



**Auditor of State
Betty Montgomery**

**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 YEAR ENDED JUNE 30, 2003**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursement
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed through Ohio Department of Education</i>						
Nutrition Cluster:						
Food Distribution Program	10.550	N/A		\$151,441		\$151,441
National School Breakfast Program	10.553	05-PU-2002 05-PU-2003	14,382 41,462		14,382 41,462	
Total National School Breakfast Program			55,844		55,844	
National School Lunch Program	10.555	LL-P4-2002 LL-P4-2003	114,686 324,486		114,686 324,486	
Total National School Lunch Program			439,172		439,172	
Total Nutrition Cluster			495,016	151,441	495,016	151,441
Child Care Food Program	10.558	16-CP-2002 21-CP-2002 CCCP-2003 CCMO-2003	83 1,570 541 10,085		83 1,570 541 10,085	
Total Child Care Food Program			12,279		12,279	
Total United States Department of Agriculture			507,295	151,441	507,295	151,441
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed through Ohio Department of Education</i>						
Adult Education	84.002	AB-S1-2002 AB-S1-2003	26,598 55,413		26,598 55,413	
Total Adult Education			82,011		82,011	
Title I Grant to Local Educational	84.010	C1-S1-2002 C1-S1-2002C C1-S1-2003	42,663 364,398		75,456 8,727 342,713	
Total Title I Grant to Local Educational Agencies			407,061		426,896	
Special Education Cluster:						
Special Education Grant to States (IDEA Part B)	84.027	6B-SF-2002 6B-SF-2003	144,959 727,839		173,676 682,778	
Total Special Education Grant to States (IDEA Part B)			872,798		856,454	
Special Education - Preschool Grants	84.173	PG-S1-2002 PG-S1-2003	 7,000		1,581 5,531	
Total Special Education - Preschool Grants			7,000		7,112	
Total Special Education Cluster			879,798		863,566	
Safe and Drug Free Schools and Communities- National Program	84.184C	T4-S1-2003	556		957	
Safe and Drug Free Schools and Communities- State Grants	84.186	DR-S1-2002 DR-S1-2003	 27,018		3,068 29,836	
Total Safe and Drug Free Schools and Communities - State Grants			27,018		32,904	

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2003
(Continued)**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursement
Even Start	84.213	EV-S1-2001	5,891		15,334	
		EV-T0-2002	55,959		45,332	
		EV-T1-2003	137,365		126,074	
Total Even Start			199,215		186,740	
State Postsecondary Review	84.276	G2-A2-2001			6,900	
Eisenhower Professional Development	84.281	MS-SI-2000	(11,466)			
		MS-SI-2001			5,586	
		MS-SI-2002	16,805		27,865	
Total Eisenhower Professional Development			5,339		33,451	
Innovative Education Programs Strategies	84.298	C2-S1-2001	10,913		7,796	
		C2-S1-2002			9,545	
		C2-S1-2003	68,737		63,290	
Total Innovative Education Programs Strategies			79,650		80,631	
Title II- Part D Education Technology	84.318	TJ-S1-2003	6,996		5,919	
Class Size Reduction	84.340	CR-S1-2002	90,134		27,749	
School Renovation Grant	84.352A	AT-S2-2002	18,900		18,900	
		AT-S3-2002	7,165		1,725	
Total School Renovation Grant			26,065		20,625	
Title III- Part A (ESEA) English Language Acquisition Grant	84.365	T3-S1-2003	2,327		1,843	
Title II- Part A Improving Teacher Quality	84.367	TR-S1-2003	77,282		57,772	
<i>Passed through Centerville City School District</i>						
Vocational Education - Carl Perkins	84.048	20-AO-2001			22,395	
		20-AO-2002	21,600		77,840	
		20-AO-2003	85,819		39,000	
Total Vocational Education - Carl Perkins			107,419		139,235	
Total United States Department of Education			1,990,871		1,967,199	
UNITED STATES DEPARTMENT OF HUMAN SERVICES						
<i>Passed through Montgomery County Educational Service Center</i>						
Medical Assistance Program	93.778	N/A	4,955		4,955	
<i>Passed through Ohio Department of Mental Retardation and Developmental Disabilities</i>						
Medical Assistance Program		N/A	176,897		207,243	
Total United States Department of Human Services Medicaid Assistance Program			181,852		212,198	
Total Federal Assistance			\$2,680,018	\$151,441	\$2,686,692	\$151,441

The notes to this schedule 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 YEAR ENDED JUNE 30, 2003**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - NUTRITION CLUSTER

Non-monetary assistance, such as food received from the United States Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the United States Department of Agriculture are commingled with State Grants and local funds. It is assumed federal monies are expended first.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District complied with these matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Board of Education:

We have audited the financial statements of Kettering City School District, Montgomery County, (the District), as of and for the year ended June 30, 2003, and have issued our report thereon dated December 22, 2003, in which we noted the District has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – For State and Local Governments*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 22, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 22, 2003.

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This report is intended for the information and use of the management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

December 22, 2003



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

To the Board of Education:

Compliance

We have audited the compliance of Kettering City School District, Montgomery County, (the District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2003. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. 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 that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2003.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

**Internal Control Over Compliance
(Continued)**

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Federal Awards Receipts and Expenditures

We have audited the basic financial statements of the District as of and for the year ended June 30, 2003, and have issued our report thereon dated December 22, 2003, in which we noted the District has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – For State and Local Governments*. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

December 22, 2003

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
JUNE 30, 2003**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster: Special Education - Grant to States (IDEA Part B): CFDA #84.027 Special Education - Preschool Grants: CFDA #84.173
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	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

KETTERING CITY SCHOOL DISTRICT

Montgomery County, Ohio



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2003**

KETTERING CITY SCHOOL DISTRICT

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2003**

Prepared by:
Mr. Steven G. Clark
Treasurer

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KETTERING CITY SCHOOL DISTRICT

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INTRODUCTORY SECTION





Kettering City School District

3750 Far Hills Avenue
Kettering, Ohio 45429

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

fax (937)-296-7625

December 22, 2003

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

We are pleased to present the ninth Comprehensive Annual Financial Report (CAFR) of the Kettering City School District for the fiscal year ended June 30, 2003. This report was prepared by the Treasurer's Office, and includes the unqualified opinion of our independent auditors, The Ohio Auditor of State. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. The CAFR conforms to generally accepted accounting principles (GAAP) applicable to governmental entities.

The CAFR is presented in three sections:

The Introductory Section, which is unaudited, includes this letter of transmittal, an organization chart and a list of the District's elected board members and other members of the administration.

The Financial Section begins with the Report of Independent Accountants and includes Management's Discussion and Analysis (MD&A), the basic financial statements and notes that provide an overview of the District's financial position and results of operations; required supplementary information; the combining statements for nonmajor funds and other schedules that provide information relative to the basic financial statements.

The Statistical Section, which is unaudited, includes selected financial, economic and demographic information, generally presented on a multi-year basis.

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

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.

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2003

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

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

HISTORY AND BACKGROUND

The year 2003 marked the 161st year of existence for the Van Buren Township/ 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 second 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. This move was spearheaded by then Superintendent Dwight L. Barnes and Assistant Superintendent J. E. Prass. 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.

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2003

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. That 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.

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 department 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 61,940 and covers 21.3 square miles. The City of Moraine has 6,854 residents of whom approximately 1,371 reside within the Kettering City School District and encompasses 9.22 square miles of which approximately 2.9 are within the Kettering City School District.

The official opening enrollment of the District was 7,721 (approximately 199 from Moraine) enrolled in nine elementary schools, two middle schools and one high school during the 2002-03 school year. Other facilities operated by the District include a maintenance building, a transportation building, and the Central Office Building that had been a high school and junior high school previously. The Central Office Building also houses the district's alternative high school program.

On September 15, 1998 the Kettering City Board of Education passed a resolution to change the name of the school district from the Kettering-Moraine 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 dollars, and approves the annual appropriation resolution and tax budget.

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2003

The Board members on June 30, 2003 were as follows:

George Bayless
M. Christina Manchester
Julie Ann Gilmore
Sally Roush Brown
James S. Trent

The Superintendent is the chief executive officer of the District, responsible directly to the Board for all operations. Dr. Robert A. Mengerink was appointed as Superintendent effective August 1, 1998.

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

ECONOMIC CONDITION AND OUTLOOK

The economic environment for Kettering's business community continued to be one of relative stability during 2002. Kettering's unemployment rate has consistently run well below the averages for the local area, the State of Ohio and the United States. This trend continued in 2003. Kettering's unemployment rate for 2002 was 2.8% compared to rates of 5.6% for Montgomery County, 5.7% for the State of Ohio and 5.8% for the United States.

Kettering's broad range of businesses includes several major employers. These employers include Kettering Medical Center employing 2,900, Delphi Automotive Systems a manufacturer of automobile brake and suspension systems employing over 2,000, Victoria's Secret Catalogue with 1,500 employees and Monogram Services Co. a credit card processing center with 1,200 employees. Other major employers include Scitex Digital Printing Co. a manufacturer of digital printers, Defense and Finance Accounting Services a federal government accounting services center, a number of engineering firms and computer hardware and software related businesses.

Reynolds and Reynolds, a fortune 1000 company based in Dayton since 1866 has completed its Phase II at the Miami Valley Research Park located in Kettering. The company moved more than 700 new employees into the new site in 2002 and now employs close to 1,500 at the Research Park campus. Applebee's opened a new restaurant in 2002. Super Wal-Mart, built by RG Properties opened in 2003.

Kettering's future economic outlook continues to look promising. The emphasis by the City through a number of different efforts on economic development both within Kettering and regionally is a high priority. The City's Assistant to the City Manager for Economic Development is responsible for promoting Kettering as a good place to do business for new businesses, as well as existing Kettering businesses. It seems that the business community agrees. The redevelopment of the former Hills and Dales Shopping Center, now called Governor's Place, continued during 2002. During 2002 several businesses joined Heapy Engineering and Synergy's medical building which both opened in 2001.

In addition to the more significant expansions and additions in the Kettering business community, over 70 small businesses opened and expanded in Kettering creating over 700 jobs.

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2003

Economic Conditions and Outlook (Moraine)

The local economy was slow during 2002. Income tax, the City's largest revenue source, increased by 2.3 percent in 2002, and overall revenues decreased by 2.1 percent. The majority of this decrease came through decreases in intergovernmental revenues and investment earnings. Although there were employment losses in some areas, the City did have employment increases in other areas. Some of the highlights for the year are described below:

DMAX, a joint effort between ISUZU Motors and General Motors, which completed construction of a 650,000 square foot diesel engine manufacturing and testing facility late in 1999, increased their payroll in 2002 by over 45%. There are several projects in the beginning stages in 2002. Such Projects include the possible development of a new commerce park in the northern quadrant of the City, and the Southern Hill Crossing retail development along Dixie and Dorothy Lane. These projects and several others will help create new jobs and retain current jobs in Moraine.

There were seven new businesses, which moved into Moraine during the year. In addition to the new businesses, several of the existing businesses expanded during 2002.

During the year, there were thirteen new single-family home permits and no new multi-family apartment permits issued. In total there 257 building permits issued during the year with a total construction value of over \$23.7 million. Of the building permits issued there were 187 commercial permits and 78 residential permits.

Even with the anticipated job losses during 2002, the City's income tax collections increased. With a number of positive opportunities for the future the City will continue to work toward business and residential growth over the coming years.

EMPLOYEE RELATIONS

The Board employs 1,041 full-time-equivalent (FTE) employees (including non-teaching personnel). Of the Board's current employees, 617 (FTE) are certificated by the Ohio Department of Education serving as classroom teachers, education specialists and administrators, all of whom have at least a bachelor's degree and 285 of whom hold advanced degrees. The starting salary for a teacher with a bachelor's degree for the period beginning August 1, 2002 was \$27,891. The maximum teacher salary in 2002-2003 for a master's degree was \$69,449 with 28 years longevity.

564 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 present contract between the Board and the Association became effective July 1, 2003 and expires May 31, 2006.

257 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 ("AFSCME"). The present contract between the Board and OAPSE became effective August 1, 2000 and expires July 31, 2003. The new contract between the Board and OAPSE became effective August 1, 2003 and expires July 31, 2006

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2003

These agreements marked a continuation of the historical turn in labor relations between the District, KEA, and OAPSE. The collaborative interest-based bargaining approach that involves the exchange of ideas, concerns and mutual problem solving to improve the instruction of students and to address the needs of the District in a cooperative manner was used and resulted in a fourth consecutive 3-year negotiated agreement with both employee bargaining groups.

MAJOR INITIATIVES

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

In November of 2002, the voters of the Kettering City School District overwhelmingly approved a 4.9-mill bond issue that paved the way for an ambitious \$102 million Facilities Improvement Project that will result in new construction and renovations at each of the district's 12 schools.

This project is now under way, with activity taking place at the first four buildings slated for new construction and renovations. During the course of 2004, every one of the districts 12 buildings will be under construction, as this Facilities Improvement Project goes into full-swing.

When completed, the addition of an athletic arena at the district's high school, new gymnasiums at four of the district's elementary schools and small-instruction/meeting space at each building will provide not only excellent educational space, but also much-needed space for community use during off-hours.

When the district was campaigning for the 4.9-mill bond issue, the commitment was made to Kettering residents that the newly constructed and renovated facilities would be a community-wide asset, available for use by city groups, non-public schools, higher education organizations and civic groups. By honoring that commitment, the Kettering City School District truly will be home to excellent facilities that will serve the entire community for decades to come.

The following is an outline of the components of this major construction and renovation project. Each of these projects will be under way in 2004. Projects slated to continue and to be completed into 2005 are noted.

Beavertown Elementary School *(Completion slated for August 2005)*

- Expand and Renovate Library to Include Computer Lab
- Construct New Science Lab
- Construct New Music Classroom
- Construct New Art Classroom *(Existing music and art rooms will be remodeled into additional classrooms.)*
- Replace Playground Equipment and Surfaces
- Construct New Gymnasium
- Remodel Main Office and Student Services Space
- Modify Existing Traffic Pattern and Construct Additional Parking Spaces *(A new drive and additional parking spaces will be constructed in front of the existing building, and additional parking spaces will be constructed to the rear.)*

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2003

- Replace Exterior Doors and Windows
- Convert Asphalt Courtyards at Rear of Building to Green Space
- Infrastructure Upgrade of Building to Include:
 - ❖ Replacement of all plumbing, pipes and fixtures
 - ❖ Electrical upgrades
 - ❖ New heating, air conditioning and ventilation system
- ADA (Americans with Disabilities Act) upgrades
- Update Flooring, Tile, Painting and Ceilings, Where Needed

Greenmont Elementary School *(Completion slated for December 2005)*

- New 70,000 Square Foot Building to Be Constructed on Existing Site.

The new Greenmont Elementary School building will include:

Science Lab	Computer Lab
Gymnasium	Cafeteria
Office Space	Library

Indian Riffle Elementary School *(Completion slated for August 2005)*

- Replace Playground Equipment and Surfaces
- Renovate Existing Classroom into New Science Lab
- Remodel and Relocate Main Office and Student Services Space *(Main office and main entrance will be relocated to the ground floor of the west side of the building where lockers, not used by students, currently are located.)*
- Replace Windows
- Replace Exterior Doors
- Replace Roof *(completed in October 2003)*
- Infrastructure Upgrade of Building to Include:
 - ❖ Replacement of all plumbing, pipes and fixtures
 - ❖ Electrical upgrades
 - ❖ New heating, air conditioning and ventilation system
- ADA (Americans with Disabilities Act) upgrades
- Updated Flooring, Tile, Painting and Ceilings, Where Needed

John F. Kennedy Elementary School *(Completion slated for August 2004)*

- Replace Playground Equipment and Surfaces
- Remodel Existing Classroom into New Science Lab
- Replace Windows
- Replace Exterior Doors
- Add Exterior Lighting
- Infrastructure Upgrade of Building to Include:
 - ❖ Replacement of all plumbing, pipes and fixtures
 - ❖ Electrical upgrades
 - ❖ New heating, air conditioning and ventilation system

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2003

- ADA (American with Disabilities Act) upgrades
- Updated Flooring, Tile, Painting and Ceilings, Where Needed

Moraine Meadows School (*Completion slated for August 2005*)

- Construct New Science Lab
- Construct New Music Classroom
- Construct New Library/Multi-Media/Computer Lab
- New Playground Equipment and Surfaces
- Expanded and Remodeled Office and Student Services Area
- Construct Additional Parking Spaces
- New Windows
- New Exterior Doors
- Infrastructure Upgrade of Building to Include:
 - ❖ Replacement of all plumbing, pipes and fixtures
 - ❖ Electrical upgrades
 - ❖ New heating, air conditioning and ventilation system
- ADA (American with Disabilities Act) upgrades
- Updated Flooring, Tile, Painting and Ceilings, Where Needed

Oakview Elementary School (*Completion slated for August 2005*)

- Add Small Instructional Space for
- Tutoring
- Replace Gymnasium Bleachers
- Construct Additional Parking Spaces
- Replace Playground Equipment and Surfaces
- Remodel Main Office and Student Services Space
- Replace Exterior Doors
- Convert Asphalt Courtyards at Rear of Building to Green Space
- Replace Roof (*Completed in November 2003*)
- Infrastructure Upgrade of Building to Include:
 - ❖ Replacement of all plumbing, pipes and fixtures
 - ❖ Electrical upgrades
 - ❖ New heating, air conditioning and ventilation system
- ADA (Americans with Disabilities Act) upgrades
- Updated Flooring, Tile, Painting and Ceilings, Where Needed

Orchard Park School (*Completion slated for August 2005*)

- Construct New Science Lab
- Construct New Classroom
- Construct New Gymnasium
- Replace Playground Equipment and Surfaces
- Construct Additional Parking Spaces
- Remodel and Expand Office and Student Services Space
- Replace Windows

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2003

- Replace Exterior Doors
- Infrastructure Upgrade of Building to Include:
 - ❖ Replacement of all plumbing, pipes and fixtures
 - ❖ Electrical upgrades
 - ❖ New heating, air conditioning and ventilation system
- ADA (Americans with Disabilities Act) upgrades
- Updated Flooring, Tile, Painting and Ceilings, Where Needed

J.E. Prass Elementary School (Completion slated for August 2004)

- Renovate Existing Classroom into New Science Lab
- Construct New Gymnasium
- Replace Playground Equipment and Surfaces
- Remodel Main Office and Student Services Space
- Construct New Parking Spaces
- Replace Windows
- Replace Exterior Doors
- Replace Exterior Lights
- Infrastructure Upgrade of Building to Include:
 - ❖ Replacement of all plumbing, pipes and fixtures
 - ❖ Electrical upgrades
 - ❖ New heating, air conditioning and ventilation system
- ADA (Americas with Disabilities Act) upgrades
- Updated Flooring, Tile, Painting and Ceilings, Where Needed

Southdale Elementary School (Completion slated for August 2004)

- Remodel and Upgrade Science Lab
- Construct New Music Classroom
- Construct New Art Classroom
- Existing music and art rooms will be remodeled into additional classrooms
- Remodel Office and Student Services Space
- Construct New Gymnasium
- Replace Playground Equipment and Surfaces
- Construct Additional Parking Spaces
- Convert Asphalt Courtyards at Rear of Building to Green Space
- Replace Exterior Doors
- Replace Windows
- Infrastructure Upgrade of Building to Include:
 - ❖ Replacement of all plumbing, pipes and fixtures
 - ❖ Electrical upgrades
 - ❖ New heating, air conditioning and ventilation system
- Updated Flooring, Tile, Painting and Ceilings, Where Needed

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2003

Kettering Middle School *(Completion slated for August 2005)*

- Remodel Existing Classroom into New Science Lab
- Remodel Library
- Complete Grading and Site Work to Improve Drainage
- Add Exterior Lighting
- Replace Exterior Doors
- Replace Exterior Windows
- Replace Roof *(Completed in October 2003)*
- Infrastructure Upgrade of Building to Include:
 - ❖ Replacement of all plumbing, pipes and fixtures
 - ❖ Electrical upgrades
 - ❖ New heating, air conditioning and ventilation system
- ADA (Americans with Disabilities Act) upgrades
- Update Flooring, Tile, Painting and Ceilings, Where Needed

Van Buren Middle School *(Completion slated for August 2004)*

- Construct Two New Science Labs
- Construct New Art Classroom
- Construct New Computer Lab
- Renovate Current Art Room into Science Lab
- Renovate Existing Computer Space into Classroom for Music Instruction
- Remodel Office and Student Services Space
- Replace Student Lockers
- Replace Elevator
- Replace Exterior Doors
- Replace Portions of Roof *(Project under way in October 2003)*
- Infrastructure Upgrade of Building to Include:
 - ❖ Replacement of all plumbing, pipes and fixtures
 - ❖ Electrical upgrades
 - ❖ New heating, air conditioning and ventilation system
- ADA (Americans with Disabilities Act) upgrades
- Updated Flooring, Tiles, Painting and Ceilings Throughout Building

Fairmont High School

(Athletic Center slated for completion in March 2005)

(Renovations slated for completion in December of 2005)

(New main entrance/office area slated for completion in December 2005)

- Construct Two New Science Labs
- Expand Current Space for Music Education and Performing Arts *(Includes the addition of 25,000 square feet of space for music and performing arts, as well as the construction of a new 120-seat recital and lecture hall.)*
- Relocate Main Entrance and Expand Main Office Space. *(Main entrance and office will be moved to a newly constructed area where amphitheater currently is located.)*
- Construct New Wrestling Room

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2003

DEPARTMENTAL FOCUS

The Community Relations Department

Nearly a decade ago, the Kettering City School District made the decision to establish a dedicated public and community relations office staffed with a P.R. professional who would be responsible for facilitating communications among and between the district and its publics.

This decision put the Kettering Schools in the minority in that the district was one of only a few suburban school districts in Southwest Ohio to operate a full-time public and community relations department. Today, faced with an explosion in educational issues – including everything from state Proficiency Tests to the “No Child Left Behind Act” to curriculum changes – school districts routinely employ a public relations professional to assist in communicating these and other issues with their publics.

