698	37,499,623	35,689,575	34,521,364	32,495,959	34,194,621
	<u>96,003,982</u>	<u>95,152,316</u>	<u>102,220,632</u>	<u>100,807,799</u>	<u>96,527,759</u>	<u>104,361,118</u>
	33,672,384	35,757,961	34,765,833	33,628,807	34,747,413	35,291,949
	8,147,614	9,112,354	9,056,671	9,629,379	9,838,655	12,704,073
	2,091,786	2,603,181	2,693,124	2,672,615	2,691,544	2,608,737
	41,716	80,097	88,051	55,383	82,493	102,281
	2,706,076	2,330,680	2,275,425	3,461,507	3,983,494	4,507,303
	7,655,385	8,670,527	7,873,544	7,567,554	7,481,367	7,411,865
	4,638,447	5,556,122	5,732,142	6,115,213	6,122,031	3,415,173
	73,370	67,089	62,748	66,561	53,648	78,949
	6,680,120	5,811,186	5,232,622	5,679,526	5,418,708	5,548,374
	1,900,061	1,572,373	1,781,258	1,756,320	1,752,336	1,947,797
	571,214	610,412	588,832	521,438	519,095	519,969
	8,323,159	8,757,425	8,808,022	8,331,933	8,137,122	8,412,588
	3,505,177	3,448,507	3,350,422	3,823,489	3,810,720	3,852,619
	1,689,751	1,857,867	1,866,437	1,814,594	1,780,400	937,351
	4,625,262	4,680,816	5,451,706	5,149,411	5,736,424	5,181,719
	1,724,190	1,667,391	1,605,143	1,408,717	1,364,531	1,272,279
	34,781	459,417	126,392	34,312	209,674	2,676,433
	3,228,503	3,522,002	3,640,783	3,436,113	3,538,464	3,738,427
	4,466,790	4,364,486	4,254,556	4,134,565	3,613,066	3,692,977
	-	-	-	-	277,689	74,812
\$	<u>95,775,786</u>	<u>100,929,893</u>	<u>99,253,711</u>	<u>99,287,437</u>	<u>101,158,874</u>	<u>103,975,675</u>

(Continued)

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

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Excess of revenues over (under) expenditures	\$ (68,306,258)	\$ (19,712,538)	\$ (2,165,341)	\$ (2,653,424)
<b>Other financing sources (uses)</b>				
Issuance of general obligation bonds	12,149,989	-	-	-
Premium on general obligation bonds	635,025	-	-	-
Issuance of refunding bonds	-	-	66,999,990	-
Premium on refunding bonds	-	-	4,807,856	-
Payment to refunded bonds escrow agent	-	-	(70,926,703)	-
Proceeds from capital lease transaction	-	199,940	1,155,270	281,708
Sale of assets	-	-	-	-
Transfers in	94,916	13,500	58,574	13,500
Transfers (out)	(94,916)	(13,500)	(58,574)	(13,500)
Total other financing sources (uses)	<u>12,785,014</u>	<u>199,940</u>	<u>2,036,413</u>	<u>281,708</u>
Net change in fund balances	<u>\$ (55,521,244)</u>	<u>\$ (19,512,598)</u>	<u>\$ (128,928)</u>	<u>\$ (2,371,716)</u>
Debt service as a percentage of noncapital expenditures	20.94%	8.57%	8.42%	8.90%

**Source:** District financial records.

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 228,196	\$ (5,777,577)	\$ 2,966,921	\$ 1,520,362	\$ (4,631,115)	\$ 385,443
-	-	-	-	-	2,823,000
-	-	-	-	-	73,122
-	-	-	-	14,979,940	-
-	-	-	-	1,223,592	-
-	-	-	-	(16,247,473)	-
-	-	-	-	-	-
-	-	-	-	6,000	-
13,500	343,500	13,500	13,500	13,500	13,500
(13,500)	(343,500)	(13,500)	(13,500)	(13,500)	(13,500)
-	-	-	-	(37,941)	2,896,122
<u>\$ 228,196</u>	<u>\$ (5,777,577)</u>	<u>\$ 2,966,921</u>	<u>\$ 1,520,362</u>	<u>\$ (4,669,056)</u>	<u>\$ 3,281,565</u>
8.09%	7.84%	7.99%	7.66%	7.11%	7.39%

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

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

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

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

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

**Note:** Assessed value of real property is at 35%, assessed value of public utility is at 88% and assessed value of tangible personal property is at 25% through 2005, at 18.75% for 2006, 12.5% for 2007, and 6.25% for 2008 and 0% for 2009 and 2010. Additionally, telephone and telecommunications property was reclassified to general business personal property and assessed at 10% for 2009 and 2010.