As roles and responsibilities changed over the years, the decision was made to also change the name of the Public and Community Relations Office to the Community Relations Department. A coordinator and a secretary, who make up the Community Relations Department, are charged with a wide variety of tasks:

- Writing, producing and distributing all district publications. These include, but are not limited to:
- The “Blue Ribbon Report,” a quarterly newsletter that provides all members of the community with information about district issues, activities and events and accomplishments.
- The “Building Update,” a quarterly newsletter, mailed to every household in the community that provides information on the progress of the district’s Facilities Improvement Plan.
- The “Parent Newsletter,” sent to every parent in the district five times during the school year and includes information pertinent to the student’s particular school as well as general district information that may be of interest to parents.
- “Kettering Connections,” a weekly informational newsletter sent to every staff member in the district.
- The district “Activity Calendar,” which provides a month-to-month listing of district and city events and activities.
- “New Resident” packets for parents considering a move into the Kettering community.
- Writing, co-hosting and producing a cable television program called “All About Kettering” with the public information manager at the city of Kettering. This 30-minute “newsmagazine-style” TV program includes segments on city and school issues, events, activities and personnel.
- Hosting a weekly 15-minute cable television program called “Kettering Daily.” This program airs at four different times each weekday, and the city of Kettering dedicates Thursdays to the schools for use in publicizing events or providing information on new programs and services.
- Coordinating efforts between the school district and representatives from the print and electronic media to publicize events, activities, issues, and student/staff/district accomplishments and responding to media requests for information.
- Working with a local research firm to conduct regular surveys designed to gauge community perception of the district.
- Coordinating volunteer committees to assist in garnering community support for needed tax issue campaigns.

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2003

- Coordinating annual and quarterly employee appreciation programs and organizing regular employee/student recognitions at monthly Board of Education Meetings.
- Serving on a variety of community committees as a representative of the school district.
- Coordinating the management of Auxiliary Services funds from the state of Ohio to the school district to our seven auxiliary schools in Kettering.

Today, perhaps more than ever before, communication between a public school district and its community members is of paramount importance, particularly when – as is the case with the Kettering City Schools – the majority of funding to run the district comes from passage of tax levies at the local level and the majority of residents do not have children in the public schools.

The Kettering Schools have long enjoyed the support of the community for tax levies and bond issues. This is a community that values and understands the importance of quality schools, and the district and its Community Relations Department are committed to open, honest, thorough communication between the schools and the community as a means of continuing to foster that support for our schools and the children of our district.

FINANCIAL INFORMATION

The District's accounting system is organized on a "fund" basis. Each fund and account group is a distinct, self-balancing entity. Records for general governmental operations are maintained on a cash basis system of accounting as prescribed by the Auditor of State. Cash basis accounting differs from GAAP as promulgated by the Governmental Accounting Standards Board (GASB). GAAP, as more fully described in the notes to the financial statements, provides for a modified accrual basis of accounting for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, Permanent Fund and Agency Funds, and for full accrual basis of accounting for the internal service fund. The District began a conversion to GAAP for financial reporting with the 1992 fiscal year.

Internal Controls

The management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is 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 from its implementation; and (2) the valuation of cost and benefits requires estimates and judgments by management.

Single Audit Act

As a recipient of federal and state financial assistance, the District is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the District.

The results of the District's single audit for the fiscal year ended June 30, 2003 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2003

Budgetary Controls

The District maintains its accounts, appropriations and other financial records in accordance with the procedures established and prescribed by the Ohio Auditor of State. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriation resolution approved by the Board of Education. Activities of all funds are included in the annual appropriation resolution. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is at the fund level for all funds of the District except the General Fund which is at the object level. This 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. As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

Risk Management

The District maintains protection for its assets and employees through a comprehensive insurance program. Insurance policies for vehicle fleet liability, general liability, property loss and boiler and machinery coverage are purchased from the Indiana Insurance Company and the Royal Insurance Company through the Brower Insurance Agency, P.L.L. Employee health insurance is provided by Anthem Blue Cross, and dental insurance is provided by a self-insured plan administered by CoreSource, a third party administrator.

Cash Management

The District's cash management program addresses the issues of safety, liquidity and yield while maximizing returns. The District utilizes the State Treasury Asset Reserve of Ohio (Star Ohio) program investment pool operated by the Treasurer of State, Joseph Deters, for ready cash and yield. Certificates of Deposit, Treasury Notes, Bankers' Acceptances, Commercial Paper and Repurchase Agreements are utilized for both short and intermediate terms. Treasury notes and agency notes are utilized for longer term investments.

OTHER INFORMATION

Independent Audit

The State of Ohio Requires an annual audit by either the Auditor of State or by an independent public accounting firm. The State Auditor performed the audit for the fiscal year ended June 30, 2003. The auditor's report on the District's basic financial statements, combining and individual fund statements and schedules, is included in the financial section of this Comprehensive Annual Financial Report.

Awards

The Government Finance Officers Association of the United State 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, 2002. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for the preparation of state and local government financial reports.

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

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2003

A Certificate of Achievement is valid for a period of one year only. The Kettering City School District has received a Certificate of Achievement for the last 8 consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

The Association of School Business Officials of the United States and Canada awarded a Certificate of Excellence in Financial Reporting to the Kettering City School District for its comprehensive annual financial report for the fiscal year ended June 30, 2002. 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.

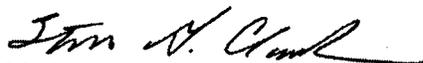
A Certificate of Excellence is valid for a period of one year only. The Kettering City school District has received a Certificate of Excellence for the last 9 consecutive years. We believe our current report continues to conform to the Certificate of Excellence program requirements, and we are submitting it to ASBO.

Acknowledgments

The preparation of publication of this ninth Comprehensive Annual Financial Report would not have been possible without the cooperation and support of the entire staff of the Treasurer's Office and the Business Services Department. Sincere appreciation is extended to Rosalinda G. Revels, Assistant Treasurer, for her exceptional individual effort and dedication to this achievement. A special thanks to Kenneth Lackey, and the Business Services staff; Community Relations Coordinator – Kari Basson; Montgomery County Auditor's Office; Kettering City Finance Department; Moraine City Finance Department; and the State Auditor's Office for their special support. Also, special thanks to Schonhardt & Associates and staff for assistance in the preparation of this financial report.

Finally, this report would not have been possible without the leadership of the Board of Education, who approved the reorganization of the Treasurer's Office to include the position of Assistant Treasurer, and their commitment to excellence in financial accountability.

Sincerely,


Mr. Steven G. Clark, CFO
Treasurer


Dr. Robert A. Mengerink, PhD.
Superintendent

KETTERING CITY SCHOOL DISTRICT

Principal Officials *For the Fiscal Year Ended June, 30, 2003*

Elected Officials

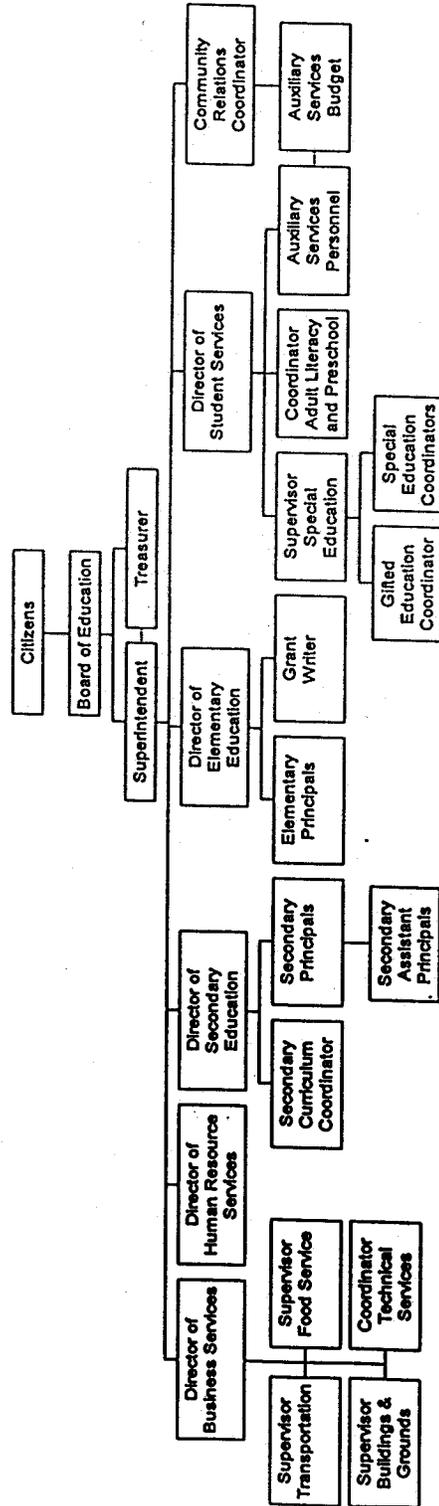
President – Board Of Education	....	Mr. James Trent
Vice President – Board Of Education	....	Mrs. Sally Roush Brown
Board Member	....	Mrs. M. Christina Manchester
Board Member	....	Miss Julie Ann Gilmore
Board Member	....	Mr. George Bayless

Administrative Officials

Superintendent	....	Dr. Robert A Mengerink
Treasurer	....	Mr. Steven G. Clark
Director – Student Services	....	Mr. William J. Lautar
Director – Human Resources	....	Mr. Frank Spolrich
Director – Business Services	....	Mr. Ken Lackey
Supervisor – Special Education	....	Mrs. Susan D. Nelson

KETTERING CITY SCHOOL DISTRICT

Organizational Chart
For the Fiscal Year Ended June, 30, 2003

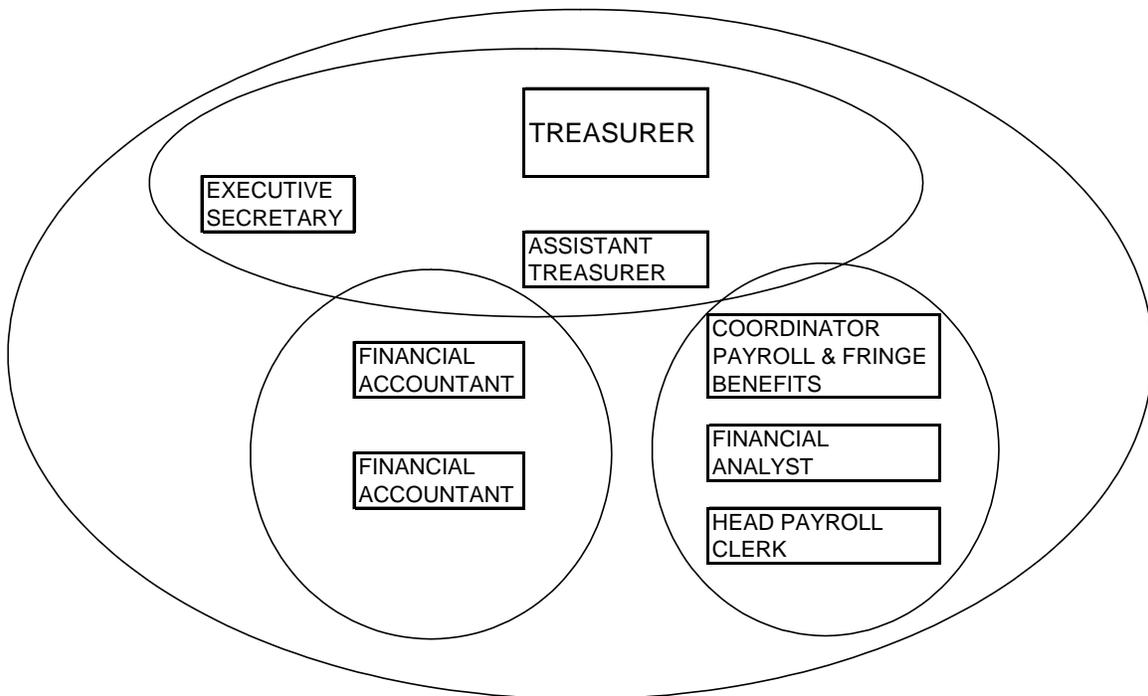


KETTERING CITY SCHOOL DISTRICT

*Office of the Treasurer
For the Fiscal Year Ended June 30, 2003*

Team Organization

Treasurer	....	Steven G. Clark
Assistant Treasurer	....	Rosalinda G. Revels
Coordinator – Payroll and Fringe Benefits	....	Jill E. Lopez
Financial Analyst	....	Paula L. Calderone
Executive Secretary	....	B. Diane Pence
Financial Accountant	....	Denise Hargis
Financial Accountant	....	Robin Keogh
Head Payroll Clerk	....	Sonia G. Dermis



KETTERING CITY SCHOOL DISTRICT

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

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Kettering City School
District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

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



William Patrick Vande

President

Jeffrey R. Enos

Executive Director

KETTERING CITY SCHOOL DISTRICT

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

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

KETTERING CITY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2002

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

KETTERING CITY SCHOOL DISTRICT



FINANCIAL SECTION





**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kettering City School District, Montgomery County, (the District), as of and for the year ended June 30, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Kettering City School District, Montgomery County, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, during the year ended June 30, 2003, the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to form opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining fund statements, and statistical tables are presented for additional analysis and are not a required part of the basic financial statements. We subjected the combining fund statements to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and the statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

December 22, 2003

KETTERING CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003*

Unaudited

The discussion and analysis of Kettering City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2003. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2003 are as follows:

In total, net assets decreased \$6,042,114, a 23% decrease from 2002.

General revenues accounted for \$48,402,561 in revenue or 72% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$18,743,750 or 28% of total revenues of \$67,146,311.

The District had \$73,188,425 in expenses related to governmental activities; only \$18,743,750 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$48,402,561 were adequate to provide for these programs.

Among major funds, the general fund had \$53,913,628 in revenues and \$60,183,051 in expenditures. The general fund's fund balance decreased \$6,296,778 to \$18,741,546. Revenues decreased from 2002 by 16.47% primarily due to the decline in personal property inventory tax revenues, while the real estate tax remain the same. Expenditures increased from 2002 by 5.9% primarily due to increases in salaries and wages. Other increases included in tuition paid to the County, and in special students attending the County Program from the General Fund rather than the State paying the County directly.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

KETTERING CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003*

Unaudited

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

Governmental Funds – Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

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

KETTERING CITY SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003***

Unaudited

Fiduciary Funds – The District is the trustee, or fiduciary, for various student-managed activity programs, various scholarship programs and other items listed as agency and private purpose. It is also responsible for other assets that, due to a trust arrangement can only be used for the trust beneficiaries. All of the District's fiduciary activities are reported in the Statement of Fiduciary Net Assets. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

This is the first year for government-wide financial statements using the full accrual basis of accounting, therefore a comparison with prior year's information is not available. A comparative analysis will be provided in future years when prior year's information is available.

	Governmental Activities
	<u>2003</u>
Current and other assets	\$182,655,484
Capital assets, Net	20,065,834
Total assets	<u>202,721,318</u>
Long-term debt outstanding	110,753,194
Other liabilities	71,162,624
Total liabilities	<u>181,915,818</u>
Net assets	
Invested in capital assets, net of related debt	14,371,663
Restricted	7,026,684
Unrestricted	(592,847)
Total net assets	<u><u>\$20,805,500</u></u>

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KETTERING CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003*

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2003:

	Governmental Activities
	2003
Revenues	
Program revenues:	
Charges for Services and Sales	\$2,823,234
Operating Grants and Contributions	15,710,262
Capital Grants and Contributions	210,254
General revenues:	
Taxes	40,776,276
Grants and Entitlements	5,489,380
Investment earnings	1,252,041
Miscellaneous	884,864
Total revenues	67,146,311
Program Expenses	
Instruction:	
Regular	27,787,301
Special	5,615,537
Vocational	1,854,566
Adult/Continuing	39,572
Other Instruction	1,680,376
Support Services:	
Pupils	5,251,197
Instructional Staff	3,934,628
Board of Education	64,558
Administration	5,501,734
Fiscal Services	1,358,463
Business	838,218
Operation and Maintenance of Plant	7,021,493
Pupil Transportation	2,621,551
Central	1,374,618
Non-Instructional Services	3,831,599
Extracurricular Activities	1,547,392
Interest and Fiscal Charges	2,865,622
Total expenses	73,188,425
Change in Net Assets	(6,042,114)
Net Assets Beginning of Year	26,847,614
Net Assets End of Year	\$20,805,500

KETTERING CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003**

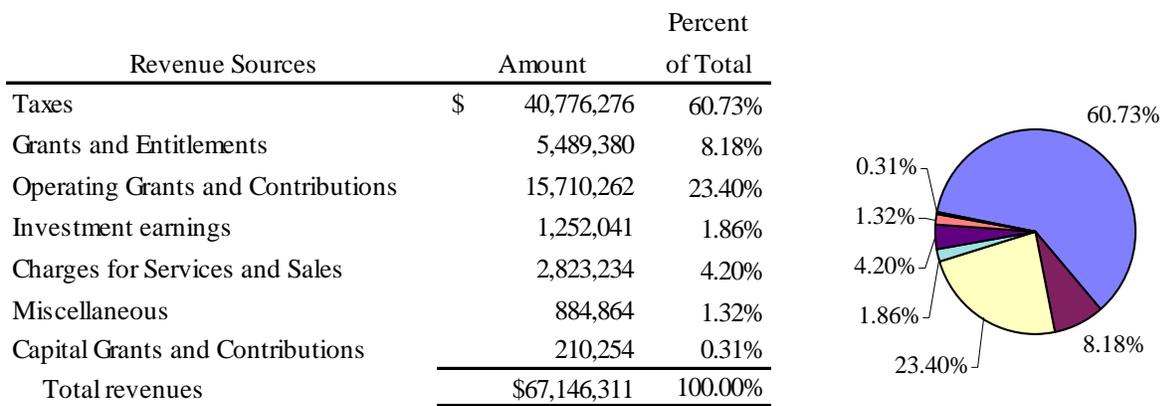
Unaudited

Governmental Activities

Net assets of the District's governmental activities decreased by \$6,042,114. This was due to a combination of factors, including the decrease in personal property inventory tax revenues.

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

The District's reliance upon tax revenues is demonstrated by the following graph indicating 61% of total revenues from general tax revenues:



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$110,391,328, which is greater than last year's total of \$29,415,284. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2003 and 2002.

	Fund Balance June 30, 2003	Fund Balance June 30, 2002	Increase (Decrease)
General	\$18,741,546	\$25,038,324	(\$6,296,778)
Debt Service	5,233,203	1,123,191	4,110,012
Building Capital Projects	83,760,036	0	83,760,036
Other Governmental	2,656,543	3,253,769	(597,226)
Total	<u>\$110,391,328</u>	<u>\$29,415,284</u>	<u>\$80,976,044</u>

KETTERING CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003**

Unaudited

General Fund – The District's General Fund balance decrease is due to many factors, primarily the decrease in personal property tax revenues. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2003 <u>Revenues</u>	2002 <u>Revenues</u>	Increase (Decrease)
Taxes	\$36,239,312	\$48,038,743	(\$11,799,431)
Tuition and Fees	131,530	127,616	3,914
Transportation	153,028	226,815	(73,787)
Interest	545,805	874,434	(328,629)
Intergovernmental	16,336,208	14,817,081	1,519,127
Extracurricular Activities	59,438	59,361	77
Classroom Materials and Fees	6,686	10,571	(3,885)
Miscellaneous	441,621	390,568	51,053
Total	<u>\$53,913,628</u>	<u>\$64,545,189</u>	<u>(\$10,631,561)</u>

General Fund revenues in 2003 decreased approximately 16.47% compared to revenues in fiscal year 2002. The major factor contributing to this decrease was the personal property inventory tax revenues.

	2003 <u>Expenditures</u>	2002 <u>Expenditures</u>	Increase (Decrease)
Instruction:			
Regular	26,547,687	\$25,221,610	\$1,326,077
Special	4,479,187	3,985,233	493,954
Vocational	1,578,283	1,481,410	96,873
Adult/Continuing	0	10,332	(10,332)
Other Instruction	1,650,834	2,269,571	(618,737)
Supporting Services:			
Pupils	4,450,340	3,992,908	457,432
Instructional Staff	3,390,846	2,478,821	912,025
Board of Education	63,163	49,099	14,064
Administration	4,777,190	4,709,537	67,653
Fiscal Services	1,262,484	1,370,038	(107,554)
Business	730,388	664,441	65,947
Operation & Maintenance of Plant	6,375,638	5,695,882	679,756
Pupil Transportation	2,349,572	2,340,739	8,833
Central	1,110,377	980,705	129,672
Non-Instructional Services	1,622	631	991
Extracurricular Activities	1,042,543	993,865	48,678
Facility Acquisition and Construction	34,342	58,884	(24,542)
Debt Service:			
Principal Retirement	276,244	371,064	(94,820)
Interest & Fiscal Charges	62,311	107,755	(45,444)
	<u>\$60,183,051</u>	<u>\$56,782,525</u>	<u>\$3,400,526</u>

KETTERING CITY SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003***

Unaudited

The expenditures increased by \$3,400,526 or 5.98% over the prior year mostly due to salaries and wages increases which affect the increase in fringe benefits, as well. In addition to other increases included in tuition paid to the County, and in special students attending the County Program from the General Fund rather than the State paying the County directly.

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 2003, the District amended its general fund three times, none significant.

For the General Fund, budget basis revenue of \$59 million was a decrease from the original budget estimates of \$63 million. Decreases in taxes and intergovernmental revenue contributed to the change. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2003 the District had \$20,065,834 net of accumulated depreciation invested in land, buildings and improvements, furniture, vehicles and equipment and construction in progress. All capital assets are related to governmental activities. The following table shows fiscal year 2002 and 2003 balances:

	<u>Governmental Activities</u>		<u>Increase (Decrease)</u>
	<u>2003</u>	<u>2002</u>	
Land	\$ 466,616	\$ 466,616	\$ 0
Building and Improvements	31,578,194	31,578,194	0
Furniture, Vehicles and Equipment	5,164,489	4,927,149	237,340
Construction in Progress	2,951,881	0	2,951,881
Less: Accumulated Depreciation	<u>(20,095,346)</u>	<u>(19,434,658)</u>	<u>(660,688)</u>
Totals	<u>\$20,065,834</u>	<u>\$17,537,301</u>	<u>\$ 2,528,533</u>

The primary increase occurred in construction in progress, which include projects for building improvements such as new roofs, windows and heating system replacements. Additional information can be found in Note 10.

As of June 30, 2003, the District has contractual commitments of \$14,582,959 for additional construction and renovation items related to its facilities.

KETTERING CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003*

Unaudited

Debt

At June 30, 2003, the District had \$105,283,934 million in bonds outstanding, \$5,541,243 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2003:

	<u>2003</u>	<u>2002</u>
Governmental Activities:		
General Obligation Bonds	\$105,283,934	\$15,899,169
Capital Leases Payable	249,605	365,849
Compensated Absences	5,219,655	5,198,775
Totals	<u>\$110,753,194</u>	<u>\$21,463,793</u>

Under current state statutes, the District's combined voted and unvoted general obligation bonded debt issues are subject to a legal limitation based on 9% of the total assessed value of real and personal property. At June 30, 2003, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 13.

ECONOMIC FACTORS

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

A challenge facing the District is the future of state funding. On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including a change in the school districts that are used as the basis for determining the base cost support amount and fully funding parity aid no later than the beginning of fiscal year 2004. In general, it is expected the decision would result in an increase in State funding; however, on November 2, 2001, the Court granted the state's motion for reconsideration. On December 11, 2002, the Court issued its latest opinion, reaffirming its earlier decisions that Ohio's current school funding plan is unconstitutional. The Ohio Supreme Court relinquished jurisdiction over the case and directed the Ohio General Assembly to enact a school funding scheme that is "thorough and efficient". As of the date of these financial statements, the District is unable to determine what effect, if any, the decision and the reconsideration will have on its future state funding and on its financial operations.

REQUESTS FOR INFORMATION

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

KETTERING CITY SCHOOL DISTRICT



KETTERING CITY SCHOOL DISTRICT

Statement of Net Assets ***June 30, 2003***

	Governmental Activities
Assets:	
Cash and Cash Equivalents	\$ 107,652,841
Investments	23,965,894
Receivables:	
Taxes	49,776,121
Accounts	87,697
Intergovernmental	362,778
Interest	444,971
Inventory of Supplies at Cost	318,337
Inventory Held for Resale	34,044
Restricted Assets:	
Cash and Cash Equivalents	12,801
Capital Assets, Net	20,065,834
Total Assets	202,721,318
Liabilities:	
Accounts Payable	2,174,594
Accrued Wages and Benefits	6,774,188
Intergovernmental Payable	1,408,080
Claims Payable	168,126
Deferred Revenue	45,089,452
Accrued Interest Payable	548,184
General Obligation Notes Payable	15,000,000
Long Term Liabilities:	
Due Within One Year	5,663,116
Due in More Than One Year	105,090,078
Total Liabilities	181,915,818
Net Assets:	
Invested in Capital Assets, Net of Related Debt	14,371,663
Restricted For:	
Debt Service	5,097,769
Other Purposes	1,928,915
Unrestricted (Deficit)	(592,847)
Total Net Assets	\$ 20,805,500

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Statement of Activities *For the Fiscal Year Ended June 30, 2003*

		Program Revenues			Net (Expense)
		Charges for	Operating	Capital Grants	Revenues and
		Services and	Grants and	and	Changes in
	Expenses	Sales	Contributions	Contributions	Net Assets
					Governmental
					Activities
Governmental Activities:					
Instruction:					
Regular	\$ 27,787,301	\$ 402,315	\$ 9,721,308	\$ 10,783	\$ (17,652,895)
Special	5,615,537	153,028	2,430,984	0	(3,031,525)
Vocational	1,854,566	28,797	250,917	0	(1,574,852)
Adult/Continuing	39,572	0	104,380	0	64,808
Other Instruction	1,680,376	0	0	0	(1,680,376)
Support Services:					
Pupils	5,251,197	354,237	141,023	0	(4,755,937)
Instructional Staff	3,934,628	9,468	21,883	0	(3,903,277)
Board of Education	64,558	0	0	0	(64,558)
Administration	5,501,734	0	0	0	(5,501,734)
Fiscal Services	1,358,463	0	0	0	(1,358,463)
Business	838,218	0	0	0	(838,218)
Operation & Maintenance of Plant	7,021,493	0	0	76,598	(6,944,895)
Pupil Transportation	2,621,551	0	969,200	0	(1,652,351)
Central	1,374,618	0	83,587	122,873	(1,168,158)
Non-Instructional Services	3,831,599	1,518,383	1,986,980	0	(326,236)
Extracurricular Activities	1,547,392	357,006	0	0	(1,190,386)
Interest & Fiscal Charges	2,865,622	0	0	0	(2,865,622)
Total Governmental Activities	73,188,425	2,823,234	15,710,262	210,254	(54,444,675)
General Revenues					
Taxes					40,776,276
Grants and Entitlements not Restricted to Specific Programs					5,489,380
Investment Earnings					1,252,041
Miscellaneous					884,864
Total General Revenues					48,402,561
Change in Net Assets					(6,042,114)
Net Assets Beginning of Year					26,847,614
Net Assets End of Year					\$ 20,805,500

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2003

	General	Debt Service	Building Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 16,857,671	\$ 4,696,628	\$ 82,529,841	\$ 3,296,750	\$ 107,380,890
Investments	6,745,265	0	17,220,629	0	23,965,894
Receivables:					
Taxes	42,108,697	7,008,471	0	658,953	49,776,121
Accounts	77,593	0	0	10,104	87,697
Intergovernmental	0	0	0	362,778	362,778
Interest	69,632	0	373,185	2,154	444,971
Due from Other Funds	107	0	0	0	107
Inventory of Supplies at Cost	318,337	0	0	0	318,337
Inventory Held for Resale	0	0	0	34,044	34,044
Restricted Assets:					
Cash and Cash Equivalents	0	0	0	12,801	12,801
Total Assets	\$ 66,177,302	\$ 11,705,099	\$ 100,123,655	\$ 4,377,584	\$ 182,383,640
Liabilities:					
Accounts Payable	\$ 639,411	\$ 0	\$ 1,231,952	\$ 303,231	\$ 2,174,594
Accrued Wages and Benefits	6,381,257	0	0	392,931	6,774,188
Intergovernmental Payable	893,057	0	0	52,927	945,984
Due to Other Funds	0	0	0	107	107
Deferred Revenue	39,522,031	6,471,896	0	971,845	46,965,772
Accrued Interest Payable	0	0	131,667	0	131,667
General Obligation Notes Payable	0	0	15,000,000	0	15,000,000
Total Liabilities	47,435,756	6,471,896	16,363,619	1,721,041	71,992,312
Fund Balances:					
Reserved for Encumbrances	739,400	0	13,251,006	415,270	14,405,676
Reserved for Supplies Inventory	318,337	0	0	34,044	352,381
Reserved for Debt Service	0	4,696,628	0	0	4,696,628
Reserved for Property Taxes	2,620,719	536,575	0	49,886	3,207,180
Reserved for Endowments	0	0	0	12,801	12,801
Unreserved, Undesignated in:					
General Fund	15,063,090	0	0	0	15,063,090
Special Revenue Funds	0	0	0	1,371,663	1,371,663
Capital Projects Funds	0	0	70,509,030	772,435	71,281,465
Permanent Fund	0	0	0	444	444
Total Fund Balances	18,741,546	5,233,203	83,760,036	2,656,543	110,391,328
Total Liabilities and Funds Balances	\$ 66,177,302	\$ 11,705,099	\$ 100,123,655	\$ 4,377,584	\$ 182,383,640

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Reconciliation Of Total Governmental Fund Balances To Net Assets Of Governmental Activities June 30, 2003

Total Governmental Fund Balances \$ 110,391,328

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

Capital Assets used in governmental activities are not resources and therefore are not reported in the funds. 20,065,834

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

	Taxes Receivable - accrual basis	1,513,542	
	Grants Receivable - accrual basis	362,778	
	Total		1,876,320

The internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net assets. 103,825

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

	Amounts Due Within One Year	(5,663,116)	
	Amounts Due in More Than One Year	(105,090,078)	
	Long-term portion of Pension Payable	(462,096)	
	Accrued Interest on Long-Term Debt	(416,517)	
	Total		(111,631,807)

Net Assets of Governmental Funds \$ 20,805,500

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2003

	General	Debt Service	Building Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 36,239,312	\$ 3,926,326	\$ 0	\$ 561,672	\$ 40,727,310
Tuition and Fees	131,530	0	0	146,349	277,879
Transportation	153,028	0	0	0	153,028
Interest	545,805	0	675,536	30,700	1,252,041
Sales	0	0	0	1,516,091	1,516,091
Intergovernmental	16,336,208	444,731	0	4,504,473	21,285,412
Extracurricular Activities	59,438	0	0	529,724	589,162
Classroom Materials and Fees	6,686	0	0	269,965	276,651
Miscellaneous	441,621	0	0	453,366	894,987
Total Revenue	53,913,628	4,371,057	675,536	8,012,340	66,972,561
Expenditures:					
Current:					
Regular	26,547,687	0	0	540,017	27,087,704
Special	4,479,187	0	0	984,929	5,464,116
Vocational	1,578,283	0	0	196,917	1,775,200
Adult/Continuing	0	0	0	38,876	38,876
Other Instruction	1,650,834	0	0	0	1,650,834
Supporting Services:					
Pupils	4,450,340	0	0	621,003	5,071,343
Instructional Staff	3,390,846	0	0	371,541	3,762,387
Board of Education	63,163	0	0	0	63,163
Administration	4,777,190	0	0	571,259	5,348,449
Fiscal Services	1,262,484	45,727	0	7,773	1,315,984
Business	730,388	0	0	52,283	782,671
Operation & Maintenance of Plant	6,375,638	0	0	526,345	6,901,983
Pupil Transportation	2,349,572	0	0	39,297	2,388,869
Central	1,110,377	0	0	199,551	1,309,928
Non-Instructional Services	1,622	0	0	3,709,445	3,711,067
Extracurricular Activities	1,042,543	0	0	472,278	1,514,821
Facility Acquisition & Construction	34,342	0	4,183,833	281,178	4,499,353
Debt Service:					
Principal Retirement	276,244	320,712	0	0	596,956
Interest & Fiscal Charges	62,311	2,383,758	131,667	0	2,577,736
Total Expenditures	60,183,051	2,750,197	4,315,500	8,612,692	75,861,440
Excess (Deficiency) of Revenues					
Over Expenditures	(6,269,423)	1,620,860	(3,639,964)	(600,352)	(8,888,879)
Other Financing Sources (Uses):					
Proceeds from the Sale of Fixed Assets	0	0	0	300	300
Premium on the Issuance of General Obligation Bonds	0	2,489,152	0	0	2,489,152
General Obligation Bonds Issued	0	0	87,400,000	0	87,400,000
Transfers In	0	0	0	191,829	191,829
Transfers Out	(13,500)	0	0	(178,329)	(191,829)
Total Other Financing Sources (Uses)	(13,500)	2,489,152	87,400,000	13,800	89,889,452
Net Change in Fund Balance	(6,282,923)	4,110,012	83,760,036	(586,552)	81,000,573
Fund Balances at Beginning of Year	25,038,324	1,123,191	0	3,253,769	29,415,284
Decrease in Inventory Reserve	(13,855)	0	0	(10,674)	(24,529)
Fund Balances End of Year	\$ 18,741,546	\$ 5,233,203	\$ 83,760,036	\$ 2,656,543	\$ 110,391,328

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities For The Fiscal Year Ended June 30, 2003

Net Change in Fund Balances - Total Governmental Funds \$ 81,000,573

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 2,546,377

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of fixed assets net of proceeds received. (17,844)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 173,450

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. (89,292,196)

In the statement of activities, interest is accrued on outstanding bonds whereas in governmental funds, an interest expenditure is reported when due. (287,886)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (119,887)

The internal service fund is used by management to charge the costs of services to individual funds and is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities. (44,701)

Change in Net Assets of Governmental Activities \$ (6,042,114)

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

***Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2003***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 44,193,175	\$ 40,516,053	\$ 41,037,136	\$ 521,083
Tuition and Fees	160,000	160,000	155,928	(4,072)
Transportation	240,000	240,000	237,612	(2,388)
Interest	600,000	600,000	568,834	(31,166)
Intergovernmental	17,165,540	17,165,540	16,336,208	(829,332)
Extracurricular Activities	60,000	60,000	59,438	(562)
Classroom Material and Fees	7,000	7,000	6,686	(314)
Miscellaneous	292,447	292,447	289,286	(3,161)
Total Revenues	62,718,162	59,041,040	58,691,128	(349,912)
Expenditures:				
Current:				
Instruction:				
Regular	26,896,345	27,843,400	26,722,983	1,120,417
Special	5,882,846	3,881,477	4,339,780	(458,303)
Vocational	1,981,039	1,680,872	1,582,726	98,146
Adult/Continuing	40,745	39,659	0	39,659
Other Instruction	924,800	1,661,316	2,011,174	(349,858)
Support Services:				
Pupils	4,354,567	3,983,328	4,601,410	(618,082)
Instructional Staff	2,546,023	2,632,697	3,277,215	(644,518)
Board of Education	80,657	80,659	63,183	17,476
Administration	5,077,467	5,657,365	4,868,274	789,091
Fiscal Services	1,687,697	2,474,065	1,310,089	1,163,976
Business	979,260	817,183	766,071	51,112
Operation & Maintenance of Plant	6,442,838	6,348,783	6,519,678	(170,895)
Pupil Transportation	2,030,401	2,116,076	2,400,101	(284,025)
Central	1,200,008	1,218,458	1,185,206	33,252
Non-Instructional Services	2,450	2,450	1,622	828
Extracurricular Activities	1,004,578	970,366	1,043,667	(73,301)
Facility Acquisition & Construction	71,270	46,581	34,342	12,239
Debt Service:				
Principal Retirement	332,404	448,648	276,244	172,404
Interest & Fiscal Charges	125,645	127,644	62,311	65,333
Total Expenditures	61,661,040	62,031,027	61,066,076	964,951

(Continued)

KETTERING CITY SCHOOL DISTRICT

***Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2003***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,057,122	(2,989,987)	(2,374,948)	615,039
Other Financing Sources (Uses):				
Transfers Out	(130,000)	(13,500)	(13,500)	0
Advances In	71,460	71,460	71,460	0
Advances Out	(70,000)	(69,891)	0	69,891
Refund of Prior Year's Expenditures	0	180,683	115,661	(65,022)
Refund of Prior Year's Receipts	(13,500)	(5,000)	(1,223)	3,777
Total Other Financing Sources (Uses):	(142,040)	163,752	172,398	8,646
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	915,082	(2,826,235)	(2,202,550)	623,685
Fund Balance at Beginning of Year	22,776,191	22,776,191	22,776,191	0
Prior Year Encumbrances	1,632,213	1,632,213	1,632,213	0
Fund Balance at End of Year	\$ 25,323,486	\$ 21,582,169	\$ 22,205,854	\$ 623,685

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Funds
June 30, 2003

	Governmental Activities - Internal Service Fund
Assets:	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 271,951
Total Assets	<u>271,951</u>
Liabilities:	
<i>Current Liabilities:</i>	
Claims Payable	<u>168,126</u>
Total Liabilities	<u>168,126</u>
Net Assets:	
Unrestricted	<u>103,825</u>
Total Net Assets	<u>\$ 103,825</u>

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

***Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2003***

	Governmental Activities - Internal Service Fund
Operating Revenues:	
Charges for Services	\$ 620,803
Total Operating Revenues	<u>620,803</u>
Operating Expenses:	
Purchased Services	<u>666,745</u>
Total Operating Expenses	<u>666,745</u>
Operating (Loss)	(45,942)
Nonoperating Revenue (Expenses):	
Interest	<u>1,241</u>
Total Nonoperating Revenues (Expenses)	<u>1,241</u>
Change in Net Assets	(44,701)
Net Assets Beginning of Year	<u>148,526</u>
Net Assets End of Year	<u>\$ 103,825</u>

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2003

	Governmental Activities - Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Interfund Charges	\$620,803
Cash Payments for Claims	(654,862)
Net Cash Used by Operating Activities	<u>(34,059)</u>
<u>Cash Flows from Investing Activities:</u>	
Receipts of Interest	1,241
Net Cash Provided by Investing Activities	<u>1,241</u>
Net Decrease in Cash and Cash Equivalents	(32,818)
Cash and Cash Equivalents at Beginning of Year	304,769
Cash and Cash Equivalents at End of Year	<u>\$271,951</u>
<u>Reconciliation of Operating Loss to Net Cash</u>	
<u>Used by Operating Activities:</u>	
Operating Loss	(\$45,942)
Adjustments to Reconcile Operating Loss to	
Net Cash Used by Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Claims Payable	11,883
Total Adjustments	<u>11,883</u>
Net Cash Used by Operating Activities	<u><u>(\$34,059)</u></u>

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

***Statement of Net Assets
Fiduciary Funds
June 30, 2003***

	<u>Agency Funds</u>
Assets:	
Cash and Cash Equivalents	\$ 167,405
Total Assets	<u>167,405</u>
Liabilities:	
Claims Payable	59,378
Due to Others	30,336
Due to Students	<u>77,691</u>
Total Liabilities	<u>167,405</u>
Total Net Assets	<u><u>\$ 0</u></u>

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The District operates under a locally elected five-member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies. This Board controls the District's instructional and support facilities staffed by 424 (FTE) classified personnel and 617 (FTE) certificated teaching and administrative personnel to provide services to students and other community members.

In terms of enrollment the District is the 28th largest in the State of Ohio (among 611 districts) and the second largest in Montgomery County. It currently operates 9 elementary schools, 2 middle schools (grades 6-8), and one comprehensive high school (grades 9-12).

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing board and either the District's ability to impose its will over the organization or the possibility that the organization will provide a financial benefit to, or impose a financial burden on the District. Based on the foregoing, the reporting entity of the District includes the following services: instructional (regular, special education, vocational, adult/continuing, other), student guidance, extracurricular activities, food service, pupil transportation and care and upkeep of grounds and buildings.

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

B. Basis of Presentation - Fund Accounting

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

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

General Fund - This fund is the general operating fund of the district and is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Debt Service Fund - This fund is used for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Building Capital Projects Fund - The classroom facilities capital projects fund accounts for financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds.

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

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

Internal Service Fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District or to other governments on a cost-reimbursement basis. The Dental Insurance Fund accounts for the premiums and claims payments applicable to the employee health and dental plans.

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations or other governments and therefore not available to support the District's own programs. The agency funds are custodial in nature (assets equal liabilities) and does not involve the measurement of results of operation.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function or program of the School District’s governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

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

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

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

Current property taxes measurable at June 30, 2003, and which are not intended to finance fiscal 2003 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2003 are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

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

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

E. Budgetary Process

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

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

1. Tax Budget

By January 15, the Superintendent and Treasurer submit an annual operating budget for the following fiscal year to the Board of Education for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the period July 1 to June 30 of the following fiscal year.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2003.

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 Balances-Budget and Actual" are provided on the budgetary 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 and are reported as reservations of fund balances for governmental funds in the accompanying general purpose financial statements.

KETTERING CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 reappropriated.

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 reservations of fund balance (GAAP basis).

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

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	
	<u>General Fund</u>
GAAP Basis (as reported)	(\$6,282,923)
Increase (Decrease):	
Accrued Revenues at June 30, 2003, received during FY 2004	(2,751,784)
Accrued Revenues at June 30, 2002, received during FY 2003	7,715,182
Accrued Expenditures at June 30, 2003, paid during FY 2004	7,913,725
Accrued Expenditures at June 30, 2002, paid during FY 2003	(7,417,939)
Encumbrances Outstanding	<u>(1,378,811)</u>
Budget Basis	<u><u>(\$2,202,550)</u></u>

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

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

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 5, "Cash, Cash Equivalents and Investments."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the District records all its investments at fair value. See Note 5, "Cash, Cash Equivalents and Investments."

The District has invested funds in the STAR Ohio during 2003. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2003. Also, the District invested in repurchase agreements which are valued at cost, and U.S. Government securities which are stated at fair value. See Note 5, "Cash, Cash Equivalents and Investments."

Under existing Ohio statutes, the Board of Education has, by resolution, specified the funds to receive allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2003 totaled \$545,805, and \$706,236 was credited to other funds of the District.

H. Inventory

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

I. Capital Assets and Depreciation

1. Property, Plant and Equipment - Governmental Activities

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

KETTERING CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets and Depreciation (Continued)

1. Property, Plant and Equipment - Governmental Activities (Continued)

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

2. Depreciation

All capital assets are depreciated. Depreciation has been provided using the straight-line method over the following estimated useful lives:

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

J. Long-Term Obligations

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

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	Debt Service Fund
Capital Leases	General Fund
Compensated Absences	All Funds that pay wages

K. Compensated Absences

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

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

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences (Continued)

For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." In the government wide statement of net assets, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account.

L. Net Assets

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

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

M. Pensions

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

N. Interfund Activity

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

O. Restricted Assets

Restricted assets in the permanent fund represent cash and cash equivalents restricted based upon applicable trust agreements. A fund balance reserve has also been established for this amount.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Reservations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for debt service, endowments, property taxes, supplies inventory and encumbered amounts which have not been accrued at year end. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles, but not available for appropriation under State statute.

Q. Estimates

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

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are interfund charges for the internal service fund. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

NOTE 2 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE

A. Prior Period Adjustments

The balances reported at June 30, 2002 were restated from amounts previously reported to reclassify funds from one fund type to another.

B. Changes in Accounting Principles

For fiscal year 2003, the School District has implemented GASB Statement No. 34, “*Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments*”, GASB Statement No. 37, “*Basic Financial Statements for State and Local Governments: Omnibus*”, GASB Statement No. 38, “*Certain Financial Statement Note Disclosures*”.

GASB 34 creates new basic financial statements for reporting on the School District’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

KETTERING CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

NOTE 2 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE (Continued)

B. Changes in Accounting Principles (Continued)

The government-wide financial statements split the School District's programs between business-type and governmental activities. Except for the restatement explained below, the beginning net asset amount for the business-type activities equals fund equity of the enterprise and internal service funds from last year. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at June 30, 2002, caused by the elimination of the internal service fund and the conversion to the accrual basis of accounting.