<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
\$ 1,307,881,230	\$ 1,281,069,450	\$ 1,169,058,260	\$ 1,172,169,030	\$ 1,166,011,970
3,736,803,514	3,660,198,429	3,340,166,457	3,349,054,371	3,331,462,771
72,380,190	78,792,780	80,829,600	102,770,980	112,802,920
82,250,216	89,537,250	91,851,818	116,785,205	128,185,136
1,002,490	-	-	-	-
10,024,900	-	-	-	-
1,381,263,910	1,359,862,230	1,249,887,860	1,274,940,010	1,278,814,890
3,829,078,630	3,749,735,679	3,432,018,275	3,465,839,576	3,459,647,908
36.07%	36.27%	36.42%	36.79%	36.96%
\$73.10	\$78.00	\$78.00	\$78.00	\$82.89

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

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Direct district rates</b>				
General fund	\$54.80	\$61.70	\$61.70	\$61.70
Permanent improvement fund	0.60	0.60	0.60	0.60
Bond retirement fund	5.50	5.50	5.50	5.50
Total	<u>60.90</u>	<u>67.80</u>	<u>67.80</u>	<u>67.80</u>
<b>Overlapping rates</b>				
City of Kettering	6.85	6.85	6.80	6.80
City of Moraine	2.50	2.50	2.50	2.50
Montgomery County	15.74	15.74	15.74	15.74
Sinclair Community College	2.50	2.50	2.50	2.50
Greene County	11.30	12.30	11.55	11.55
Dayton Metro Library	0.26	1.25	1.25	1.25
Total	<u>\$100.05</u>	<u>\$108.94</u>	<u>\$108.14</u>	<u>\$108.14</u>

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

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

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$66.60	\$66.60	\$67.50	\$71.50	\$71.50	\$71.50
0.60	0.60	0.60	0.60	0.60	0.60
4.10	5.00	5.00	5.90	5.90	5.90
<u>71.30</u>	<u>72.20</u>	<u>73.10</u>	<u>78.00</u>	<u>78.00</u>	<u>78.00</u>
6.80	6.79	6.79	6.79	6.79	6.79
2.50	2.50	2.50	2.50	2.50	2.50
17.74	17.74	17.74	17.74	17.74	17.74
2.50	3.20	3.20	3.20	3.20	3.20
11.55	12.25	12.25	12.25	12.25	12.25
1.25	1.25	1.75	1.75	1.75	3.31
<u>\$113.64</u>	<u>\$115.93</u>	<u>\$117.33</u>	<u>\$122.23</u>	<u>\$122.23</u>	<u>\$123.79</u>

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

PRINCIPAL TAXPAYERS  
REAL ESTATE AND PUBLIC UTILITY PROPERTY TAXES  
DECEMBER 31, 2013 AND DECEMBER 31, 2004

		<b>December 31, 2013</b>		
<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>Percent of Total Assessed Value</u>
Dayton Power and Light	Gas and Electric Utility	\$105,691,340	1	8.29%
Reynolds and Reynolds Co.	Fortune 1000	12,174,770	2	0.95%
Vectren Energy Delivery of Ohio	Utility	9,764,650	3	0.77%
Huber Management Corp.	Property Management	8,292,330	4	0.65%
F1 Kettering LLC	Real Estate	7,502,310	5	0.59%
Miami Valley Research Foundation	Research	6,457,800	6	0.51%
Fifteenth Dayton LLC	Printing	4,998,910	7	0.39%
Residenz LLC	Property Management	4,585,590	8	0.36%
One Lincoln Park	Real estate	4,416,550	9	0.35%
Dayton Town and Country	Property Management	4,274,130	10	0.34%
Total Principal Taxpayers		168,158,380		13.20%
All Others		1,106,781,630		86.80%
Total Assessed Value		<u>\$1,274,940,010</u>		<u>100.00%</u>

		<b>December 31, 2004</b>		
<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>Percent of Total Assessed Value</u>
Dayton Power and Light	Utility	\$52,443,880	1	3.90%
General Motors Corporation	Automotive Manufacturer	35,650,010	2	2.65%
Delphi Automotive	Auto parts plant	14,978,530	3	1.11%
Scitex Digital Printing, Inc.	Printing	12,056,570	4	0.89%
Ohio Bell	Utility	9,079,440	5	0.67%
Reynolds and Reynolds Co.	Fortune 1000	8,029,960	6	0.60%
Bank One	Banking Services	6,330,430	7	0.47%
Residenz	Nursing Home	4,760,000	8	0.35%
Dayton Town & Country	Property Management	4,312,560	9	0.32%
Cricket Communication	Telephone Utility	4,105,250	10	0.30%
Total Principal Taxpayers		151,746,630		11.26%
All Others		1,196,266,220		88.74%
Total Assessed Value		<u>\$1,348,012,850</u>		<u>100.00%</u>