C. Restatement of Fund Balance

The changes to the beginning retained earnings/fund balance, as well as the transition from fund balance to net assets of the governmental activities and the business-type activities are as follows:

	Governmental Activities	Business-Type Activities
Fund Balance June 30, 2002	\$28,609,823	\$971,266
Adjustments:		
Reclassified from Enterprise Fund to Special Revenue Funds	716,573	(716,573)
Reclassified from Internal Service Fund to Special Revenue Funds	795	(795)
Reclassified from Non-Expendable Trust to Permanent Fund	13,415	0
Reclassified from Expendable Trust to Special Revenue Fund	74,678	0
Reclass of Funds from Internal Service Fund to Agency Fund	0	(44,465)
Total Prior Period Adjustments	805,461	(761,833)
GASB 34 Adjustments:		
Capital Assets	17,537,301	(153,476)
Internal Service Fund	148,526	(148,526)
Long-Term Liabilities	(21,463,793)	92,569
Long-Term (Deferred) Assets	1,210,296	0
Net Assets, June 30, 2002	\$26,847,614	\$0

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

NOTE 3 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

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

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

Fixed Asset Additions	\$3,279,107
Depreciation Expense	<u>(732,730)</u>
	\$2,546,377

Governmental revenues not reported in the funds:

Increase in Delinquent Tax Revenue	\$48,966
Increase in Grants Receivable	<u>124,484</u>
	\$173,450

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

Bond Principal Payment	\$480,712
Capital Lease Payment	116,244
Bond Issuance	(87,400,000)
Capitalization of Bond premium	<u>(2,489,152)</u>
	(\$89,292,196)

Interest expense not reported in the funds:

Increase in accrued interest on long term debt	(\$311,561)
Amortization of Bond Premium	<u>23,675</u>
	(\$287,886)

Expenses not reported in the funds:

Increase in compensated absences	(20,880)
Increase in Pension payable	(74,478)
Decrease in supplies inventory	<u>(24,529)</u>
	(119,887)

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY

A. Fund Deficits

The fund deficits at June 30, 2003 of \$1,588 in the Adult Basic Education Fund, \$377 in the EESA Title VI-B Fund, \$51,311 in the Title I Fund and of \$335 in the Drug Free School Grant Fund (special revenue funds) arise from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. The deficits do not exist under the budgetary/cash basis of accounting. The General Fund provides operating transfers when cash is required, not when accruals occur.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess of Expenditures Plus Encumbrances Over Final Appropriations

For the fiscal year ended June 30, 2003, expenditures plus encumbrances exceeded appropriations in the following special revenue funds: \$8,391 in the EESA Title II, \$11,083 in the Title I Fund, \$23,990 in the Title VI Innovation Fund, \$889 in the Drug Free School Grant Fund and \$256 in the Preschool Grant Fund. Expenditures plus encumbrances exceeded appropriations by \$662,389 in the Debt Service Fund.

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

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

- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public collateral are limited to obligations of the United States and its agencies and obligations of the State of Ohio, county, municipal corporation or other legally constituted authority of the State of Ohio, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, "*Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements,*" collateral held in single financial institution collateral pools with securities being held by the pledging financial institutions' agent in the pool's name are classified as Category 3.

The Governmental Accounting Standards Board has established risk categories for deposits and investments as follows:

Deposits:

- Category 1 Insured or collateralized with securities held by the District or by its agent in the District's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent, in the District's name.
- Category 3 Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Investments:

- Category 1 Insured or registered securities held by the District or its agent in the District's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District's name.

KETTERING CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003**

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

A. Deposits

At year end the carrying amount of the District's deposits was \$82,466,167 and the bank balance was \$82,760,971. The Federal Deposit Insurance Corporation (FDIC) covered \$210,564 of the bank balance and all remaining deposits were classified as Category 3. In accordance with Ohio Revised Code, the remaining balance was covered by pooled collateral.

B. Investments

The District's investments at June 30, 2003 are summarized below:

<u>Categorized Investments</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Fair Value</u>
U. S. Government Securities	\$23,965,894	\$0	\$23,965,894
Repurchase Agreements	0	3,277,426	3,277,426
Total Categorized	23,965,894	3,277,426	27,243,320
 <u>Non-Categorized Investments</u>			
STAR Ohio	N/A	N/A	22,089,454
Total Investments	<u>\$23,965,894</u>	<u>\$3,277,426</u>	<u>\$49,332,774</u>

C. Reconciliation of Cash, Cash Equivalents and Investments

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

	<u>Cash & Cash Equivalents/ Deposits *</u>	<u>Investments</u>
Per GASB Statement No. 9	\$107,833,047	\$23,965,894
Repurchase Agreements	(3,277,426)	3,277,426
STAR Ohio	(\$22,089,454)	\$22,089,454
Per GASB Statement No. 3	<u>\$82,466,167</u>	<u>\$49,332,774</u>

* - Includes restricted cash

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the school district fiscal year runs from July through June. First half tax collections are received by the school 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, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Real property taxes received in calendar year 2003 were levied after April 1, 2002, on the assessed value listed as of January 1, 2002, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Public utility real and tangible personal property taxes received in calendar year 2003 became a lien December 31, 2001, were levied after April 1, 2002 and are collected in 2003 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2003 (other than public utility property) represents the collection of 2003 taxes. Tangible personal property taxes received in calendar year 2003 were levied after April 1, 2002, on the value as of December 31, 2002. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Montgomery County. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2003, are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2003 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2003 was \$2,620,719 in the general fund, \$536,575 in the debt service fund, and \$49,886 in the permanent improvement capital projects fund.

KETTERING CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003**

NOTE 6 - PROPERTY TAXES (Continued)

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

The assessed values upon which the fiscal year 2003 taxes were collected are:

	2002 Second Half Collections	2003 First Half Collections
Agricultural/Residential and Other Real Estate	\$1,049,250,930	\$1,144,802,840
Public Utility Personal	63,730,190	70,859,650
Tangible Personal Property	175,257,840	162,332,926
Total Assessed Value	\$1,288,238,960	\$1,377,995,416
Tax rate per \$1,000 of assessed valuation	\$56.30	\$60.90

NOTE 7 - RECEIVABLES

Receivables at June 30, 2003 consisted of taxes, accounts receivable, interest receivable and intergovernmental receivables. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of Federal funds.

NOTE 8 - TRANSFERS

Following is a summary of transfers in and out for all funds at June 30, 2003:

Fund	Transfer In	Transfer Out
General Fund	\$0	(\$13,500)
Other Governmental Funds	191,829	(178,329)
Total All Funds	\$191,829	(\$191,829)

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

NOTE 9 – DUE FROM/TO OTHER FUNDS

Due from/to other funds at June 30, 2003 from one individual fund to another are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$107

KETTERING CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003**

NOTE 10 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at June 30, 2003:

Historical Cost:

Class	June 30, 2002	Additions	Deletions	June 30, 2003
Capital assets not being depreciated:				
Land	\$466,616	\$0	\$0	\$466,616
Construction in Progress	0	2,951,881	0	2,951,881
Capital assets being depreciated:				
Buildings and Improvements	31,578,194	0	0	31,578,194
Furniture, Vehicles and Equipment	4,927,149	327,226	(89,886)	5,164,489
Total Cost	<u>\$36,971,959</u>	<u>\$3,279,107</u>	<u>(\$89,886)</u>	<u>\$40,161,180</u>

Accumulated Depreciation:

Class	June 30, 2002	Additions	Deletions	June 30, 2002
Buildings and Improvements	(\$17,622,425)	(\$394,727)	\$0	(\$18,017,152)
Furniture, Vehicles and Equipment	(1,812,233)	(338,003)	72,042	(2,078,194)
Total Depreciation	<u>(\$19,434,658)</u>	<u>(\$732,730) *</u>	<u>\$72,042</u>	<u>(\$20,095,346)</u>
Net Value:	<u>\$17,537,301</u>			<u>\$20,065,834</u>

* Depreciation expenses were charged to governmental functions as follows:

Instruction:	
Regular	(\$276,067)
Special	(28,290)
Vocational	(35,337)
Support Services:	
Pupils	(5,533)
Instructional Staff	(42,713)
Administration	(63,563)
Fiscal	(9,221)
Business	(14,754)
Operations & Maintenance of Plant	(24,086)
Pupil Transportation	(157,270)
Central	(38,730)
Extracurricular Activities	(3,688)
Other Noninstructional Services	(33,478)
Total Depreciation Expense	<u>(\$732,730)</u>

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

NOTE 11 - DEFINED BENEFIT PENSION PLANS

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

A. School Employees Retirement System of Ohio (SERS of Ohio)

All non-certified employees of the District, with minor exceptions, performing duties that do not require a certificate issued by the Ohio Department of Education are eligible to participate in the School Employees Retirement System of Ohio, a cost-sharing, multiple-employer public employee retirement system.

The SERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The SERS of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the SERS of Ohio. Interested parties may obtain a copy by making a written request to SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9% respectively. The contribution rates are determined actuarially, and are established and may be amended, up to statutory amounts, by the School Employees Retirement Board (Retirement Board) within the rates allowed by State statute. The required employer contribution rate is allocated to basic retirement benefits and health care by the Retirement Board. At June 30, 2002, (latest information available) 5.46% was allocated to fund the pension benefit and 8.54% to fund health care. The District's contributions to the SERS of Ohio for the years ending June 30, 2003, 2002, and 2001 were \$501,696, \$452,493 and \$438,919, respectively, which were equal to the required contributions for each year.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium. The portion of the 2002 employer contribution rate (latest information available) that was used to fund health care for the year 2002 was 8.54%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, prorated for partial service credit. For fiscal year 2003, the minimum pay has been established as \$14,500. The amount contributed to fund health care benefits, including the surcharge amounted to \$1,054,975.

Health care benefits are financed on a pay-as-you-go basis. The number of retirees and covered dependents currently receiving benefits is approximately 50,000. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2002 (the latest information available) were \$182,946,777 and the target level was \$274.4 million. Net assets available for payment of benefits at June 30, 2002 was \$335.2 million.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System of Ohio (STRS of Ohio)

All certified employees of the District are eligible to participate in the State Teachers Retirement System of Ohio, a cost-sharing, multiple-employer public employee retirement system.

The STRS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and survivor benefits based on eligible service credit to plan members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. The STRS of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the STRS of Ohio. Interested parties may obtain a copy by making a written request to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371 or by calling (614) 227-4090.

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 member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% 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 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. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9.3%, respectively. The contribution requirements of plan members and the District are established and may be amended by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. At June 30, 2002, (latest information available) 9.5% was allocated to fund the pension benefit and 4.5% to fund health care. The District's contributions to the STRS of Ohio for the years ending June 30, 2003, 2002, and 2001 were \$2,905,371, \$2,841,995, and \$2,754,468 respectively, which were equal to the required contributions for each year.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System of Ohio (STRS of Ohio) (Continued)

STRS provides postemployment health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium.

Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions to a Health Care Reserve Fund. For the fiscal year ended June 30, 2002, (latest information available) the board allocated employer contributions are equal to 4.5% of covered payroll to the Health Care Reserve Fund, which amounted to \$1,450,571 for the District during fiscal year 2003. The balance of the Health Care Reserve Fund was \$3.011 billion at June 30, 2002 (the latest information available). For the fiscal year ended June 30, 2002, the net health care costs paid by STRS were \$354,697,000. There were 105,300 eligible benefit recipients.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose social security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2003 one of the board of education members has elected social security. The Board's liability is 6.2 percent of wages paid.

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KETTERING CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003**

NOTE 12 - NOTE PAYABLE

Note Payable activity of the District for the year ended June 30, 2003, was as follows:

Notes Payable		Balance June 30, 2002	Additions	Deletions	Balance June 30, 2003
Bond Anticipation Note	2.00%	\$0	\$102,400,000	(\$87,400,000)	\$15,000,000

NOTE 13- LONG-TERM DEBT AND OTHER OBLIGATIONS

Detail of the changes in the long-term debt of the District for the year ended June 30, 2003 is as follows:

		Balance June 30, 2002	Additions	Deductions	Balance June 30, 2003	Amount Due Within One Year
School Improvement 1994	3.05-5.30%	\$13,330,000	\$0	(\$265,000)	\$13,065,000	\$285,000
School Improvement 2003	2.00-5.00%	0	87,400,000	0	87,400,000	4,925,000
Energy Conservation 1998	4.70-4.90%	980,000	0	(160,000)	820,000	160,000
Energy Conservation 2002	5.310%	1,115,667	0	(55,712)	1,059,955	58,670
Sub-Total General Obligation Bonds		15,425,667	87,400,000	(480,712)	102,344,955	5,428,670
Premium General Obligation Bond		473,502	2,489,152	(23,675)	2,938,979	112,573
Total General Obligation Bonds		15,899,169	89,889,152	(504,387)	105,283,934	5,541,243
Capital Leases Payable		365,849	0	(116,244)	249,605	121,873
Compensated Absences		5,198,775	5,219,655	(5,198,775)	5,219,655	0
Total Governmental Long-Term Debt		\$21,463,793	\$95,108,807	(\$5,819,406)	\$110,753,194	\$5,663,116

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KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 13- LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

A summary of the District's future long-term debt funding requirements including principal and interest payments as of June 30, 2003, follows:

Years	General Obligation Bonds		
	Principal	Interest	Total
2004	\$5,428,670	\$4,558,537	\$9,987,207
2005	1,956,786	4,458,272	6,415,058
2006	2,005,067	4,376,008	6,381,075
2007	2,308,522	4,288,565	6,597,087
2008	2,382,160	4,220,204	6,602,364
2009-2013	13,342,511	19,795,778	33,138,289
2014-2018	17,241,239	16,520,021	33,761,260
2018-2022	21,240,000	11,721,899	32,961,899
2023-2027	21,100,000	6,484,270	27,584,270
2028-2031	15,340,000	1,149,650	16,489,650
Totals	\$102,344,955	\$77,573,204	\$179,918,159

NOTE 14 - CAPITAL LEASE COMMITMENTS

The District is obligated under one lease accounted for as a capital lease. The cost of the leased asset is accounted for in the Governmental Activities Capital Assets and the related liability in the Governmental Activities Other Long-Term Obligations. The original cost of the asset under capital lease was \$477,580.

The following is a schedule of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2002

Year Ending June 30,	Capital Leases
2004	\$132,936
2005	133,384
Minimum Lease Payments	266,320
Less: Amount representing interest at the District's incremental borrowing rate of interest	16,715
Present value of minimum lease payments	\$249,605

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

NOTE 15 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2002, the District contracted with Indiana Insurance Company 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 Indiana Insurance Company through Brower Insurance Agency and holds a \$1,000 occurrence deductible.

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

The District has earthquake (\$25,000,000 limit) and flood (\$1,000,000 limit) insurance with Indiana Insurance Company through Brower Insurance Agency.

The District has a \$10,000,000 limit umbrella policy with no retention with Indiana Insurance Company through Brower Insurance Agency.

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

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

The District provides life insurance and accidental death and dismemberment insurance to most employees through Anthem Life Insurance Company. The District has elected to provide employee medical/surgical benefits through Anthem Blue Cross/Blue Shield's Community Choice Plan.

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

The District is self-insured for employee dental care benefits. The program is administered by CoreSource, which provides claims review and processing services. The self-insurance program is accounted for as an Internal Service Fund.

Changes in the fund's claims liability amount in 2003 and 2002 were:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2002	\$143,530	\$639,572	(\$626,859)	\$156,243
2003	156,243	666,745	(654,862)	168,126

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

NOTE 16 – STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2003, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Acquisition Reserve
Set-aside Cash Balance as of June 30, 2002	\$0	\$0
Carryover Balance from Prior Year	(720,391)	0
Current Year Set-Aside Requirement	1,098,847	1,098,847
Current Year Offset Credits	0	(645,223)
Qualifying Disbursements	<u>(1,745,108)</u>	<u>(4,883,861)</u>
Set-aside Reserve as of June 30, 2003	<u>(\$1,366,652)</u>	<u>(\$4,430,237)</u>
Qualifying Carryover Amounts to FY 2004	<u>(\$1,366,652)</u>	<u>(\$104,000,000)</u>

Qualifying carryover amount to fiscal year 2004 cannot exceed (\$104,000,000) for capital acquisition set-aside.

NOTE 17 - CONTINGENCIES

A. Grants

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2003.

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, 2003.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2003

NOTE 17 – CONTINGENCIES (Continued)

C. State School Funding

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding decision is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..."

The School District is currently unable to determine what effect, if any, this decision will have its future State funding and on its financial operations.

NOTE 18 - CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of June 30, 2003, the District had the following significant contractual commitments outstanding related to the new construction and renovations taking place at the District's twelve schools:

<u>Vendor</u>	<u>Remaining Contractual Commitment</u>
Danis Building Construction Company	\$5,460,546
Dayton Design Collaborative LLC	2,852,022
Edge & Tinney Architects, Inc.	1,882,981
Commercial Piping LLC	1,239,000
G/C Contracting Corp.	846,990
Dayton Trane Parts and Supply	571,732
Donnell, Inc.	396,000
Brightman & Mitchell Architects, Inc.	372,791
Carey Electric Co.	372,000
Brower Insurance Agency	239,756
Pickrel Bros., Inc.	99,878
Marcum & Associates, Inc.	76,853
Peck, Shaffer & Williams	73,784
Queen City Reprographics, Inc.	61,059
ATC Engineering Service of Ohio	21,699
Dayton Newspapers, Inc.	5,768
Woolpert LLP	5,700
Judge Engineering Co.	4,400
Total	<u><u>\$14,582,959</u></u>

KETTERING CITY SCHOOL DISTRICT

***COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES***

***THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE
THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS, AND INTERNAL
SERVICE FUNDS.***

KETTERING CITY SCHOOL DISTRICT

Nonmajor Governmental Funds

Special Revenue Funds

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

Food Services Fund

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

Special Trust Fund

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

Uniform School Supplies Fund

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

Rotary Special Services Fund

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

Public School Support Fund

To support the various needs of the school such as supplies and equipment for use in the school; for support and recognition of school activities as deemed appropriate by the building principal.

Pathfinder/Preschool Fund

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

Special Enterprise Fund

To account for the financial transactions related to the child care program called "morning and afternoon supervision program".

Venture Capital Fund

To account for State monies which support the school improvement program and to enhance faculty knowledge and experiences. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Athletic Fund

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

Auxiliary Services Fund

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

KETTERING CITY SCHOOL DISTRICT

Special Revenue Funds

Career Development Fund

To account for monies received and expended in conjunction with Vocational Education Career Development projects funded by the State of Ohio, Ohio Department of Education, Division of Vocational Education.

Local Professional Development Fund

To support the school district's professional development and teacher training activities that is guided by Ohio's model competency-based education programming or comparable models to support student achievement, including proficiency test performance.

Excellence in Education Fund

A fund provided to account for pupil competency assessment and instructional development in English Composition. Mathematics and Reading as required by the minimum standards for Ohio schools.

Education Management Information System Fund

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

Public School Preschool Fund

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

Entry Year Programs Fund

To implement entry-year programs pursuant to division (T) of section 3317.024 of the Ohio Revised Code.

Data Communications Fund

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

District Professional Development Fund

To account for the District's professional development.

OhioReads Fund

Grants received at the building level to support the building coordinators for Ohio Reads.

Summer School Subsidy Fund

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

Alternative Fund

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

Other State Funds Fund

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

(Continued)

KETTERING CITY SCHOOL DISTRICT

Special Revenue Funds

Adult Basic Education Fund

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

Education for Economic Security Act (EESA Title II) Fund

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

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

This federal program assists schools in the identification of handicapped children, development of procedural safeguards, implementation of least restrictive alternative service patterns, and provision of full education opportunities to handicapped children at the preschool, elementary and secondary levels.

Carl D. Perkins Fund

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

Bilingual Education Fund

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

Even Start Program Fund

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

Title I Fund

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

Title VI Innovation Fund

To account for federal revenues which support the implementation of computer education programs, gifted and talented programs, in-service training and staff development.

Drug Free School Grant Fund

Accounts for federal revenues which support the implementation of programs for drug abuse education and prevention.

Preschool Grant Fund

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

Other Federal Programs Fund

To account for the activities of systemic grant, classroom reduction grant, America reads, and school to work program.

KETTERING CITY SCHOOL DISTRICT

Capital Projects Funds

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

Permanent Improvement Fund

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

Replacement Fund

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

Vocational Education Equipment Fund

To account for receipts and expenditures involved in the replacement or updating of equipment essential for the instruction of students in job skills. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

SchoolNet Plus Fund

A fund provided to account for additional funding targeted for the acquisition of computer workstations in grades K-4.

Interactive Video Distance Learning Fund

To account for monies spent by the State on behalf of the District. The monies are used for capital assets for the interactive video distance learning project.

Permanent Fund

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

Permanent Fund

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

KETTERING CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2003***

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 2,451,454	\$ 844,864	\$ 432	\$ 3,296,750
Receivables:				
Taxes	0	658,953	0	658,953
Accounts	10,104	0	0	10,104
Intergovernmental	362,778	0	0	362,778
Interest	1,340	802	12	2,154
Inventory Held for Resale	34,044	0	0	34,044
Restricted Assets:				
Cash and Cash Equivalents	0	0	12,801	12,801
Total Assets	\$ 2,859,720	\$ 1,504,619	\$ 13,245	\$ 4,377,584
Liabilities:				
Accounts Payable	\$ 241,085	\$ 62,146	\$ 0	\$ 303,231
Accrued Wages and Benefits	392,931	0	0	392,931
Intergovernmental Payable	52,927	0	0	52,927
Due to Other Funds	107	0	0	107
Deferred Revenue	362,778	609,067	0	971,845
Total Liabilities	1,049,828	671,213	0	1,721,041
Fund Balances:				
Reserved for Encumbrances	404,185	11,085	0	415,270
Reserved for Supplies Inventory	34,044	0	0	34,044
Reserved for Property Taxes	0	49,886	0	49,886
Reserved for Endowments	0	0	12,801	12,801
Unreserved, Undesignated in:				
Special Revenue Funds	1,371,663	0	0	1,371,663
Capital Projects Funds	0	772,435	0	772,435
Permanent Fund	0	0	444	444
Total Fund Balances	1,809,892	833,406	13,245	2,656,543
Total Liabilities and Funds Balances	\$ 2,859,720	\$ 1,504,619	\$ 13,245	\$ 4,377,584

KETTERING CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2003

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 0	\$ 561,672	\$ 0	\$ 561,672
Tuition and Fees	146,349	0	0	146,349
Interest	19,305	11,215	180	30,700
Sales	1,516,091	0	0	1,516,091
Intergovernmental	4,294,219	210,254	0	4,504,473
Extracurricular Activities	529,724	0	0	529,724
Classroom Materials and Fees	269,965	0	0	269,965
Miscellaneous	453,116	0	250	453,366
Total Revenue	<u>7,228,769</u>	<u>783,141</u>	<u>430</u>	<u>8,012,340</u>
Expenditures:				
Current:				
Regular	529,234	10,783	0	540,017
Special	984,929	0	0	984,929
Vocational	196,917	0	0	196,917
Adult/Continuing	38,876	0	0	38,876
Supporting Services:				
Pupils	621,003	0	0	621,003
Instructional Staff	370,941	0	600	371,541
Administration	571,259	0	0	571,259
Fiscal Services	0	7,773	0	7,773
Business	0	52,283	0	52,283
Operation & Maintenance of Plant	14,834	511,511	0	526,345
Pupil Transportation	4,297	35,000	0	39,297
Central	71,025	128,526	0	199,551
Non-Instructional Services	3,709,445	0	0	3,709,445
Extracurricular Activities	472,278	0	0	472,278
Facility Acquisition & Construction	0	281,178	0	281,178
Total Expenditures	<u>7,585,038</u>	<u>1,027,054</u>	<u>600</u>	<u>8,612,692</u>
Excess (Deficiency) of Revenues Over Expenditures	(356,269)	(243,913)	(170)	(600,352)
Other Financing Sources (Uses):				
Proceeds from the Sale of Fixed Assets	300	0	0	300
Transfers In	191,829	0	0	191,829
Transfers Out	(178,329)	0	0	(178,329)
Total Other Financing Sources (Uses)	<u>13,800</u>	<u>0</u>	<u>0</u>	<u>13,800</u>
Net Change in Fund Balance	(342,469)	(243,913)	(170)	(586,552)
Fund Balances at Beginning of Year	2,163,035	1,077,319	13,415	3,253,769
Decrease in Inventory Reserve	(10,674)	0	0	(10,674)
Fund Balances End of Year	<u>\$ 1,809,892</u>	<u>\$ 833,406</u>	<u>\$ 13,245</u>	<u>\$ 2,656,543</u>

KETTERING CITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2003

	<u>Food Services</u>	<u>Special Trust</u>	<u>Uniform School Supplies</u>	<u>Rotary Special Services</u>
Assets:				
Cash and Cash Equivalents	\$ 635,560	\$ 72,728	\$ 149,268	\$ 14,871
Receivables:				
Accounts	185	0	25	0
Intergovernmental	0	0	0	0
Interest	471	48	0	0
Inventory Held for Resale	<u>34,044</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u><u>\$ 670,260</u></u>	<u><u>\$ 72,776</u></u>	<u><u>\$ 149,293</u></u>	<u><u>\$ 14,871</u></u>
Liabilities:				
Accounts Payable	\$ 13,705	\$ 937	\$ 16,234	\$ 0
Accrued Wages and Benefits	108,923	0	0	0
Intergovernmental Payable	15,474	0	0	0
Due to Other Funds	0	0	0	0
Deferred Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>138,102</u>	<u>937</u>	<u>16,234</u>	<u>0</u>
Fund Balances:				
Reserved for Encumbrances	45,821	1,616	6,607	0
Reserved for Supplies Inventory	34,044	0	0	0
Unreserved, Undesignated in:				
Special Revenue Funds (Deficit)	<u>452,293</u>	<u>70,223</u>	<u>126,452</u>	<u>14,871</u>
Total Fund Balances (Deficit)	<u>532,158</u>	<u>71,839</u>	<u>133,059</u>	<u>14,871</u>
Total Liabilities and Funds Balances	<u><u>\$ 670,260</u></u>	<u><u>\$ 72,776</u></u>	<u><u>\$ 149,293</u></u>	<u><u>\$ 14,871</u></u>

KETTERING CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2003***

Public School Support	Pathfinder/ Preschool	Special Enterprise	Athletic	Auxiliary Services	Career Development
\$ 211,823	\$ 67,273	\$ 135,285	\$ 207,071	\$ 513,150	\$ 54,796
81	404	1,315	8,094	0	0
0	0	0	0	0	0
338	0	0	0	483	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 212,242</u>	<u>\$ 67,677</u>	<u>\$ 136,600</u>	<u>\$ 215,165</u>	<u>\$ 513,633</u>	<u>\$ 54,796</u>
\$ 9,042	\$ 218	\$ 1,238	\$ 14,743	\$ 116,516	\$ 407
0	1,951	34,625	0	114,983	0
0	708	4,360	0	14,049	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>9,042</u>	<u>2,877</u>	<u>40,223</u>	<u>14,743</u>	<u>245,548</u>	<u>407</u>
3,818	14,159	1,616	13,899	233,638	78
0	0	0	0	0	0
<u>199,382</u>	<u>50,641</u>	<u>94,761</u>	<u>186,523</u>	<u>34,447</u>	<u>54,311</u>
<u>203,200</u>	<u>64,800</u>	<u>96,377</u>	<u>200,422</u>	<u>268,085</u>	<u>54,389</u>
<u>\$ 212,242</u>	<u>\$ 67,677</u>	<u>\$ 136,600</u>	<u>\$ 215,165</u>	<u>\$ 513,633</u>	<u>\$ 54,796</u>

(Continued)

KETTERING CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2003***

	Local Professional Development	Excellence in Education	Education Management Information System	Public School Preschool
Assets:				
Cash and Cash Equivalents	\$ 2	\$ 291	\$ 28,895	\$ 10,479
Receivables:				
Accounts	0	0	0	0
Intergovernmental	0	0	0	2,567
Interest	0	0	0	0
Inventory Held for Resale	0	0	0	0
Total Assets	\$ 2	\$ 291	\$ 28,895	\$ 13,046
Liabilities:				
Accounts Payable	\$ 0	\$ 10	\$ 0	\$ 2,408
Accrued Wages and Benefits	0	0	0	6,523
Intergovernmental Payable	0	0	0	995
Due to Other Funds	0	0	0	0
Deferred Revenue	0	0	0	2,567
Total Liabilities	0	10	0	12,493
Fund Balances:				
Reserved for Encumbrances	0	3	0	3,941
Reserved for Supplies Inventory	0	0	0	0
Unreserved, Undesignated in:				
Special Revenue Funds (Deficit)	2	278	28,895	(3,388)
Total Fund Balances (Deficit)	2	281	28,895	553
Total Liabilities and Funds Balances	\$ 2	\$ 291	\$ 28,895	\$ 13,046

KETTERING CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2003***

Entry Year Programs	Data Communications	District Professional Development	OhioReads	Summer School Subsidy	Alternative	Other State Funds
\$ 13,848	\$ 13,283	\$ 5,917	\$ 38,539	\$ 22,508	\$ 5,618	\$ 11,381
0	0	0	0	0	0	0
0	0	0	0	0	7,051	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$ 13,848</u>	<u>\$ 13,283</u>	<u>\$ 5,917</u>	<u>\$ 38,539</u>	<u>\$ 22,508</u>	<u>\$ 12,669</u>	<u>\$ 11,381</u>
\$ 0	\$ 0	\$ 0	\$ 4,522	\$ 0	\$ 1,617	\$ 0
0	0	0	1,085	0	0	3,491
0	0	0	337	0	0	439
0	0	0	0	0	0	0
0	0	0	0	0	7,051	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>5,944</u>	<u>0</u>	<u>8,668</u>	<u>3,930</u>
0	0	0	6,721	0	33	0
0	0	0	0	0	0	0
<u>13,848</u>	<u>13,283</u>	<u>5,917</u>	<u>25,874</u>	<u>22,508</u>	<u>3,968</u>	<u>7,451</u>
<u>13,848</u>	<u>13,283</u>	<u>5,917</u>	<u>32,595</u>	<u>22,508</u>	<u>4,001</u>	<u>7,451</u>
<u>\$ 13,848</u>	<u>\$ 13,283</u>	<u>\$ 5,917</u>	<u>\$ 38,539</u>	<u>\$ 22,508</u>	<u>\$ 12,669</u>	<u>\$ 11,381</u>

(Continued)

KETTERING CITY SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2003**

	Adult Basic Education	EESA Title II	EESA Title VI-B	Carl D. Perkins
Assets:				
Cash and Cash Equivalents	\$ 5,828	\$ 22,520	\$ 45,060	\$ 67,128
Receivables:				
Accounts	0	0	0	0
Intergovernmental	13,306	129,780	79,423	0
Interest	0	0	0	0
Inventory Held for Resale	0	0	0	0
Total Assets	<u>\$ 19,134</u>	<u>\$ 152,300</u>	<u>\$ 124,483</u>	<u>\$ 67,128</u>
Liabilities:				
Accounts Payable	\$ 1,360	\$ 4,229	\$ 1,564	\$ 3,949
Accrued Wages and Benefits	5,240	0	38,308	0
Intergovernmental Payable	816	0	5,565	0
Due to Other Funds	0	0	0	0
Deferred Revenue	13,306	129,780	79,423	0
Total Liabilities	<u>20,722</u>	<u>134,009</u>	<u>124,860</u>	<u>3,949</u>
Fund Balances:				
Reserved for Encumbrances	1,568	9,877	26,086	1,029
Reserved for Supplies Inventory	0	0	0	0
Unreserved, Undesignated in:				
Special Revenue Funds (Deficit)	(3,156)	8,414	(26,463)	62,150
Total Fund Balances (Deficit)	<u>(1,588)</u>	<u>18,291</u>	<u>(377)</u>	<u>63,179</u>
Total Liabilities and Funds Balances	<u>\$ 19,134</u>	<u>\$ 152,300</u>	<u>\$ 124,483</u>	<u>\$ 67,128</u>

KETTERING CITY SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2003**

Bilingual Education	Even Start Program	Title I	Title VI Innovation	Drug Free School Grant	Preschool Grant	Other Federal Programs	Total Nonmajor Special Revenue Funds
\$ 484	\$ 26,793	\$ 24,242	\$ 39,905	\$ 0	\$ 1,468	\$ 5,440	\$ 2,451,454
0	0	0	0	0	0	0	10,104
3,763	61,981	33,146	30,743	756	262	0	362,778
0	0	0	0	0	0	0	1,340
0	0	0	0	0	0	0	34,044
<u>\$ 4,247</u>	<u>\$ 88,774</u>	<u>\$ 57,388</u>	<u>\$ 70,648</u>	<u>\$ 756</u>	<u>\$ 1,730</u>	<u>\$ 5,440</u>	<u>\$ 2,859,720</u>
\$ 0	\$ 4,547	\$ 4,845	\$ 34,713	\$ 228	\$ 378	\$ 3,675	\$ 241,085
0	14,608	63,194	0	0	0	0	392,931
0	2,670	7,514	0	0	0	0	52,927
0	0	0	0	107	0	0	107
<u>3,763</u>	<u>61,981</u>	<u>33,146</u>	<u>30,743</u>	<u>756</u>	<u>262</u>	<u>0</u>	<u>362,778</u>
<u>3,763</u>	<u>83,806</u>	<u>108,699</u>	<u>65,456</u>	<u>1,091</u>	<u>640</u>	<u>3,675</u>	<u>1,049,828</u>
0	12,407	0	17,988	428	1,346	1,506	404,185
0	0	0	0	0	0	0	34,044
<u>484</u>	<u>(7,439)</u>	<u>(51,311)</u>	<u>(12,796)</u>	<u>(763)</u>	<u>(256)</u>	<u>259</u>	<u>1,371,663</u>
<u>484</u>	<u>4,968</u>	<u>(51,311)</u>	<u>5,192</u>	<u>(335)</u>	<u>1,090</u>	<u>1,765</u>	<u>1,809,892</u>
<u>\$ 4,247</u>	<u>\$ 88,774</u>	<u>\$ 57,388</u>	<u>\$ 70,648</u>	<u>\$ 756</u>	<u>\$ 1,730</u>	<u>\$ 5,440</u>	<u>\$ 2,859,720</u>

KETTERING CITY SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003**

	Food Services	Special Trust	Uniform School Supplies	Rotary Special Services
Revenues:				
Tuition and Fees	\$ 0	\$ 0	\$ 0	\$ 0
Interest	5,470	746	0	0
Sales	1,516,091	0	0	0
Intergovernmental	603,205	0	0	0
Extracurricular Activities	0	13,800	0	0
Classroom Materials and Fees	0	0	214,310	15,515
Miscellaneous	2,292	4,867	0	13,282
Total Revenue	2,127,058	19,413	214,310	28,797
Expenditures:				
Current:				
Instruction:				
Regular	0	2,153	177,639	0
Special	0	0	0	0
Vocational	0	0	6,298	27,412
Adult/Continuing	0	0	0	0
Supporting Services:				
Pupils	0	2,866	0	0
Instructional Staff	0	16,206	0	0
Administration	0	1,027	0	0
Operation & Maintenance of Plant	6,470	0	0	0
Pupil Transportation	0	0	0	0
Central	0	0	0	0
Non-Instructional Services	2,118,955	0	0	0
Extracurricular Activities	0	0	0	0
Debt Service:				
Total Expenditures	2,125,425	22,252	183,937	27,412
Excess (Deficiency) of Revenues				
Over Expenditures	1,633	(2,839)	30,373	1,385
Other Financing Sources (Uses):				
Proceeds from the Sale of Fixed Assets	300	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	300	0	0	0
Net Change in Fund Balance	1,933	(2,839)	30,373	1,385
Fund Balances (Deficit) at Beginning of Year	540,899	74,678	102,686	13,486
Decrease in Inventory Reserve	(10,674)	0	0	0
Fund Balances (Deficit) End of Year	\$ 532,158	\$ 71,839	\$ 133,059	\$ 14,871

KETTERING CITY SCHOOL DISTRICT

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

Public School Support	Pathfinder/ Preschool	Special Enterprise	Venture Capital	Athletic	Auxiliary Services	Career Development
\$ 0	\$ 75,374	\$ 0	\$ 0	\$ 70,975	\$ 0	\$ 0
5,225	0	0	0	0	7,864	0
0	0	0	0	0	0	0
0	12,279	0	0	0	1,383,775	5,419
218,356	0	0	0	297,568	0	0
40,140	0	0	0	0	0	0
52,457	2,426	354,237	0	23,555	0	0
<u>316,178</u>	<u>90,079</u>	<u>354,237</u>	<u>0</u>	<u>392,098</u>	<u>1,391,639</u>	<u>5,419</u>
32,214	25,665	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	5,320	317,362	0	0	0	45,494
3,629	28,510	0	0	0	0	0
284,921	12,450	0	2,210	0	0	0
0	0	0	0	764	0	0
0	0	0	0	0	0	0
0	6,472	0	0	0	0	0
0	0	0	0	0	1,514,909	0
0	0	0	0	472,278	0	0
<u>320,764</u>	<u>78,417</u>	<u>317,362</u>	<u>2,210</u>	<u>473,042</u>	<u>1,514,909</u>	<u>45,494</u>
(4,586)	11,662	36,875	(2,210)	(80,944)	(123,270)	(40,075)
0	0	0	0	0	0	0
0	0	0	0	13,500	178,155	0
0	0	0	0	0	(178,155)	0
0	0	0	0	13,500	0	0
(4,586)	11,662	36,875	(2,210)	(67,444)	(123,270)	(40,075)
207,786	53,138	59,502	2,210	267,866	391,355	94,464
0	0	0	0	0	0	0
<u>\$ 203,200</u>	<u>\$ 64,800</u>	<u>\$ 96,377</u>	<u>\$ 0</u>	<u>\$ 200,422</u>	<u>\$ 268,085</u>	<u>\$ 54,389</u>

(Continued)

KETTERING CITY SCHOOL DISTRICT

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

	Local Professional Development	Excellence in Education	Education Management Information System	Public School Preschool
Revenues:				
Tuition and Fees	\$ 0	\$ 0	\$ 0	\$ 0
Interest	0	0	0	0
Sales	0	0	0	0
Intergovernmental	0	0	28,304	238,075
Extracurricular Activities	0	0	0	0
Classroom Materials and Fees	0	0	0	0
Miscellaneous	0	0	0	0
Total Revenue	<u>0</u>	<u>0</u>	<u>28,304</u>	<u>238,075</u>
Expenditures:				
Current:				
Instruction:				
Regular	0	1,615	0	95,460
Special	0	0	0	0
Vocational	0	0	0	0
Adult/Continuing	0	0	0	0
Supporting Services:				
Pupils	0	0	0	33,312
Instructional Staff	0	0	0	91,559
Administration	0	0	0	32,461
Operation & Maintenance of Plant	0	0	0	700
Pupil Transportation	0	0	0	0
Central	0	0	16,149	821
Non-Instructional Services	0	0	0	2,586
Extracurricular Activities	0	0	0	0
Debt Service:				
Total Expenditures	<u>0</u>	<u>1,615</u>	<u>16,149</u>	<u>256,899</u>
Excess (Deficiency) of Revenues				
Over Expenditures	0	(1,615)	12,155	(18,824)
Other Financing Sources (Uses):				
Proceeds from the Sale of Fixed Assets	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	(1,615)	12,155	(18,824)
Fund Balances (Deficit) at Beginning of Year	2	1,896	16,740	19,377
Decrease in Inventory Reserve	0	0	0	0
Fund Balances (Deficit) End of Year	<u>\$ 2</u>	<u>\$ 281</u>	<u>\$ 28,895</u>	<u>\$ 553</u>

KETTERING CITY SCHOOL DISTRICT

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

Entry Year Programs	Data Communications	District Professional Development	OhioReads	Summer School Subsidy	Alternative	Other State Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
14,000	55,283	7,883	76,000	0	15,308	31,830
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>14,000</u>	<u>55,283</u>	<u>7,883</u>	<u>76,000</u>	<u>0</u>	<u>15,308</u>	<u>31,830</u>
0	0	0	60,920	0	19,679	2,063
0	0	0	0	0	0	0
0	0	0	0	0	0	21,463
0	0	0	0	0	0	0
0	0	0	10,317	0	0	29,046
0	0	4,303	7,500	0	5,751	1,500
152	0	0	337	0	994	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	42,000	0	0	0	83	0
0	0	0	0	0	2,822	0
0	0	0	0	0	0	0
<u>152</u>	<u>42,000</u>	<u>4,303</u>	<u>79,074</u>	<u>0</u>	<u>29,329</u>	<u>54,072</u>
13,848	13,283	3,580	(3,074)	0	(14,021)	(22,242)
0	0	0	0	0	0	0
0	0	0	174	0	0	0
0	0	0	(174)	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
13,848	13,283	3,580	(3,074)	0	(14,021)	(22,242)
0	0	2,337	35,669	22,508	18,022	29,693
0	0	0	0	0	0	0
<u>\$ 13,848</u>	<u>\$ 13,283</u>	<u>\$ 5,917</u>	<u>\$ 32,595</u>	<u>\$ 22,508</u>	<u>\$ 4,001</u>	<u>\$ 7,451</u>

(Continued)

KETTERING CITY SCHOOL DISTRICT

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

	Adult Basic Education	EESA Title II	EESA Title VI-B	Carl D. Perkins
Revenues:				
Tuition and Fees	\$ 0	\$ 0	\$ 0	\$ 0
Interest	0	0	0	0
Sales	0	0	0	0
Intergovernmental	91,074	89,617	756,714	85,820
Extracurricular Activities	0	0	0	0
Classroom Materials and Fees	0	0	0	0
Miscellaneous	0	0	0	0
Total Revenue	91,074	89,617	756,714	85,820
Expenditures:				
Current:				
Instruction:				
Regular	0	0	0	0
Special	0	0	488,217	0
Vocational	0	0	0	141,744
Adult/Continuing	38,876	0	0	0
Supporting Services:				
Pupils	15,980	1,377	26,029	0
Instructional Staff	38,091	99,893	38,915	0
Administration	4,187	0	209,738	0
Operation & Maintenance of Plant	0	0	0	0
Pupil Transportation	0	0	2,541	0
Central	0	0	0	0
Non-Instructional Services	0	0	59,309	0
Extracurricular Activities	0	0	0	0
Debt Service:				
Total Expenditures	97,134	101,270	824,749	141,744
Excess (Deficiency) of Revenues				
Over Expenditures	(6,060)	(11,653)	(68,035)	(55,924)
Other Financing Sources (Uses):				
Proceeds from the Sale of Fixed Assets	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	(6,060)	(11,653)	(68,035)	(55,924)
Fund Balances (Deficit) at Beginning of Year	4,472	29,944	67,658	119,103
Decrease in Inventory Reserve	0	0	0	0
Fund Balances (Deficit) End of Year	\$ (1,588)	\$ 18,291	\$ (377)	\$ 63,179

KETTERING CITY SCHOOL DISTRICT

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

Bilingual Education	Even Start Program	Title I	Title VI Innovation	Drug Free School Grant	Preschool Grant	Other Federal Programs	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 146,349
0	0	0	0	0	0	0	19,305
0	0	0	0	0	0	0	1,516,091
2,327	199,215	368,551	79,650	27,018	6,673	116,199	4,294,219
0	0	0	0	0	0	0	529,724
0	0	0	0	0	0	0	269,965
0	0	0	0	0	0	0	453,116
<u>2,327</u>	<u>199,215</u>	<u>368,551</u>	<u>79,650</u>	<u>27,018</u>	<u>6,673</u>	<u>116,199</u>	<u>7,228,769</u>
1,843	0	0	74,229	3,677	0	32,077	529,234
0	75,464	413,757	0	0	7,491	0	984,929
0	0	0	0	0	0	0	196,917
0	0	0	0	0	0	0	38,876
0	89,829	19,009	1,302	23,760	0	0	621,003
0	0	5,684	26,476	2,924	0	0	370,941
0	22,782	0	0	0	0	0	571,259
0	0	0	0	0	0	6,900	14,834
0	1,756	0	0	0	0	0	4,297
0	5,500	0	0	0	0	0	71,025
0	0	0	8,571	2,293	0	0	3,709,445
0	0	0	0	0	0	0	472,278
<u>1,843</u>	<u>195,331</u>	<u>438,450</u>	<u>110,578</u>	<u>32,654</u>	<u>7,491</u>	<u>38,977</u>	<u>7,585,038</u>
484	3,884	(69,899)	(30,928)	(5,636)	(818)	77,222	(356,269)
0	0	0	0	0	0	0	300
0	0	0	0	0	0	0	191,829
0	0	0	0	0	0	0	(178,329)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13,800</u>
484	3,884	(69,899)	(30,928)	(5,636)	(818)	77,222	(342,469)
0	1,084	18,588	36,120	5,301	1,908	(75,457)	2,163,035
0	0	0	0	0	0	0	(10,674)
<u>\$ 484</u>	<u>\$ 4,968</u>	<u>\$ (51,311)</u>	<u>\$ 5,192</u>	<u>\$ (335)</u>	<u>\$ 1,090</u>	<u>\$ 1,765</u>	<u>\$ 1,809,892</u>