**Source:** Montgomery County Auditor - Land and Buildings based on valuation of property in 2013 and 2004

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

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

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN CALENDAR YEARS

Collection Year	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Total Tax Levy (1)</b>	\$ 51,960,333	\$ 62,230,176	\$ 59,374,793
<b>Collections within the Fiscal Year of the Levy</b>			
Current Tax Collections (2)	\$ 51,053,894	\$ 61,263,297	\$ 57,609,301
Percent of Levy Collected	98.26%	98.45%	97.03%
Delinquent Tax Collections	1,081,944	3,489,527	3,273,718
Total Tax Collections	<u>\$ 52,135,838</u>	<u>\$ 64,752,824</u>	<u>\$ 60,883,019</u>
<b>Percent of Total Tax Collections To Tax Levy</b>	100.34%	104.05%	102.54%
<b>Accumulated Outstanding Delinquent Taxes (3)</b>	\$ 4,372,384	\$ 3,579,271	\$ 2,426,623
<b>Percentage of Accumulated Delinquent Taxes to Total Tax Levy</b>	8.41%	5.75%	4.09%

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

**Notes:**

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

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

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

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

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

<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
\$ 55,461,256	\$ 56,386,305	\$ 54,771,300	\$ 58,823,873	\$ 69,552,184	\$ 67,660,920	\$ 76,121,264
\$ 55,134,931	\$ 54,818,766	\$ 53,730,645	\$ 57,247,393	\$ 67,400,196	\$ 65,734,803	\$ 74,133,882
99.41%	97.22%	98.10%	97.32%	96.91%	97.15%	97.39%
1,608,958	4,163,001	3,852,544	2,385,567	940,112	2,492,740	2,482,559
<u>\$ 56,743,889</u>	<u>\$ 58,981,767</u>	<u>\$ 57,583,189</u>	<u>\$ 59,632,960</u>	<u>\$ 68,340,308</u>	<u>\$ 68,227,543</u>	<u>\$ 76,616,441</u>
102.31%	104.60%	105.13%	101.38%	98.26%	100.84%	100.65%
\$ 2,386,797	\$ 2,464,561	\$ 2,547,957	\$ 2,861,478	\$ 2,842,448	\$ 2,483,646	\$ 2,478,575
4.30%	4.37%	4.65%	4.86%	4.09%	3.67%	3.26%

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

RATIO OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Governmental activities (1)</b>				
General obligation bonds payable*	\$ 112,019,538	\$ 109,918,779	\$ 110,372,671	\$ 106,752,841
Capital leases	567,133	678,136	1,646,041	1,573,354
Total primary government	<u>\$ 112,586,671</u>	<u>\$ 110,596,915</u>	<u>\$ 112,018,712</u>	<u>\$ 108,326,195</u>
<b>Population (2)</b>				
Cities of Kettering and Moraine	64,399	64,399	64,399	64,399
Outstanding debt per capita*	1,748	1,717	1,739	1,682
<b>Income (3)</b>				
Personal (in thousands)	\$ 2,069,333	\$ 2,155,692	\$ 2,012,242	\$ 2,063,213
Percentage of personal income*	5.44%	5.13%	5.57%	5.25%

**Sources:**

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

N/A = Not available

\*Balances of general obligation bonds, outstanding debt per capita, and outstanding debt as a percentage of personal income include premiums, discounts, and accreted interest on bonds.

<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
\$ 103,756,937	\$ 100,479,968	\$ 97,096,944	\$ 93,593,522	\$ 90,714,795	\$ 89,776,084
1,115,843	648,868	172,361	-	-	-
<u>\$ 104,872,780</u>	<u>\$ 101,128,836</u>	<u>\$ 97,269,305</u>	<u>\$ 93,593,522</u>	<u>\$ 90,714,795</u>	<u>\$ 89,776,084</u>
64,399	64,399	62,470	62,470	62,470	62,470
1,628	1,570	1,557	1,498	1,452	1,437
\$ 2,297,048	\$ 2,267,786	\$ 2,015,923	\$ 2,067,089	2,067,089	N/A
4.57%	4.46%	4.83%	4.53%	4.39%	N/A

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

RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS

Year	2005	2006	2007	2008
<b>Population</b> (1)	64,399	64,399	64,399	64,399
<b>Assessed value</b> (in thousands) (2)	\$ 1,365,795	\$ 1,422,942	\$ 1,403,352	\$ 1,396,394
<b>Estimated actual value</b> (in thousands) (2)	3,944,537	4,163,075	4,211,295	4,548,437
<b>General bonded debt</b> (3)				
General obligation bonds*	112,019,538	109,918,779	110,372,671	106,752,841
<b>Resources available to pay principal</b> (4)	2,144,839	2,649,523	4,356,490	2,524,780
<b>Net general bonded debt</b> *	109,874,699	107,269,256	106,016,181	104,228,061
<b>Ratio of net general bonded Debt to assessed value</b> *	8.04%	7.54%	7.55%	7.46%
<b>Ratio of net general bonded Debt to estimated actual value</b>	2.79%	2.58%	2.52%	2.29%
<b>Net general bonded debt per capita</b> *	\$ 1,706	\$ 1,666	\$ 1,646	\$ 1,618