KETTERING CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2003***

	Permanent Improvement	Replacement	SchoolNet Plus	Interactive Video Distance Learning	Total Nonmajor Capital Projects Funds
Assets:					
Cash and Cash Equivalents	\$ 740,378	\$ 101,439	\$ 347	\$ 2,700	\$ 844,864
Taxes	658,953	0	0	0	658,953
Interest	704	98	0	0	802
Total Assets	\$ 1,400,035	\$ 101,537	\$ 347	\$ 2,700	\$ 1,504,619
Liabilities:					
Accounts Payable	\$ 62,146	\$ 0	\$ 0	\$ 0	\$ 62,146
Deferred Revenue	609,067	0	0	0	609,067
Total Liabilities	671,213	0	0	0	671,213
Fund Balances:					
Reserved for Encumbrances	11,085	0	0	0	11,085
Reserved for Property Taxes	49,886	0	0	0	49,886
Unreserved, Undesignated in:					
Capital Projects Funds	667,851	101,537	347	2,700	772,435
Total Fund Balances	728,822	101,537	347	2,700	833,406
Total Liabilities and Funds Balances	\$ 1,400,035	\$ 101,537	\$ 347	\$ 2,700	\$ 1,504,619

KETTERING CITY SCHOOL DISTRICT

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2003***

	Permanent Improvement	Replacement	Vocational Education Equipment	SchoolNet Plus	Interactive Video Distance Learning	Total Nonmajor Capital Projects Funds
Revenues:						
Taxes	\$ 561,672	\$ 0	\$ 0	\$ 0	\$ 0	\$ 561,672
Interest	9,704	1,511	0	0	0	11,215
Intergovernmental	76,598	0	10,783	122,873	0	210,254
Total Revenue	647,974	1,511	10,783	122,873	0	783,141
Expenditures:						
Current:						
Instruction:						
Regular	0	0	10,783	0	0	10,783
Supporting Services:						
Fiscal Services	7,773	0	0	0	0	7,773
Business	52,283	0	0	0	0	52,283
Operation & Maintenance of Plant	508,528	2,983	0	0	0	511,511
Pupil Transportation	35,000	0	0	0	0	35,000
Central	0	0	0	122,526	6,000	128,526
Facility Acquisition & Construction	281,178	0	0	0	0	281,178
Total Expenditures	884,762	2,983	10,783	122,526	6,000	1,027,054
Net Change in Fund Balance	(236,788)	(1,472)	0	347	(6,000)	(243,913)
Fund Balances at Beginning of Year	965,610	103,009	0	0	8,700	1,077,319
Fund Balances End of Year	\$ 728,822	\$ 101,537	\$ 0	\$ 347	\$ 2,700	\$ 833,406

KETTERING CITY SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Fiscal Year Ended June 30, 2003**

	GENERAL FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 44,193,175	\$ 40,516,053	\$ 41,037,136	\$ 521,083
Tuition and Fees	160,000	160,000	155,928	(4,072)
Transportation	240,000	240,000	237,612	(2,388)
Interest	600,000	600,000	568,834	(31,166)
Intergovernmental	17,165,540	17,165,540	16,336,208	(829,332)
Extracurricular Activities	60,000	60,000	59,438	(562)
Classroom Materials and Fees	7,000	7,000	6,686	(314)
Miscellaneous	292,447	292,447	289,286	(3,161)
Total Revenues	<u>62,718,162</u>	<u>59,041,040</u>	<u>58,691,128</u>	<u>(349,912)</u>
Expenditures:				
Current:				
Salaries and Wages	39,236,633	39,826,721	39,233,866	592,855
Fringe Benefits	11,894,929	12,247,583	11,167,994	1,079,589
Purchased Services	5,222,909	5,048,218	5,937,333	(889,115)
Supplies and Materials	2,757,675	2,338,641	2,597,751	(259,110)
Other Expenditures	930,398	1,054,984	664,689	390,295
Capital Outlay - New	672,981	555,122	673,385	(118,263)
Capital Outlay - Replacement	487,466	383,466	452,503	(69,037)
Debt Service:				
Principal Retirement	332,404	448,648	276,244	172,404
Interest	125,645	127,644	62,311	65,333
Total Expenditures	<u>61,661,040</u>	<u>62,031,027</u>	<u>61,066,076</u>	<u>964,951</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,057,122	(2,989,987)	(2,374,948)	615,039
Other Financing Sources (Uses):				
Transfers Out	(130,000)	(13,500)	(13,500)	0
Advances In	71,460	71,460	71,460	0
Advances Out	(70,000)	(69,891)	0	69,891
Refund of Prior Year's Expenditures	0	180,683	115,661	(65,022)
Refund of Prior Year's Receipts	(13,500)	(5,000)	(1,223)	3,777
Total Other Financing Sources (Uses)	<u>(142,040)</u>	<u>163,752</u>	<u>172,398</u>	<u>8,646</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	915,082	(2,826,235)	(2,202,550)	623,685
Fund Balance at Beginning of Year	22,776,191	22,776,191	22,776,191	0
Prior Year Encumbrances	1,632,213	1,632,213	1,632,213	0
Fund Balance at End of Year	<u>\$ 25,323,486</u>	<u>\$ 21,582,169</u>	<u>\$ 22,205,854</u>	<u>\$ 623,685</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Debt Service Fund
For the Fiscal Year Ended June 30, 2003***

	BOND RETIREMENT FUND			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 1,232,186</u>	<u>\$ 89,540,175</u>	<u>\$ 93,966,250</u>	<u>\$ 4,426,075</u>
Total Expenditures and Other Financing Uses	<u>1,034,865</u>	<u>89,487,808</u>	<u>90,150,197</u>	<u>(662,389)</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>197,321</u>	<u>52,367</u>	<u>3,816,053</u>	<u>3,763,686</u>
Fund Balance at Beginning of Year	<u>880,575</u>	<u>880,575</u>	<u>880,575</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 1,077,896</u></u>	<u><u>\$ 932,942</u></u>	<u><u>\$ 4,696,628</u></u>	<u><u>\$ 3,763,686</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Projects Fund
For the Fiscal Year Ended June 30, 2003***

	BUILDING FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 0</u>	<u>\$ 190,000,000</u>	<u>\$ 190,102,351</u>	<u>\$ 102,351</u>
Total Expenditures and Other Financing Uses	<u>0</u>	<u>105,650,924</u>	<u>104,834,839</u>	<u>816,085</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>0</u>	<u>84,349,076</u>	<u>85,267,512</u>	<u>918,436</u>
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 84,349,076</u></u>	<u><u>\$ 85,267,512</u></u>	<u><u>\$ 918,436</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

	FOOD SERVICES FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Total Revenues and Other Financing Sources	\$ 2,000,000	\$ 1,889,400	\$ 2,044,114	\$ 154,714
Total Expenditures and Other Financing Uses	2,305,321	2,275,070	2,042,152	232,918
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(305,321)	(385,670)	1,962	387,632
Fund Balance at Beginning of Year	574,073	574,073	574,073	0
Fund Balance at End of Year	\$ 268,752	\$ 188,403	\$ 576,035	\$ 387,632

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

	SPECIAL TRUST FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 30,000</u>	<u>\$ 19,000</u>	<u>\$ 22,167</u>	<u>\$ 3,167</u>
Total Expenditures and Other Financing Uses	<u>25,394</u>	<u>35,828</u>	<u>26,196</u>	<u>9,632</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>4,606</u>	<u>(16,828)</u>	<u>(4,029)</u>	<u>12,799</u>
Fund Balance at Beginning of Year	<u>74,599</u>	<u>74,599</u>	<u>74,599</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 79,205</u></u>	<u><u>\$ 57,771</u></u>	<u><u>\$ 70,570</u></u>	<u><u>\$ 12,799</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

	UNIFORM SCHOOL SUPPLIES FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 250,000</u>	<u>\$ 209,000</u>	<u>\$ 214,285</u>	<u>\$ 5,285</u>
Total Expenditures and Other Financing Uses	<u>113,236</u>	<u>245,236</u>	<u>199,370</u>	<u>45,866</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>136,764</u>	<u>(36,236)</u>	<u>14,915</u>	<u>51,151</u>
Fund Balance at Beginning of Year	<u>111,512</u>	<u>111,512</u>	<u>111,512</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 248,276</u></u>	<u><u>\$ 75,276</u></u>	<u><u>\$ 126,427</u></u>	<u><u>\$ 51,151</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

ROTARY SPECIAL SERVICES FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 22,000</u>	<u>\$ 26,500</u>	<u>\$ 28,797</u>	<u>\$ 2,297</u>
Total Expenditures and Other Financing Uses	<u>26,800</u>	<u>36,800</u>	<u>32,354</u>	<u>4,446</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(4,800)</u>	<u>(10,300)</u>	<u>(3,557)</u>	<u>6,743</u>
Fund Balance at Beginning of Year	<u>15,153</u>	<u>15,153</u>	<u>15,153</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 10,353</u></u>	<u><u>\$ 4,853</u></u>	<u><u>\$ 11,596</u></u>	<u><u>\$ 6,743</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

PUBLIC SCHOOL SUPPORT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 315,000</u>	<u>\$ 301,067</u>	<u>\$ 316,585</u>	<u>\$ 15,518</u>
Total Expenditures and Other Financing Uses	<u>457,722</u>	<u>397,723</u>	<u>331,593</u>	<u>66,130</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(142,722)</u>	<u>(96,656)</u>	<u>(15,008)</u>	<u>81,648</u>
Fund Balance at Beginning of Year	176,249	176,249	176,249	0
Prior Year Encumbrances	<u>37,723</u>	<u>37,723</u>	<u>37,723</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 71,250</u></u>	<u><u>\$ 117,316</u></u>	<u><u>\$ 198,964</u></u>	<u><u>\$ 81,648</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

PATHFINDER/PRESCHOOL FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 68,000</u>	<u>\$ 86,100</u>	<u>\$ 89,675</u>	<u>\$ 3,575</u>
Total Expenditures and Other Financing Uses	<u>69,746</u>	<u>102,455</u>	<u>92,738</u>	<u>9,717</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(1,746)</u>	<u>(16,355)</u>	<u>(3,063)</u>	<u>13,292</u>
Fund Balance at Beginning of Year	46,199	46,199	46,199	0
Prior Year Encumbrances	<u>9,760</u>	<u>9,760</u>	<u>9,760</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 54,213</u></u>	<u><u>\$ 39,604</u></u>	<u><u>\$ 52,896</u></u>	<u><u>\$ 13,292</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

	SPECIAL ENTERPRISE FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 299,000</u>	<u>\$ 302,000</u>	<u>\$ 355,081</u>	<u>\$ 53,081</u>
Total Expenditures and Other Financing Uses	<u>122,968</u>	<u>377,449</u>	<u>318,992</u>	<u>58,457</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>176,032</u>	<u>(75,449)</u>	<u>36,089</u>	<u>111,538</u>
Fund Balance at Beginning of Year	<u>96,342</u>	<u>96,342</u>	<u>96,342</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 272,374</u></u>	<u><u>\$ 20,893</u></u>	<u><u>\$ 132,431</u></u>	<u><u>\$ 111,538</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>2,200</u>	<u>2,210</u>	<u>2,210</u>	<u>0</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(2,200)</u>	<u>(2,210)</u>	<u>(2,210)</u>	<u>0</u>
Fund Balance at Beginning of Year	<u>2,210</u>	<u>2,210</u>	<u>2,210</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 10</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

	ATHLETIC FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 380,000</u>	<u>\$ 385,000</u>	<u>\$ 406,720</u>	<u>\$ 21,720</u>
Total Expenditures and Other Financing Uses	<u>543,732</u>	<u>642,732</u>	<u>514,416</u>	<u>128,316</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(163,732)</u>	<u>(257,732)</u>	<u>(107,696)</u>	<u>150,036</u>
Fund Balance at Beginning of Year	164,861	164,861	164,861	0
Prior Year Encumbrances	<u>121,264</u>	<u>121,264</u>	<u>121,264</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 122,393</u></u>	<u><u>\$ 28,393</u></u>	<u><u>\$ 178,429</u></u>	<u><u>\$ 150,036</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 1,420,000</u>	<u>\$ 1,570,000</u>	<u>\$ 1,570,335</u>	<u>\$ 335</u>
Total Expenditures and Other Financing Uses	<u>1,375,627</u>	<u>2,088,954</u>	<u>1,926,775</u>	<u>162,179</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>44,373</u>	<u>(518,954)</u>	<u>(356,440)</u>	<u>162,514</u>
Fund Balance at Beginning of Year	343,115	343,115	343,115	0
Prior Year Encumbrances	<u>176,321</u>	<u>176,321</u>	<u>176,321</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 563,809</u></u>	<u><u>\$ 482</u></u>	<u><u>\$ 162,996</u></u>	<u><u>\$ 162,514</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

CAREER DEVELOPMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 79,000</u>	<u>\$ 14,500</u>	<u>\$ 16,819</u>	<u>\$ 2,319</u>
Total Expenditures and Other Financing Uses	<u>59,575</u>	<u>71,254</u>	<u>58,301</u>	<u>12,953</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>19,425</u>	<u>(56,754)</u>	<u>(41,482)</u>	<u>15,272</u>
Fund Balance at Beginning of Year	91,218	91,218	91,218	0
Prior Year Encumbrances	<u>4,575</u>	<u>4,575</u>	<u>4,575</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 115,218</u></u>	<u><u>\$ 39,039</u></u>	<u><u>\$ 54,311</u></u>	<u><u>\$ 15,272</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

LOCAL PROFESSIONAL DEVELOPMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 40,000	\$ 0	\$ 0	\$ 0
Total Expenditures and Other Financing Uses	10,043	0	0	0
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	29,957	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	2	2	2	0
Fund Balance at End of Year	\$ 29,959	\$ 2	\$ 2	\$ 0

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>105</u>	<u>1,920</u>	<u>1,642</u>	<u>278</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(105)</u>	<u>(1,920)</u>	<u>(1,642)</u>	<u>278</u>
Fund Balance at Beginning of Year	1,815	1,815	1,815	0
Prior Year Encumbrances	<u>105</u>	<u>105</u>	<u>105</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 1,815</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 278</u></u>	<u><u>\$ 278</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 23,000</u>	<u>\$ 28,000</u>	<u>\$ 28,304</u>	<u>\$ 304</u>
Total Expenditures and Other Financing Uses	<u>37,953</u>	<u>19,953</u>	<u>19,362</u>	<u>591</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(14,953)</u>	<u>8,047</u>	<u>8,942</u>	<u>895</u>
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	<u>19,953</u>	<u>19,953</u>	<u>19,953</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 5,000</u></u>	<u><u>\$ 28,000</u></u>	<u><u>\$ 28,895</u></u>	<u><u>\$ 895</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

PUBLIC SCHOOL PRESCHOOL FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 237,000</u>	<u>\$ 238,000</u>	<u>\$ 238,075</u>	<u>\$ 75</u>
Total Expenditures and Other Financing Uses	<u>200,367</u>	<u>275,058</u>	<u>270,929</u>	<u>4,129</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>36,633</u>	<u>(37,058)</u>	<u>(32,854)</u>	<u>4,204</u>
Fund Balance at Beginning of Year	26,618	26,618	26,618	0
Prior Year Encumbrances	<u>10,366</u>	<u>10,366</u>	<u>10,366</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 73,617</u></u>	<u><u>\$ (74)</u></u>	<u><u>\$ 4,130</u></u>	<u><u>\$ 4,204</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

	ENTRY YEAR PROGRAMS FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 0</u>	<u>\$ 14,000</u>	<u>\$ 14,000</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>0</u>	<u>14,000</u>	<u>152</u>	<u>13,848</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>0</u>	<u>0</u>	<u>13,848</u>	<u>13,848</u>
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 13,848</u></u>	<u><u>\$ 13,848</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

	DATA COMMUNICATIONS FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 55,283</u>	<u>\$ 55,283</u>
Total Expenditures and Other Financing Uses	<u>0</u>	<u>42,000</u>	<u>42,000</u>	<u>0</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>0</u>	<u>(42,000)</u>	<u>13,283</u>	<u>55,283</u>
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ (42,000)</u></u>	<u><u>\$ 13,283</u></u>	<u><u>\$ 55,283</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 0</u>	<u>\$ 2,000</u>	<u>\$ 8,050</u>	<u>\$ 6,050</u>
Total Expenditures and Other Financing Uses	<u>5,130</u>	<u>6,114</u>	<u>4,550</u>	<u>1,564</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(5,130)</u>	<u>(4,114)</u>	<u>3,500</u>	<u>7,614</u>
Fund Balance at Beginning of Year	2,287	2,287	2,287	0
Prior Year Encumbrances	<u>130</u>	<u>130</u>	<u>130</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ (2,713)</u></u>	<u><u>\$ (1,697)</u></u>	<u><u>\$ 5,917</u></u>	<u><u>\$ 7,614</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

	OHIOREADS FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 128,000</u>	<u>\$ 76,000</u>	<u>\$ 76,174</u>	<u>\$ 174</u>
Total Expenditures and Other Financing Uses	<u>77,266</u>	<u>102,685</u>	<u>84,578</u>	<u>18,107</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>50,734</u>	<u>(26,685)</u>	<u>(8,404)</u>	<u>18,281</u>
Fund Balance at Beginning of Year	28,435	28,435	28,435	0
Prior Year Encumbrances	<u>7,265</u>	<u>7,265</u>	<u>7,265</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 86,434</u></u>	<u><u>\$ 9,015</u></u>	<u><u>\$ 27,296</u></u>	<u><u>\$ 18,281</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>15,394</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(15,394)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at Beginning of Year	<u>22,508</u>	<u>22,508</u>	<u>22,508</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 7,114</u></u>	<u><u>\$ 22,508</u></u>	<u><u>\$ 22,508</u></u>	<u><u>\$ 0</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

	ALTERNATIVE FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Total Revenues and Other Financing Sources	\$ 0	\$ 24,300	\$ 24,393	\$ 93
Total Expenditures and Other Financing Uses	66,445	60,847	56,878	3,969
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(66,445)	(36,547)	(32,485)	4,062
Fund Balance at Beginning of Year	2,009	2,009	2,009	0
Prior Year Encumbrances	34,444	34,444	34,444	0
Fund Balance at End of Year	\$ (29,992)	\$ (94)	\$ 3,968	\$ 4,062

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

	OTHER STATE FUNDS			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 55,000</u>	<u>\$ 31,900</u>	<u>\$ 31,830</u>	<u>\$ (70)</u>
Total Expenditures and Other Financing Uses	<u>40,063</u>	<u>57,548</u>	<u>53,244</u>	<u>4,304</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>14,937</u>	<u>(25,648)</u>	<u>(21,414)</u>	<u>4,234</u>
Fund Balance at Beginning of Year	29,232	29,232	29,232	0
Prior Year Encumbrances	<u>3,563</u>	<u>3,563</u>	<u>3,563</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 47,732</u></u>	<u><u>\$ 7,147</u></u>	<u><u>\$ 11,381</u></u>	<u><u>\$ 4,234</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

ADULT BASIC EDUCATION FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 89,000</u>	<u>\$ 117,700</u>	<u>\$ 117,672</u>	<u>\$ (28)</u>
Total Expenditures and Other Financing Uses	<u>90,463</u>	<u>118,738</u>	<u>115,854</u>	<u>2,884</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(1,463)</u>	<u>(1,038)</u>	<u>1,818</u>	<u>2,856</u>
Fund Balance at Beginning of Year	603	603	603	0
Prior Year Encumbrances	<u>479</u>	<u>479</u>	<u>479</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ (381)</u></u>	<u><u>\$ 44</u></u>	<u><u>\$ 2,900</u></u>	<u><u>\$ 2,856</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

	EESA TITLE II FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 28,000</u>	<u>\$ 84,200</u>	<u>\$ 101,083</u>	<u>\$ 16,883</u>
Total Expenditures and Other Financing Uses	<u>42,288</u>	<u>114,323</u>	<u>122,714</u>	<u>(8,391)</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(14,288)</u>	<u>(30,123)</u>	<u>(21,631)</u>	<u>8,492</u>
Fund Balance at Beginning of Year	17,757	17,757	17,757	0
Prior Year Encumbrances	<u>12,288</u>	<u>12,288</u>	<u>12,288</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 15,757</u></u>	<u><u>\$ (78)</u></u>	<u><u>\$ 8,414</u></u>	<u><u>\$ 8,492</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

EESA TITLE VI-B FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 420,000</u>	<u>\$ 872,798</u>	<u>\$ 872,798</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>420,769</u>	<u>901,513</u>	<u>884,105</u>	<u>17,408</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(769)</u>	<u>(28,715)</u>	<u>(11,307)</u>	<u>17,408</u>
Fund Balance at Beginning of Year	7,949	7,949	7,949	0
Prior Year Encumbrances	<u>20,768</u>	<u>20,768</u>	<u>20,768</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 27,948</u></u>	<u><u>\$ 2</u></u>	<u><u>\$ 17,410</u></u>	<u><u>\$ 17,408</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

	CARL D. PERKINS FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 56,000</u>	<u>\$ 94,547</u>	<u>\$ 107,420</u>	<u>\$ 12,873</u>
Total Expenditures and Other Financing Uses	<u>105,469</u>	<u>174,528</u>	<u>144,213</u>	<u>30,315</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(49,469)</u>	<u>(79,981)</u>	<u>(36,793)</u>	<u>43,188</u>
Fund Balance at Beginning of Year	68,474	68,474	68,474	0
Prior Year Encumbrances	<u>30,469</u>	<u>30,469</u>	<u>30,469</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 49,474</u></u>	<u><u>\$ 18,962</u></u>	<u><u>\$ 62,150</u></u>	<u><u>\$ 43,188</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 0</u>	<u>\$ 2,327</u>	<u>\$ 2,327</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>0</u>	<u>2,327</u>	<u>1,843</u>	<u>484</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>0</u>	<u>0</u>	<u>484</u>	<u>484</u>
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 484</u></u>	<u><u>\$ 484</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