**Source:**

- (1) U.S. Bureau of Census of Population
- (2) Montgomery County Auditor
- (3) Includes all general obligation bonded debt supported by property taxes
- (4) Represents the restricted for debt service balance on the statement of net position

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

<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
64,399	64,399	62,470	62,470	62,470	62,470
\$ 1,360,471	\$ 1,381,264	\$ 1,359,862	\$ 1,249,888	\$ 1,274,940	\$ 1,278,815
3,815,357	3,829,079	3,749,736	3,432,018	3,465,840	3,459,648
103,756,937	100,479,968	97,096,944	93,593,522	90,714,795	89,776,084
2,058,605	1,873,907	3,014,264	3,224,803	2,880,116	2,696,993
101,698,332	98,606,061	94,082,680	90,368,719	87,834,679	87,079,091
7.48%	7.14%	6.92%	7.23%	6.89%	6.81%
2.67%	2.58%	2.51%	2.63%	2.53%	2.52%
\$ 1,579	\$ 1,531	\$ 1,506	\$ 1,447	\$ 1,406	\$ 1,394

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

COMPUTATION OF DIRECT AND OVERLAPPING  
DEBT ATTRIBUTABLE TO GOVERNMENTAL ACTIVITIES  
JUNE 30, 2014

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to Kettering City School District</u>	<u>Amount Applicable to Kettering City School District</u>
<b>Direct:</b>			
Kettering City School District	\$ 89,776,084	100.00%	\$ 89,776,084
<b>Overlapping:</b>			
Montgomery County	31,058,049	13.49%	4,189,731
City of Kettering	13,497,607	98.59%	13,307,291
City of Moraine	6,409,501	70.04%	4,489,215
Greene County	26,363,000	0.34%	89,634
Dayton Metro Library	179,650,000	16.90%	30,360,850
Subtotal	<u>256,978,157</u>		<u>52,436,721</u>
Total	<u>\$ 346,754,241</u>		<u>\$ 142,212,805</u>

**Source:** Ohio Municipal Advisory Council

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

All outstanding debt amounts for the overlapping subdivisions are as of December 31, 2013 as this is the latest information available.

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

**DEBT LIMITATIONS  
LAST TEN FISCAL YEARS**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Net Assessed Valuation</b>	\$ 1,365,795,325	\$ 1,422,942,327	\$ 1,403,351,735	\$ 1,396,394,393
<b>Overall Direct Debt Limitation</b>				
Legal Debt Limitation (%) (1)	9.00%	9.00%	9.00%	9.00%
Legal Debt Limitation (\$) (1)	122,921,579	128,064,809	126,301,656	125,675,495
Applicable District Debt Outstanding	107,619,989	105,844,989	103,339,979	100,184,979
Less: Applicable Debt Service				
Fund Amounts (2)	(2,144,839)	(2,649,523)	(4,356,490)	(2,524,780)
Net Indebtedness Subject to Limitation	<u>105,475,150</u>	<u>103,195,466</u>	<u>98,983,489</u>	<u>97,660,199</u>
Overall Legal Debt Margin	<u>\$ 17,446,429</u>	<u>\$ 24,869,343</u>	<u>\$ 27,318,167</u>	<u>\$ 28,015,296</u>
<b>Unvoted Direct Debt Limitation</b>				
Legal Debt Limitation (%) (1)	0.10%	0.10%	0.10%	0.10%
Legal Debt Limitation (\$) (1)	\$ 1,365,795	\$ 1,422,942	\$ 1,403,352	\$ 1,396,394
Applicable District Debt Outstanding	-	-	-	-
Unvoted Legal Debt Margin	<u>\$ 1,365,795</u>	<u>\$ 1,422,942</u>	<u>\$ 1,403,352</u>	<u>\$ 1,396,394</u>
<b>Energy Conservation Bond Limitation</b>				
Legal Debt Limitation (%) (1)	0.90%	0.90%	0.90%	0.90%
Legal Debt Limitation (\$) (1)	\$ 12,292,158	\$ 12,806,481	\$ 12,630,166	\$ 12,567,550
Authorized by the Board	(1,434,499)	(1,204,432)	(970,910)	(733,750)
Unvoted Energy Conservation				
Bond Legal Debt Margin	<u>\$ 10,857,659</u>	<u>\$ 11,602,049</u>	<u>\$ 11,659,256</u>	<u>\$ 11,833,800</u>
<b>Total Net Indebtedness Subject to Limitation as a Percentage of Debt Limit</b>	85.81%	80.58%	78.37%	77.71%

(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.