EVEN START PROGRAM FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u></u>
Total Revenues and Other Financing Sources	<u>\$ 192,000</u>	<u>\$ 199,215</u>	<u>\$ 199,215</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>195,342</u>	<u>216,031</u>	<u>203,694</u>	<u>12,337</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(3,342)</u>	<u>(16,816)</u>	<u>(4,479)</u>	<u>12,337</u>
Fund Balance at Beginning of Year	<u>14,318</u>	<u>14,318</u>	<u>14,318</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 10,976</u></u>	<u><u>\$ (2,498)</u></u>	<u><u>\$ 9,839</u></u>	<u><u>\$ 12,337</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

	TITLE I FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Financing Sources	<u>\$ 328,000</u>	<u>\$ 407,060</u>	<u>\$ 407,060</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>331,061</u>	<u>448,581</u>	<u>459,664</u>	<u>(11,083)</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(3,061)</u>	<u>(41,521)</u>	<u>(52,604)</u>	<u>(11,083)</u>
Fund Balance at Beginning of Year	37,901	37,901	37,901	0
Prior Year Encumbrances	<u>6,177</u>	<u>6,177</u>	<u>6,177</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 41,017</u></u>	<u><u>\$ 2,557</u></u>	<u><u>\$ (8,526)</u></u>	<u><u>\$ (11,083)</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

	TITLE VI INNOVATION FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 0</u>	<u>\$ 68,737</u>	<u>\$ 79,650</u>	<u>\$ 10,913</u>
Total Expenditures and Other Financing Uses	<u>66,220</u>	<u>109,343</u>	<u>133,333</u>	<u>(23,990)</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(66,220)</u>	<u>(40,606)</u>	<u>(53,683)</u>	<u>(13,077)</u>
Fund Balance at Beginning of Year	24,387	24,387	24,387	0
Prior Year Encumbrances	<u>16,500</u>	<u>16,500</u>	<u>16,500</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ (25,333)</u></u>	<u><u>\$ 281</u></u>	<u><u>\$ (12,796)</u></u>	<u><u>\$ (13,077)</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

DRUG FREE SCHOOL GRANT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	\$ 22,000	\$ 27,018	\$ 27,018	\$ 0
Total Expenditures and Other Financing Uses	<u>36,335</u>	<u>32,670</u>	<u>33,559</u>	<u>(889)</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(14,335)</u>	<u>(5,652)</u>	<u>(6,541)</u>	<u>(889)</u>
Fund Balance at Beginning of Year	1,318	1,318	1,318	0
Prior Year Encumbrances	<u>4,460</u>	<u>4,460</u>	<u>4,460</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ (8,557)</u></u>	<u><u>\$ 126</u></u>	<u><u>\$ (763)</u></u>	<u><u>\$ (889)</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

	PRESCHOOL GRANT FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	\$ 5,100	\$ 7,000	\$ 7,000	\$ 0
Total Expenditures and Other Financing Uses	5,100	8,908	9,164	(256)
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	(1,908)	(2,164)	(256)
Fund Balance at Beginning of Year	1,908	1,908	1,908	0
Fund Balance at End of Year	\$ 1,908	\$ 0	\$ (256)	\$ (256)

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003***

	OTHER FEDERAL FUNDS			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Total Revenues and Other Financing Sources	\$ 122,000	\$ 116,549	\$ 116,549	\$ 0
Total Expenditures and Other Financing Uses	30,000	115,966	115,805	161
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	92,000	583	744	161
Fund Balance at Beginning of Year	(628)	(628)	(628)	0
Prior Year Encumbrances	143	143	143	0
Fund Balance at End of Year	\$ 91,515	\$ 98	\$ 259	\$ 161

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2003***

PERMANENT IMPROVEMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 778,757</u>	<u>\$ 750,000</u>	<u>\$ 732,242</u>	<u>\$ (17,758)</u>
Total Expenditures and Other Financing Uses	<u>1,139,807</u>	<u>1,259,807</u>	<u>966,071</u>	<u>293,736</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(361,050)</u>	<u>(509,807)</u>	<u>(233,829)</u>	<u>275,978</u>
Fund Balance at Beginning of Year	438,672	438,672	438,672	0
Prior Year Encumbrances	<u>462,304</u>	<u>462,304</u>	<u>462,304</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 539,926</u></u>	<u><u>\$ 391,169</u></u>	<u><u>\$ 667,147</u></u>	<u><u>\$ 275,978</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2003***

	REPLACEMENT FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 7,000</u>	<u>\$ 2,000</u>	<u>\$ 1,574</u>	<u>\$ (426)</u>
Total Expenditures and Other Financing Uses	<u>60,000</u>	<u>30,000</u>	<u>2,983</u>	<u>27,017</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(53,000)</u>	<u>(28,000)</u>	<u>(1,409)</u>	<u>26,591</u>
Fund Balance at Beginning of Year	<u>102,848</u>	<u>102,848</u>	<u>102,848</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 49,848</u></u>	<u><u>\$ 74,848</u></u>	<u><u>\$ 101,439</u></u>	<u><u>\$ 26,591</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 23,000</u>	<u>\$ 10,700</u>	<u>\$ 10,783</u>	<u>\$ 83</u>
Total Expenditures and Other Financing Uses	<u>20,000</u>	<u>10,783</u>	<u>10,783</u>	<u>0</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>3,000</u>	<u>(83)</u>	<u>0</u>	<u>83</u>
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 3,000</u></u>	<u><u>\$ (83)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 83</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2003***

	SCHOOLNET PLUS FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 75,000</u>	<u>\$ 122,873</u>	<u>\$ 122,873</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>0</u>	<u>122,873</u>	<u>122,526</u>	<u>347</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>75,000</u>	<u>0</u>	<u>347</u>	<u>347</u>
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 75,000</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 347</u></u>	<u><u>\$ 347</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>0</u>	<u>8,700</u>	<u>7,200</u>	<u>1,500</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>0</u>	<u>(8,700)</u>	<u>(7,200)</u>	<u>1,500</u>
Fund Balance at Beginning of Year	<u>8,700</u>	<u>8,700</u>	<u>8,700</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 8,700</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 1,500</u></u>	<u><u>\$ 1,500</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Fund
For the Fiscal Year Ended June 30, 2003***

	PERMANENT FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Total Revenues and Other Financing Sources	\$ 600	\$ 600	\$ 434	\$ (166)
Total Expenditures and Other Financing Uses	600	600	600	0
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	(166)	(166)
Fund Balance at Beginning of Year	13,399	13,399	13,399	0
Fund Balance at End of Year	\$ 13,399	\$ 13,399	\$ 13,233	\$ (166)

KETTERING CITY SCHOOL DISTRICT

Fiduciary Funds

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

Agency Funds

Student Managed Activity Fund

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

Employee Benefit Fund

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

KETTERING CITY SCHOOL DISTRICT

***Combining Statement of Changes in Assets and Liabilities
Agency Funds
June 30, 2003***

	Balance June 30, 2002	Additions	Deductions	Balance June 30, 2003
<u>Student Managed Activity Fund</u>				
Assets:				
Cash and Cash Equivalents	\$76,204	\$155,507	(\$154,020)	\$77,691
Total Assets	<u>\$76,204</u>	<u>\$155,507</u>	<u>(\$154,020)</u>	<u>\$77,691</u>
Liabilities:				
Accounts Payable	\$839	\$0	(\$839)	\$0
Due to Students	75,365	155,507	(153,181)	77,691
Total Liabilities	<u>\$76,204</u>	<u>\$155,507</u>	<u>(\$154,020)</u>	<u>\$77,691</u>
<u>Employee Benefits Fund</u>				
Assets:				
Cash and Cash Equivalents	\$82,799	\$207,181	(\$200,266)	\$89,714
Interest Receivable	31	0	(31)	0
Total Assets	<u>\$82,830</u>	<u>\$207,181</u>	<u>(\$200,297)</u>	<u>\$89,714</u>
Liabilities:				
Claims Payable	\$38,365	\$59,378	(\$38,365)	\$59,378
Due to Others	44,465	147,803	(161,932)	30,336
Total Liabilities	<u>\$82,830</u>	<u>\$207,181</u>	<u>(\$200,297)</u>	<u>\$89,714</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$159,003	\$362,688	(\$354,286)	\$167,405
Interest Receivable	31	0	(31)	0
Total Assets	<u>\$159,034</u>	<u>\$362,688</u>	<u>(\$354,317)</u>	<u>\$167,405</u>
Liabilities:				
Accounts Payable	\$839	\$0	(\$839)	\$0
Claims Payable	38,365	59,378	(38,365)	59,378
Due to Others	44,465	147,803	(161,932)	30,336
Due to Students	75,365	155,507	(153,181)	77,691
Total Liabilities	<u>\$159,034</u>	<u>\$362,688</u>	<u>(\$354,317)</u>	<u>\$167,405</u>

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KETTERING CITY SCHOOL DISTRICT

***CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS***

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KETTERING CITY SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
June 30, 2003***

Capital Assets

Land	\$466,616
Buildings and Improvements	31,578,194
Furniture, Vehicles and Equipment	5,164,489
Construction in Progress	<u>2,951,881</u>
Total Capital Assets	<u><u>\$40,161,180</u></u>

Investment in Capital Assets from:

General Fund	\$4,670,480
Special Revenue Funds	407,337
Capital Project Funds	<u>35,083,363</u>
Total Investment in Capital Assets	<u><u>\$40,161,180</u></u>

KETTERING CITY SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2003***

Function and Activity	Land	Buildings and Improvements	Furniture, Vehicles and Equipment	Construction in Progress	Total
Instructional Services					
Regular	\$458,616	\$16,794,580	\$617,035	\$0	\$17,870,231
Special	0	0	197,331	0	197,331
Vocational	0	0	452,988	0	452,988
Support Services:					
Pupils	0	0	58,569	0	58,569
Instructional Staff	0	0	267,702	0	267,702
Administration	8,000	205,000	246,198	0	459,198
Fiscal Services	0	0	65,903	0	65,903
Business	0	0	476,842	0	476,842
Operation & Maintenance of Plant	0	0	375,992	0	375,992
Pupil Transportation	0	0	1,588,645	0	1,588,645
Central	0	0	356,637	0	356,637
Non-Instructional Services	0	0	439,441	0	439,441
Extracurricular Activities	0	0	21,206	0	21,206
Facility Acquisition & Construction	0	14,578,614	0	2,951,881	17,530,495
 Total Capital Assets	 <u>\$466,616</u>	 <u>\$31,578,194</u>	 <u>\$5,164,489</u>	 <u>\$2,951,881</u>	 <u>\$40,161,180</u>

KETTERING CITY SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule Changes by Function and Activity
For the Fiscal Year Ended June 30, 2003***

Function and Activity	June 30, 2002	Additions	Deletions	June 30, 2003
Instructional Services				
Regular	\$17,826,815	\$43,416	\$0	\$17,870,231
Special	197,331	0	0	197,331
Vocational	431,488	21,500	0	452,988
Support Services:				
Pupils	58,569	0	0	58,569
Instructional Staff	250,981	34,721	(18,000)	267,702
Administration	445,879	13,319	0	459,198
Fiscal Services	65,903	0	0	65,903
Business	476,842	0	0	476,842
Operation & Maintenance of Plant	352,738	23,254	0	375,992
Pupil Transportation	1,502,088	158,443	(71,886)	1,588,645
Central	356,637	0	0	356,637
Non-Instructional Services	406,868	32,573	0	439,441
Extracurricular Activities	21,206	0	0	21,206
Facility Acquisition & Construction	14,578,614	2,951,881	0	17,530,495
Total Capital Assets	<u>\$36,971,959</u>	<u>\$3,279,107</u>	<u>(\$89,886)</u>	<u>\$40,161,180</u>

KETTERING CITY SCHOOL DISTRICT



STATISTICAL SECTION



STATISTICAL TABLES

T ***HE FOLLOWING UNAUDITED STATISTICAL TABLES REFLECT SOCIAL AND ECONOMIC DATA, FINANCIAL TRENDS AND FISCAL CAPACITY OF THE DISTRICT.***

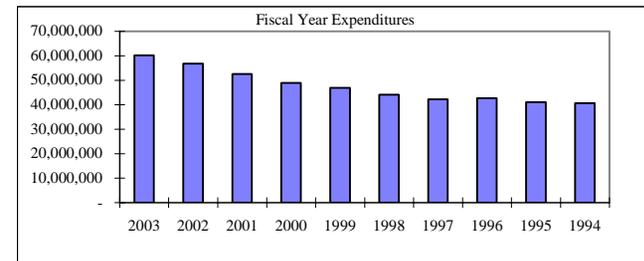
KETTERING CITY SCHOOL DISTRICT, OHIO

GENERAL FUND EXPENDITURES BY FUNCTION LAST TEN FISCAL YEARS (1)

	2003 Fiscal	2002 Fiscal	2001 Fiscal	2000 Fiscal	1999 Fiscal	1998 Fiscal	1997 Fiscal	1996 Fiscal	1995 Fiscal	1994 Fiscal
Instruction	\$34,255,991	\$32,968,156	\$30,263,928	\$28,068,880	\$27,701,029	\$25,873,143	\$24,781,696	\$24,761,092	\$24,149,420	\$23,611,953
Pupil Support	4,450,340	3,992,908	3,689,028	3,367,631	3,339,089	3,171,244	3,081,770	3,140,318	3,005,286	2,844,239
Instructional Staff Support	3,390,846	2,478,821	2,258,215	2,004,574	1,799,145	1,661,116	1,473,362	1,547,427	1,510,360	1,482,578
Board of Education	63,163	49,099	48,890	41,882	64,039	55,101	40,665	53,010	47,247	39,769
Administration	4,777,190	4,709,537	4,426,041	4,189,610	3,462,423	3,438,046	3,147,860	3,478,666	3,167,268	3,231,564
Fiscal Services	1,262,484	1,370,038	1,255,064	1,147,099	990,188	797,455	827,174	591,246	1,083,407	925,837
Business	730,388	664,441	704,132	744,856	750,168	549,380	756,728	560,836	637,721	578,399
Plant Operations	6,375,638	5,695,882	5,481,783	5,301,331	5,103,205	5,032,322	4,769,614	5,016,837	4,692,348	5,066,232
Pupil Transportation	2,349,572	2,340,739	2,059,335	1,805,751	1,691,214	1,807,120	1,638,472	1,542,442	1,560,123	1,691,888
Central	1,110,377	980,705	869,380	685,341	490,522	551,731	443,983	383,990	411,371	485,725
Non-Instructional Services	1,622	631	1,283	1,507	1,827	1,041	1,243	1,270	1,013	1,145
Extracurricular Activities	1,042,543	993,865	928,070	865,333	847,790	800,792	730,494	698,747	725,308	689,133
Capital Outlay	34,342	58,884	43,869	83,403	42,210	55,552	50,815	631,991	32,121	28,054
Debt Service	338,555	478,819	372,353	151,423	150,183	147,527	150,183	45,511	23,123	0
Other Financing Uses	13,500	13,500	210,000	456,125	501,982	210,801	306,119	279,917	51,761	0
Total Expenditures and Other Financing Uses	<u>\$60,196,551</u>	<u>\$56,796,025</u>	<u>\$52,611,371</u>	<u>\$48,914,746</u>	<u>\$46,935,014</u>	<u>\$44,152,371</u>	<u>\$42,200,178</u>	<u>\$42,733,300</u>	<u>\$41,097,877</u>	<u>\$40,676,516</u>

Source: Kettering City School District Financial Records

(1) All fiscal years reported on a GAAP basis.



KETTERING CITY SCHOOL DISTRICT, OHIO

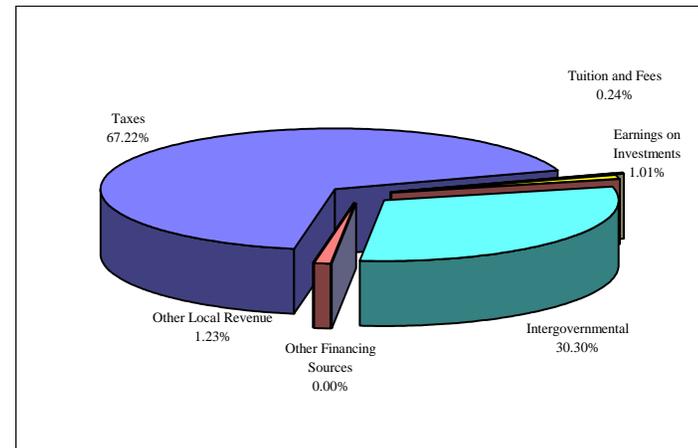
GENERAL FUND REVENUES BY SOURCE LAST TEN FISCAL YEARS (1)

	2003 Fiscal	2002 Fiscal	2001 Fiscal	2000 Fiscal	1999 Fiscal	1998 Fiscal	1997 Fiscal	1996 Fiscal	1995 Fiscal	1994 Fiscal
Taxes	\$36,239,312	\$48,038,743	\$43,400,486	\$38,407,084	\$37,044,947	\$36,393,675	\$35,217,070	\$32,558,028	\$30,251,651	\$31,292,741
Tuition and Fees	131,530	127,616	118,187	146,437	119,823	43,674	35,829	35,334	38,123	35,346
Earnings on Investments	545,805	874,434	1,534,530	1,241,325	1,068,868	1,056,544	812,702	699,862	659,613	449,580
Intergovernmental	16,336,208	14,817,081	11,147,663	10,214,285	9,895,652	8,895,297	8,667,382	8,157,609	7,939,529	7,850,050
Other Local Revenues	660,773	687,315	746,884	422,332	701,472	562,949	354,710	657,106	440,799	294,395
Other Financing Sources	0	16,454	1,537	5,523	3,284	11,700	39,800	0	0	0
Total Revenues and Other Financing Sources	<u>\$53,913,628</u>	<u>\$64,561,643</u>	<u>\$56,949,287</u>	<u>\$50,436,986</u>	<u>\$48,834,046</u>	<u>\$46,963,839</u>	<u>\$45,127,493</u>	<u>\$42,107,939</u>	<u>\$39,329,715</u>	<u>\$39,922,112</u>

Source: Kettering City School District Financial Records

(1) All fiscal years reported on a GAAP basis.

2003 Fiscal Year Revenues By Source



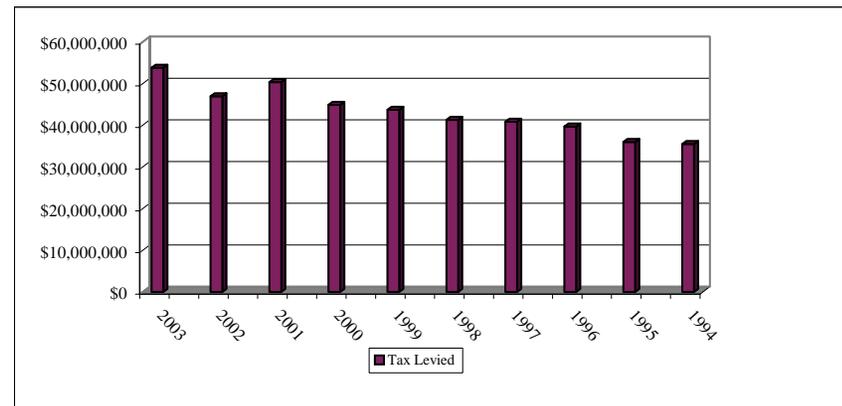
KETTERING CITY SCHOOL DISTRICT, OHIO

PROPERTY TAX LEVIES AND COLLECTIONS - REAL, PERSONAL, AND PUBLIC UTILITY PROPERTY LAST TEN COLLECTION (CALENDAR) YEARS

Collection Year	Tax Levied (1)	Current Tax Collections (2)	Percent Collected	Delinquent Collection	Total Tax Collections (2)	Percent of Total Collections To Levy	Outstanding Delinquent Taxes (3)	Percent of Outstanding Delinquent Taxes To Tax Levied
2003	\$53,779,128	\$50,574,089	94.04%	\$454,935	\$51,029,024	94.89%	\$2,632,801	4.90%
2002	46,987,959	45,336,209	96.48%	1,321,662	46,657,871	99.30%	1,576,839	3.36%
2001	50,386,264	47,960,477	95.19%	1,185,137	49,145,614	97.54%	1,388,513	2.76%
2000	44,879,638	44,381,401	98.89%	1,061,019	45,442,420	101.25%	2,103,823	4.69%
1999	43,746,765	42,478,593	97.10%	1,144,286	43,622,879	99.72%	1,713,996	3.92%
1998	41,284,309	42,023,033	101.79%	1,150,888	43,173,921	104.58%	1,686,924	4.09%
1997	40,843,160	39,539,747	96.81%	1,688,788	41,228,535	100.94%	1,599,255	3.92%
1996	39,719,917	39,299,492	98.94%	823,389	40,122,881	101.01%	2,929,414	7.38%
1995	35,981,853	35,420,771	98.44%	844,373	36,265,144	100.79%	2,885,789	8.02%
1994	35,468,975	35,344,584	99.65%	1,154,490	36,499,074	102.90%	3,171,797	8.94%

Source: Montgomery County Auditor.

- (1) Taxes levied and collected are presented on a cash basis.
- (2) State reimbursements of rollback and homestead exemptions are included; December 2003 settlement estimate included.
- (3) Penalties and interest are included, since by Ohio law they become part of the tax obligation as assessment occurs.