<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
\$ 1,360,471,120	\$ 1,381,263,910	\$ 1,359,862,230	\$ 1,249,887,860	\$ 1,274,940,010	\$ 1,278,814,890
9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
122,442,401	124,313,752	122,387,601	112,489,907	114,744,601	115,093,340
97,489,979	94,514,979	91,434,979	88,524,990	85,079,930	81,852,930
(2,058,605)	(1,873,907)	(3,014,264)	(3,224,803)	(3,449,104)	(3,502,105)
95,431,374	92,641,072	88,420,715	85,300,187	81,630,826	78,350,825
<u>\$ 27,011,027</u>	<u>\$ 31,672,680</u>	<u>\$ 33,966,886</u>	<u>\$ 27,189,720</u>	<u>\$ 33,113,775</u>	<u>\$ 36,742,515</u>
0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
\$ 1,360,471	\$ 1,381,264	\$ 1,359,862	\$ 1,249,888	\$ 1,274,940	\$ 1,278,815
-	-	-	-	-	-
<u>\$ 1,360,471</u>	<u>\$ 1,381,264</u>	<u>\$ 1,359,862</u>	<u>\$ 1,249,888</u>	<u>\$ 1,274,940</u>	<u>\$ 1,278,815</u>
0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
\$ 12,244,240	\$ 12,431,375	\$ 12,238,760	\$ 11,248,991	\$ 11,474,460	\$ 11,509,334
(657,758)	(577,731)	(493,455)	(404,703)	(311,239)	(2,622,812)
<u>\$ 11,586,482</u>	<u>\$ 11,853,644</u>	<u>\$ 11,745,305</u>	<u>\$ 10,844,288</u>	<u>\$ 11,163,221</u>	<u>\$ 8,886,522</u>
77.94%	74.52%	72.25%	75.83%	71.14%	68.08%

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

DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN YEARS

<b>Calendar Year</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Population (1)</b>				
Cities of Kettering and Moraine	64,399	64,399	64,399	64,399
Montgomery County	550,063	547,435	542,237	538,104
<b>Income (2) (a)</b>				
Total Personal (in thousands)	\$ 2,001,135	\$ 2,069,333	\$ 2,155,692	\$ 2,123,235
Per Capita	31,074	32,133	33,474	32,970
<b>Unemployment Rate</b>				
Federal (3)	5.5%	5.0%	4.6%	4.6%
State (3)	6.0%	5.9%	5.5%	5.6%
Montgomery County (4)	6.6%	6.4%	6.0%	7.3%
<b>Fiscal Year</b>				
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>School Enrollment (5)</b>				
Grades K - 5	3,240	3,292	3,331	3,353
Grades 6 - 8	1,770	1,720	1,685	1,676
Grades 9 - 12	2,425	2,466	2,451	2,398
Total	<u>7,435</u>	<u>7,478</u>	<u>7,467</u>	<u>7,427</u>

**Sources:**

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

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

<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
64,399	64,399	62,470	62,470	62,470	62,470
534,626	532,562	535,153	537,602	534,325	535,846
\$ 2,187,119	\$ 2,297,048	\$ 2,267,786	\$ 2,015,923	\$ 2,067,089	\$ 2,067,089
33,962	35,669	36,302	32,270	33,089	33,089
5.8%	9.3%	9.6%	8.6%	8.1%	7.4%
6.6%	10.2%	10.1%	8.9%	7.2%	7.1%
7.4%	11.4%	11.1%	8.7%	7.8%	7.5%
<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
3,321	3,355	3,219	3,191	3,445	3,424
1,677	1,681	1,670	1,704	1,670	1,652
2,378	2,334	2,352	2,233	2,150	2,167
<u>7,376</u>	<u>7,370</u>	<u>7,241</u>	<u>7,128</u>	<u>7,265</u>	<u>7,243</u>

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

PRINCIPAL EMPLOYERS  
DECEMBER 31, 2013 AND DECEMBER 31, 2004

<u>Employer</u>	<u>Nature of Business</u>	<u>December 31, 2013</u>		
		<u>Number of Employees</u>	<u>Rank</u>	<u>% of Total Estimated Employment</u>
Kettering Medical Center	Private Hospital	3,570	1	13.95%
GE Money	Financial Services	1,800	2	7.03%
Reynolds and Reynolds Co.	Professional Services	1,307	3	5.11%
Kettering City School District	Education	1,032	4	4.03%
Limited Brands, Inc. (formerly Intimate Brands, Inc.)	Catalog Ordering Center	1,000	5	3.91%
Kroger	Retail Sales	630	6	2.46%
Meijer, Inc.	Retail Sales	550	7	2.15%
City of Kettering	Government	550	8	2.15%
Tenneco	Manufacturing	522	9	2.04%
Total Principal Employers		<u>10,961</u>		<u>42.83%</u>
Total Estimated Employment		<u>25,600</u>		<u>100.00%</u>

<u>Employer</u>	<u>Nature of Business</u>	<u>December 31, 2004</u>		
		<u>Number of Employees</u>	<u>Rank</u>	<u>% of Total Estimated Employment</u>
Kettering Medical Center	Private Hospital	3,100	1	11.11%
Delphi Automotive Systems, LLC	Automotive Manufacturer	1,770	2	6.34%
Reynolds and Reynolds Co.	Professional Services	1,350	3	4.84%
Monogram Services Co. LLC	Finance Services	1,200	4	4.30%
Intimate Brands, Inc.	Retail Sales	900	5	3.23%
Kettering City School District	Education	900	6	3.23%
City of Kettering	Government	900	7	3.23%
Scitex Digital Printing, Inc. (Eastman Kodak Co.)	Digital Printing	600	8	2.15%
Meijer, Inc.	Retail Sales	550	9	1.97%
Total Principal Employers		<u>11,270</u>		<u>40.40%</u>
Total Estimated Employment		<u>27,900</u>		<u>100.00%</u>

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

**Notes:** Information on 10th largest employer is not available.

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

DISTRICT EMPLOYEES BY TYPE  
LAST TEN FISCAL YEARS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Official Administrative	44.00	38.79	37.00	38.00
Professional - Educational	538.40	541.81	533.96	509.06
Professional - Other	34.70	38.99	40.68	34.86
Technical	14.48	14.51	14.02	12.30
Office/Clerical	159.88	158.93	150.13	150.94
Crafts and Trades	12.00	15.00	16.00	13.00
Operative	33.97	39.60	32.82	33.79
Extracurricular/Intracurricular Activities	0.00	0.00	0.00	0.00
Service Work/Laborer	114.50	117.46	108.94	103.02
Total Employees	<u>951.93</u>	<u>965.09</u>	<u>933.55</u>	<u>894.97</u>

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

**Source:** District records

<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
37.00	34.00	33.00	33.09	33.00	32.00
518.10	525.40	510.00	514.29	503.17	512.49
41.56	35.90	36.55	40.40	37.10	35.19
13.30	13.75	14.29	15.29	15.29	23.36
144.25	158.40	157.95	171.53	162.65	157.63
14.00	11.00	11.00	11.00	10.00	11.00
36.08	35.14	35.26	33.36	34.50	35.35
0.00	0.00	0.00	0.00	0.00	0.50
103.27	103.73	105.15	107.28	104.97	111.96
<u>907.56</u>	<u>917.32</u>	<u>903.20</u>	<u>926.24</u>	<u>900.68</u>	<u>919.48</u>

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

OPERATING INDICATORS - COST PER PUPIL  
LAST TEN FISCAL YEARS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Enrollment	7,435	7,478	7,467	7,427	7,376
Modified Accrual Basis					
Operating Expenditures	\$ 78,304,032	\$ 81,740,159	\$ 85,518,747	\$ 86,751,045	\$ 88,045,712
Cost per Pupil	10,532	10,931	11,453	11,680	11,937
Percentage of Change	10.2%	3.8%	4.8%	2.0%	2.2%
Accrual Basis					
Operating Expenses	\$ 79,355,641	\$ 79,245,374	\$ 88,265,326	\$ 88,976,154	\$ 90,830,341
Cost per Pupil	10,673	10,597	11,821	11,980	12,314
Percentage of Change	5.7%	(0.7%)	11.5%	1.3%	2.8%
Teaching Staff	620	621	624	556	574

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

<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
7,370	7,241	7,128	7,265	7,243
\$ 92,583,988	\$ 91,231,980	\$ 91,682,447	\$ 93,519,981	\$ 93,793,026
12,562	12,599	12,862	12,873	12,949
5.2%	0.3%	2.1%	0.1%	0.6%
\$ 93,178,181	\$ 92,705,223	\$ 93,449,242	\$ 94,671,370	\$ 95,235,920
12,643	12,803	13,110	13,031	13,149
2.7%	1.3%	2.4%	(0.6%)	0.9%
564	524	512	527	535

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

OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Governmental activities</b>					
Instruction					
Regular	414	468	446	467	480
Special	85	93	92	94	94
Support Services					
Pupils					
Enrollment	7,435	7,478	7,467	7,427	7,376
Graduates	523	568	533	539	575
Percent of Students with Disabilities	16%	16%	14%	16%	16%
Board of Education					
Members	5	5	5	5	5
Regular Meetings per Year	12	12	12	12	12
Administration					
School Attendance Rate	94.1%	95.5%	94.9%	95.1%	95.1%
Fiscal Services					
Purchase Orders Processed	7,572	6,950	6,443	5,841	5,705
Checks Issued (non payroll)	8,341	7,418	7,445	7,033	6,384
Operation and Maintenance of Plant					
District Square Footage Maintained	1,346,597	1,346,597	1,346,597	1,346,597	1,346,597
District Square Acreage Maintained	254	254	254	254	254
Pupil Transportation					
Average Daily Students Transported	3,740	3,562	3,413	3,257	3,225
Average Daily Bus Fleet Miles	3,042	2,826	2,923	2,936	3,144
Number of Buses	59	59	61	61	66
Operation of Non-instructional Services					
Food Service					
Student Meals Served Yearly	621,894	646,932	668,413	700,592	689,048
Free/Reduced Price Meals Daily	3,528	3,693	1,540	1,604	1,748
Uniform School Supplies	3	3	3	3	3
Extracurricular Activities					
High School Varsity Teams	23	23	23	23	23

**Source:** District Treasurer's Office

N/A = Not available

<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
470	430	417	414	418
94	94	95	113	117
7,370	7,241	7,128	7,265	7,243
541	542	523	535	536
16%	16%	16%	14%	15%
5	5	5	5	5
12	12	12	18	18
95.3%	95.7%	96.0%	96.0%	96.1%
5,571	5,459	4,867	5,053	4,702
6,360	6,045	5,271	4,651	3,328
1,346,597	1,346,597	1,346,597	1,346,597	1,346,597
254	254	254	254	254
3,136	3,372	3,171	3,539	2,989
2,943	2,112	2,825	3,039	3,022
66	66	66	57	57
715,958	708,981	722,428	704,886	674,536
2,082	2,215	2,254	2,333	2,247
3	3	3	3	3
26	24	27	27	27

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

OPERATING INDICATORS - TEACHER BASE SALARIES  
LAST TEN FISCAL YEARS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Minimum Salary	\$ 30,604	\$ 31,828	\$ 32,465	\$ 33,439
Maximum Salary	78,346	81,480	83,110	85,604
District Average Salary	42,799	57,211	59,194	61,770
County Average Salary	40,545	50,787	51,971	54,212
State Average Salary	49,438	50,771	53,534	53,410

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

OPERATING INDICATORS - TEACHERS BY EDUCATION  
LAST TEN FISCAL YEARS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Bachelor's Degree	173	191	164	178
Master's Degree + 15	326	370	397	397
Total	<u>499</u>	<u>561</u>	<u>561</u>	<u>575</u>

**Source:** District records

N/A = Not Available

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
\$	34,442	\$ 35,484	\$ 35,484	\$ 35,484	\$ 35,484	\$ 35,484
	88,172	90,839	90,839	90,839	90,839	90,839
	63,839	64,174	67,310	66,366	64,289	63,601
	55,124	56,459	58,081	57,451	N/A	N/A
	55,583	55,958	56,715	56,715	56,307	55,916

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
	178	137	136	123	142	161
	396	427	388	389	385	374
	574	564	524	512	527	535

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

CAPITAL ASSET STATISTICS BY BUILDING  
LAST TEN FISCAL YEARS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Secondary</b>					
Kettering Fairmont High School					
Square Footage	420,517	420,517	420,517	420,517	420,517
Capacity (students)	3,725	3,725	3,725	3,725	3,725
Enrollment	2,454	2,485	2,451	2,451	2,378
<b>Middle</b>					
Kettering Middle School					
Square Footage	245,522	245,522	245,522	245,522	245,522
Capacity (students)	2,250	2,250	2,250	2,250	2,250
Enrollment	1,099	1,041	996	996	972
Van Buren Middle School					
Square Footage	103,184	103,184	103,184	103,184	103,184
Capacity (students)	960	960	960	960	960
Enrollment	676	680	689	689	705
<b>Elementary</b>					
Beavertown Elementary School					
Square Footage	47,347	47,347	47,347	47,347	47,347
Capacity (students)	530	530	530	530	530
Enrollment	354	353	387	387	383
Greenmont Elementary School					
Square Footage	45,633	45,633	45,633	45,633	45,633
Capacity (students)	720	720	720	720	720
Enrollment	346	336	326	326	313
Indian Riffle Elementary School					
Square Footage	102,000	102,000	102,000	102,000	102,000
Capacity (students)	1,300	1,300	1,300	1,300	1,300
Enrollment	435	444	448	448	421
J.F.Kennedy Elementary School					
Square Footage	106,000	106,000	106,000	106,000	106,000
Capacity (students)	1,000	1,000	1,000	1,000	1,000
Enrollment	537	554	534	534	567
Moraine Meadows Elementary School *					
Square Footage	26,732	26,732	26,732	26,732	26,732
Capacity (students)	418	418	418	418	418
Enrollment	152	155	153	153	151

<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
420,517	420,517	420,517	420,517	420,517
3,725	3,725	3,725	3,725	3,725
2,334	2,352	2,233	2,150	2,167
245,522	245,522	245,522	245,522	245,522
2,250	2,250	2,250	2,250	2,250
1,001	954	965	942	962
103,184	103,184	103,184	103,184	103,184
960	960	960	960	960
680	716	739	728	690
47,347	47,347	47,347	47,347	47,347
530	530	530	530	530
361	356	338	369	353
45,633	45,633	45,633	45,633	45,633
720	720	720	720	720
341	308	314	324	325
102,000	102,000	102,000	102,000	102,000
1,300	1,300	1,300	1,300	1,300
431	454	438	456	433
106,000	106,000	106,000	106,000	106,000
1,000	1,000	1,000	1,000	1,000
555	554	547	577	600
26,732	26,732	26,732	26,732	26,732
418	418	418	418	418
157	0	0	0	0

(Continued)

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

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Oakview Elementary School					
Square Footage	49,056	49,056	49,056	49,056	49,056
Capacity (students)	500	500	500	500	500
Enrollment	565	409	402	402	382
Orchard Park Elementary School					
Square Footage	34,189	34,189	34,189	34,189	34,189
Capacity (students)	450	450	450	450	450
Enrollment	290	304	306	306	291
J.E.Prass Elementary School					
Square Footage	47,264	47,264	47,264	47,264	47,264
Capacity (students)	570	570	570	570	570
Enrollment	348	336	324	324	342
Southdale Elementary School					
Square Footage	47,185	47,185	47,185	47,185	47,185
Capacity (students)	530	530	530	530	530
Enrollment	384	407	451	451	471
<b>All Other</b>					
Central Administration Building					
Square Footage	26,968	26,968	26,968	26,968	26,968
Occupancy	195	153	153	153	153
Transportation Building					
Square Footage	30,000	30,000	30,000	30,000	30,000
Maintenance Building					
Square Footage	15,000	15,000	15,000	15,000	15,000

**Source:** District records

\* Moraine Meadows Elementary School was closed during 2011.

<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
49,056	49,056	49,056	49,056	49,056
500	500	500	500	500
395	409	382	390	379
34,189	34,189	34,189	34,189	34,189
450	450	450	450	450
300	258	264	320	319
47,264	47,264	47,264	47,264	47,264
570	570	570	570	570
352	339	364	414	420
47,185	47,185	47,185	47,185	47,185
530	530	530	530	530
463	541	544	595	595
26,968	26,968	26,968	26,968	26,968
153	153	153	153	153
30,000	30,000	30,000	30,000	30,000
15,000	15,000	15,000	15,000	15,000

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

EDUCATIONAL AND OPERATIONAL STATISTICS  
LAST TEN FISCAL YEARS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>ACT Scores (Average)</b>				
Kettering	22.2	23.2	22.7	22.7
Ohio	21.1	21.5	21.6	21.7
National	20.6	21.1	21.2	21.1
<b>SAT Scores (Average)</b>				
Kettering				
Verbal/Critical Reading	524	541	525	517
Mathematical	532	552	532	531
Writing	N/A	N/A	N/A	N/A
Ohio				
Verbal/Critical Reading	539	535	536	534
Mathematical	543	544	542	544
Writing	N/A	N/A	N/A	N/A
National				
Verbal/Critical Reading	508	503	502	502
Mathematical	520	581	515	515
Writing	N/A	N/A	N/A	N/A
<b>National Merit Scholars</b>				
Finalist	0	0	0	2
Semi-Finalist	0	0	0	2
Commended Scholars	3	4	6	0
<b>Cost per Student (ODE)</b>				
Kettering	\$9,434	\$10,593	\$10,998	\$11,078
Ohio (Average)	\$9,028	\$9,356	\$9,586	\$9,939
<b>Attendance Rate</b>				
Kettering	94.1%	95.5%	94.9%	95.1%
Ohio (Average)	95.2%	94.1%	94.1%	94.2%
<b>Graduation Rate (1)</b>				
Kettering	99.4%	98.6%	98.7%	97.8%
Ohio (Average)	85.9%	86.2%	86.9%	86.2%

**Source:**

District records and Ohio Department of Education

N/A = Not Available

**Notes:**

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

2009	2010	2011	2012	2013	2014
23.6	23.0	23.1	23.1	24.0	23.7
21.7	21.8	21.8	21.8	21.8	22.0
21.1	21.1	21.1	21.1	20.9	21.0
540	550	545	548	556	553
556	558	547	563	566	549
N/A	N/A	N/A	N/A	536	518
537	538	539	534	548	555
546	548	545	552	556	562
N/A	N/A	N/A	N/A	531	535
501	501	497	492	496	497
515	516	514	514	514	513
N/A	N/A	N/A	N/A	488	487
1	0	1	1	3	1
2	0	1	1	3	1
1	3	3	4	5	5
\$8,590	\$12,299	\$12,017	\$12,005	\$11,070	\$11,656
\$10,254	\$10,512	\$10,697	\$10,597	\$10,185	\$10,394
95.1%	95.3%	95.7%	96.0%	96.0%	96.1%
94.3%	94.3%	94.5%	94.5%	94.2%	94.3%
97.9%	98.0%	97.1%	92.4%	95.7%	N/A
84.6%	83.0%	84.3%	80.0%	82.2%	N/A

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



Trixia Apiado – 12<sup>th</sup> Grade



# Dave Yost • Auditor of State

**KETTERING CITY SCHOOL DISTRICT**

**MONTGOMERY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 19, 2015**