KETTERING CITY SCHOOL DISTRICT, OHIO

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN YEARS

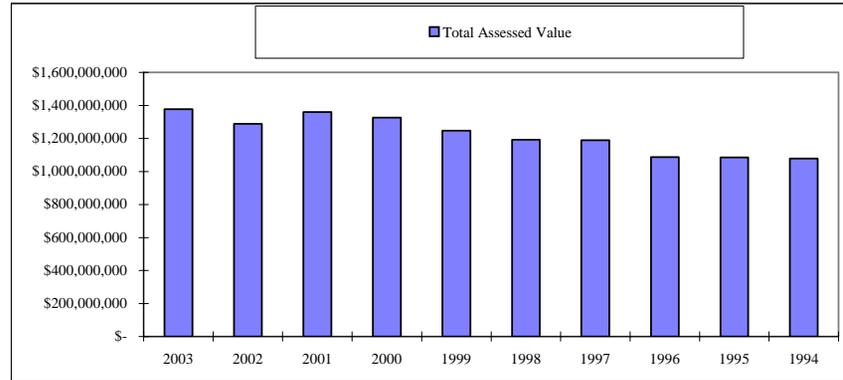
Tax Collection Year	Agricultural, and Residential Real Estate		Commercial, Industrial, and Public Utility Real Estate (1)		Tangible Personal (2)		Public Utility Tangible Personal		Total		Assessed Value Ratio (3)
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2003	\$ 825,297,880	\$ 2,357,993,943	\$ 319,504,960	\$ 912,871,314	\$ 162,332,926	\$ 649,331,704	\$ 70,859,650	\$ 181,980,465	\$ 1,377,995,416	\$ 4,102,177,426	34%
2002	755,044,190	2,157,269,114	294,161,740	840,462,114	175,257,840	701,031,364	63,730,190	163,670,715	1,288,193,960	3,862,433,307	33%
2001	752,773,880	2,150,782,514	309,558,200	884,452,000	188,035,293	752,141,172	109,567,330	124,508,330	1,359,934,703	3,911,884,016	35%
2000	752,893,620	2,151,124,629	303,357,940	866,736,971	181,081,808	724,327,232	88,732,220	100,832,068	1,326,065,588	3,843,020,900	35%
1999	698,042,250	1,994,406,429	280,765,230	802,186,371	185,801,525	743,206,100	82,582,490	93,843,739	1,247,191,495	3,633,642,639	34%
1998	695,332,700	1,986,664,857	266,738,510	762,110,029	152,139,878	608,559,512	78,310,660	88,989,386	1,192,521,748	3,446,323,784	35%
1997	691,790,430	1,976,544,086	268,455,100	767,014,571	160,415,784	641,663,136	68,122,700	77,412,159	1,188,784,014	3,462,633,952	34%
1996	618,432,810	1,766,950,886	254,496,350	727,132,429	155,505,072	622,020,288	59,239,660	67,317,795	1,087,673,892	3,183,421,398	34%
1995	617,056,940	1,763,019,829	252,017,690	720,050,543	153,873,867	615,495,468	61,652,470	70,059,625	1,084,600,967	3,168,625,464	34%
1994	616,548,630	1,761,567,514	254,794,270	727,983,629	146,219,296	584,877,184	60,018,580	68,202,932	1,077,580,776	3,142,631,259	34%

Source: Montgomery County Auditor.

(1) Includes Public Utility Real Property.

(2) Includes Personal Property \$10,000 exemption.

(3) Ratio represents Total Assessed Value/Total Estimated Actual Value.



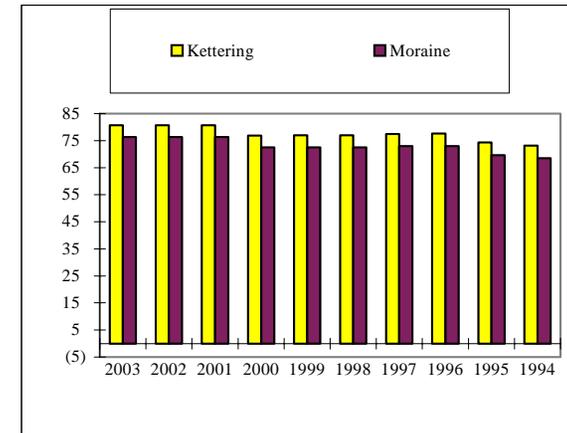
KETTERING CITY SCHOOL DISTRICT, OHIO

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

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Montgomery County	17.24	17.24	17.24	16.64	16.64	16.64	16.64	16.64	16.64	16.14
Dayton/Montgomery County Library	0.26	0.26	0.26	0.26	0.26	0.26	0.72	0.72	0.72	0.00
City of Kettering	6.91	6.92	6.92	6.92	6.98	7.00	7.00	7.17	7.17	7.17
Kettering City School District	56.30	56.30	56.30	53.10	53.10	53.10	53.10	53.10	49.80	49.81
Total for City of Kettering Residents	80.71	80.72	80.72	76.92	76.98	77.00	77.46	77.63	74.33	73.12
City of Moraine	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Total for City of Moraine Residents	76.30	76.30	76.30	72.50	72.50	72.50	72.96	72.96	69.66	68.45

Source: Montgomery County Auditor.

(1) Montgomery County property tax rate records are maintained on a calendar/collection year basis.



KETTERING CITY SCHOOL DISTRICT, OHIO

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA LAST TEN YEARS

Collection Year	Population (1)	Total Assessed Value (2)	Gross Bonded Debt	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita
2003	61,940	\$ 1,377,995,416	\$ 102,344,955	\$ 5,233,203	\$ 97,111,752	7.02%	\$1,568
2002	61,940	1,288,193,960	15,425,667	1,123,191	14,302,476	1.11%	\$231
2001	61,940	1,359,934,703	15,935,000	809,347	15,125,653	1.11%	\$244
2000	61,940	1,326,065,588	15,270,240	978,825	14,291,415	1.08%	\$231
1999	62,371	1,247,191,496	15,852,278	839,979	15,012,299	1.20%	\$241
1998	62,352	1,192,521,748	16,444,056	763,086	15,680,970	1.31%	\$251
1997	62,250	1,188,784,014	15,224,732	653,286	14,571,446	1.23%	\$234
1996	62,190	1,087,673,892	15,612,144	615,901	14,996,243	1.38%	\$241
1995	61,862	1,084,600,967	15,007,989	714,318	14,293,671	1.32%	\$231
1994	61,600	1,077,580,776	14,775,000	589,534	14,185,466	1.32%	\$230

Sources:

- (1) Census data for 1990 and 2000, estimates from the Cities of Kettering and Moraine.
- (2) Montgomery County Auditor, calendar year basis.

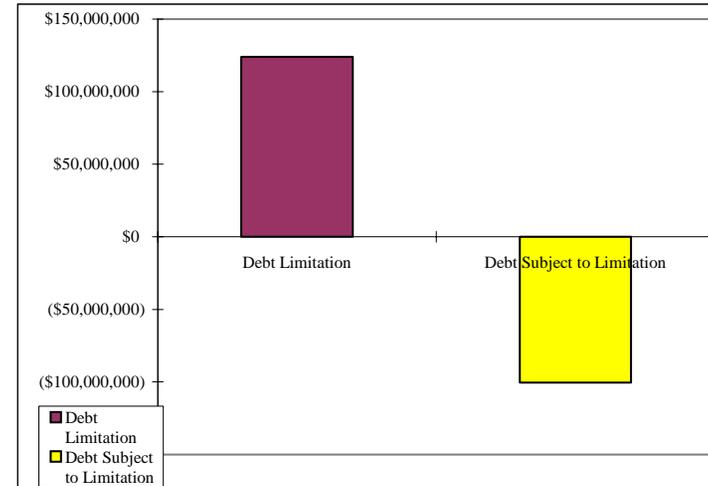
KETTERING CITY SCHOOL DISTRICT, OHIO

COMPUTATION OF LEGAL DEBT MARGIN JUNE 30, 2003

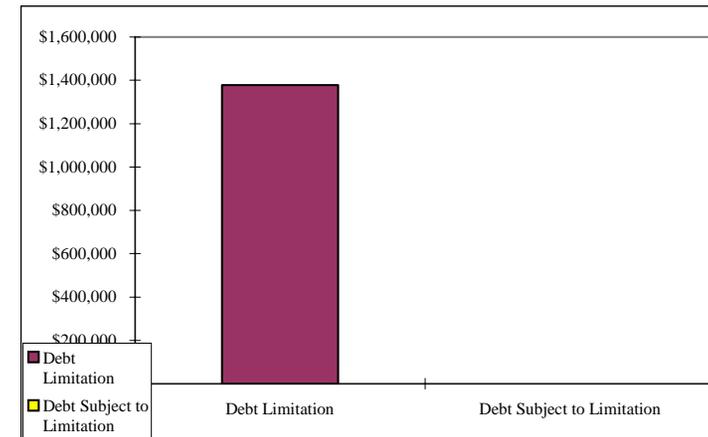
Assessed Valuation of District		<u>\$1,377,995,416</u>
<hr/>		
Overall Direct Debt Limitation		
Direct debt limitation 9% of assessed valuation		\$124,019,587
Amount available in Debt Service Fund		5,233,203
Gross indebtedness	102,344,955	
Less: Debt exempt from limitation	<u>(1,879,955)</u>	
Debt subject to 9% limitation		<u>(100,465,000)</u>
Legal debt margin with 9% limitation		<u>\$28,787,790</u>
<hr/>		
Unvoted Direct Debt Limitation		
Unvoted debt limitation 0.1% of assessed valuation		\$1,377,995
Amount available in Debt Service Fund related to unvoted debt		0
Gross indebtedness authorized by the Board	102,344,955	
Less: Debt exemption from limitation	<u>(102,344,955)</u>	
Debt subject to 0.1% limitation		<u>0</u>
Legal debt margin within 0.1% limitation		<u>\$1,377,995</u>
<hr/>		
Energy Conservation Bond Limitation		
Ohio Revised Code Section 133.042		
Debt Limitation 0.9% of assessed valuation		\$12,401,959
Energy Conservation Bonds Authorized by the Board		(1,879,955)
Energy conservation notes authorized by the Board		<u>0</u>
Legal debt margin within 0.9% limitation		<u>\$10,522,004</u>

Source: Kettering City School District records.

Overall Direct Debt Limitation



Unvoted Direct Debt Limitation



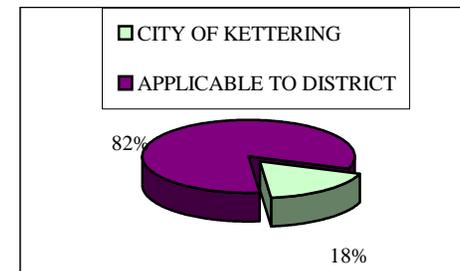
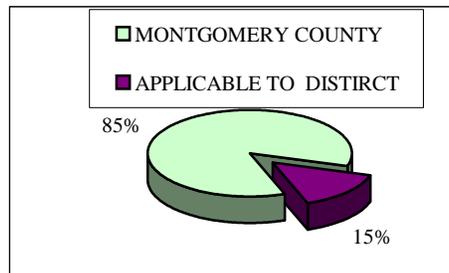
KETTERING CITY SCHOOL DISTRICT, OHIO

COMPUTATION OF DIRECT AND OVERLAPPING DEBT JUNE 30, 2003

Governmental Unit	Gross General Obligation	Percent Applicable to District	Amount Applicable to District
Direct:			
Kettering City School District	\$102,344,955	100.00%	\$102,344,955
Overlapping:			
Montgomery County	38,917,639	14.66%	5,705,326
City of Kettering	5,920,423	82.21%	4,867,180
City of Moraine	0	17.79%	0
Total overlapping:	<u>44,838,062</u>		<u>10,572,506</u>
Total direct and overlapping debt:	<u><u>\$147,183,017</u></u>		<u><u>\$112,917,461</u></u>

Source: Montgomery County Auditor.

OVERLAPPING DEBT APPLICABLE TO DISTRICT



KETTERING CITY SCHOOL DISTRICT, OHIO

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES
LAST TEN FISCAL YEARS (1)**

Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures and Other Financing Uses	Ratio of Debt Service to General Fund Expenditures (%)
2003	\$ 480,712	\$ 1,522,966	\$ 2,003,678	\$ 60,196,551	3.33%
2002	494,333	838,860	1,333,193	56,796,025	2.35%
2001	520,240	828,768	1,349,008	52,611,371	2.56%
2000	612,038	856,056	1,468,094	48,914,746	3.00%
1999	591,778	885,977	1,477,755	46,935,014	3.15%
1998	403,176	824,195	1,227,371	44,152,371	2.78%
1997	387,442	841,503	1,228,945	42,200,178	2.91%
1996	275,561	826,586	1,102,147	42,733,300	2.58%
1995	7,011	805,878	812,889	41,097,877	1.98%
1994	0	267,918	267,918	40,676,516	0.66%

Source: Kettering City School District records.

(1) All fiscal years reported on a GAAP basis.

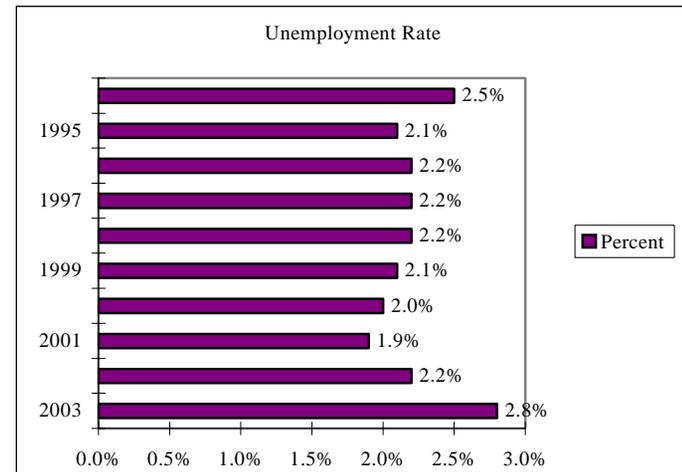
KETTERING CITY SCHOOL DISTRICT, OHIO

DEMOGRAPHIC STATISTICS LAST TEN YEARS

Year	Population (1)(5)	School Enrollment (2)	Per Capita Income (3)(5)	Unemployment Rate (4)(5)
2003	61,940	7,951	\$27,093	2.8%
2002	61,940	7,847	26,811	2.2%
2001	61,940	8,038	25,956	1.9%
2000	61,940	8,004	26,475	2.0%
1999	62,371	8,031	25,956	2.1%
1998	62,352	8,041	25,447	2.2%
1997	62,250	8,061	24,948	2.2%
1996	62,190	7,991	23,988	2.2%
1995	61,862	7,954	23,066	2.1%
1994	61,600	7,921	22,186	2.5%

Sources:

- (1) Based on census data for 1990 & 2000. All other years are estimates from the Cities of Kettering and Moraine; includes an estimated 1,371 population from the portion of the City of Moraine which is in the Kettering City School District.
- (2) Kettering City School District Records.
- (3) Data for the City of Kettering, Ohio from Department of Planning and Development; 2002 as of December.
- (4) Data for the City of Kettering, Ohio from Ohio Bureau of Employment Services; 2002 as of December.
- (5) Prior year amounts have been restated to reflect current available information.



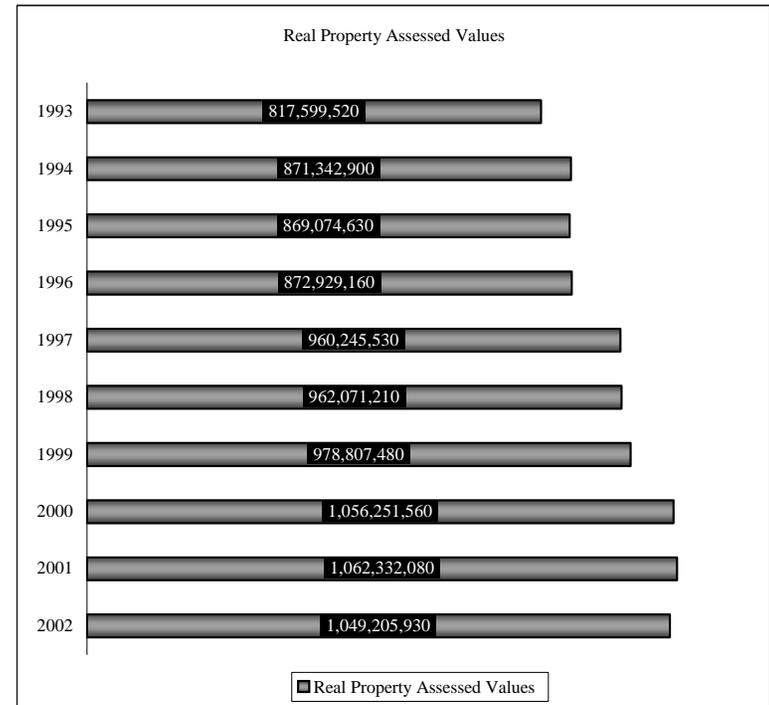
KETTERING CITY SCHOOL DISTRICT, OHIO

CONSTRUCTION, BANK DEPOSITS, AND PROPERTY VALUES LAST TEN COLLECTION (CALENDAR) YEARS

Collection Year	Residential Construction (1)	Commercial Construction (1)	Bank Deposits (2) in Thousands	Real Property Assessed Values (3)
2002	\$7,172,479	\$26,529,212	\$241,447	\$1,049,205,930
2001	10,043,682	23,059,939	224,099	1,062,332,080
2000	9,830,923	58,217,405	191,473	1,056,251,560
1999	8,569,914	25,932,701	2,994,378	978,807,480
1998	10,590,067	25,430,152	3,264,705	962,071,210
1997	8,889,562	82,833,051	3,530,314	960,245,530
1996	8,555,747	40,184,215	3,899,145	872,929,160
1995	7,777,188	26,306,619	3,995,114	869,074,630
1994	4,431,111	28,871,108	4,034,766	871,342,900
1993	7,008,075	12,563,963	3,834,335	817,599,520

Sources:

- (1) City of Kettering, Ohio, Department of Planning and Development.
- (2) Federal Reserve Bank of Cleveland - amounts are for Montgomery County.
- (3) Montgomery County Auditor, calendar year basis.



KETTERING CITY SCHOOL DISTRICT, OHIO

TOP TEN PRINCIPAL TAXPAYERS JUNE 30, 2003

Name of Taxpayer	Type of Business	Real Property Assessed Valuation	Personal Property Assessed Valuation	Total Assessed Valuation	% of Total Assessed Valuation
General Motors Corporation (1)	Automotive manufacturer	\$29,027,590	\$36,617,420	\$65,645,010	4.76%
Dayton Power and Light	Gas and electric utility	53,121,930	0	53,121,930	3.86%
Scitex Digital Printing, Inc.	Digital printing	0	12,056,570	12,056,570	0.87%
Ohio Bell	Telephone utility	9,356,760	0	9,356,760	0.68%
Reynolds & Reynolds Co.	Retail Business Forms	6,884,260	1,145,700	8,029,960	0.58%
Bank One	Banking Services	6,330,430	0	6,330,430	0.46%
Cricket Communications	Telephone utility	5,324,420	0	5,324,420	0.39%
Teachers Retirement System	Retirement System	4,760,000	0	4,760,000	0.35%
Dayton Town & Country Inc.	Property management	4,312,560	0	4,312,560	0.31%
Lincoln Park Associates	Property management	3,922,350	0	3,922,350	0.28%
Sub-Total		123,040,300	49,819,690	172,859,990	12.54%
All Others		1,092,622,190	112,513,236	1,205,135,426	87.46%
Grand Total		<u>\$1,215,662,490</u>	<u>\$162,332,926</u>	<u>\$1,377,995,416</u>	<u>100.00%</u>

Source: Montgomery County, Ohio, Auditor's Office.

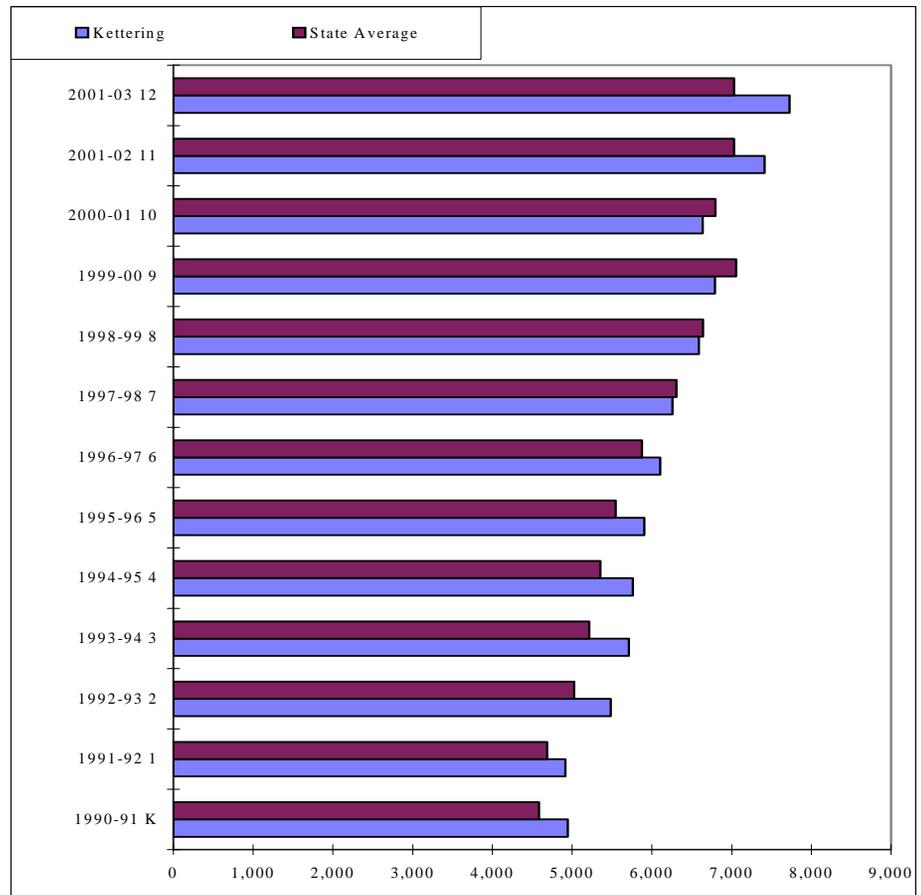
(1) Includes Delphi Automotive

KETTERING CITY SCHOOL DISTRICT, OHIO

COST TO EDUCATE A 2003 GRADUATE JUNE 30, 2003

School Year	Grade	All Funds Cost Per Pupil	
		Kettering City	State Average
1990-91	K	\$4,946	\$4,585
1991-92	1	4,914	4,685
1992-93	2	5,486	5,024
1993-94	3	5,711	5,216
1994-95	4	5,761	5,353
1995-96	5	5,905	5,545
1996-97	6	6,104	5,876
1997-98	7	6,256	6,307
1998-99	8	6,591	6,642
1999-00	9	6,789	7,057
2000-01	10	6,637	6,796
2001-02	11	7,412	7,030
2002-03	12	7,726	7,726

Source: Kettering City School District Records.



KETTERING CITY SCHOOL DISTRICT, OHIO

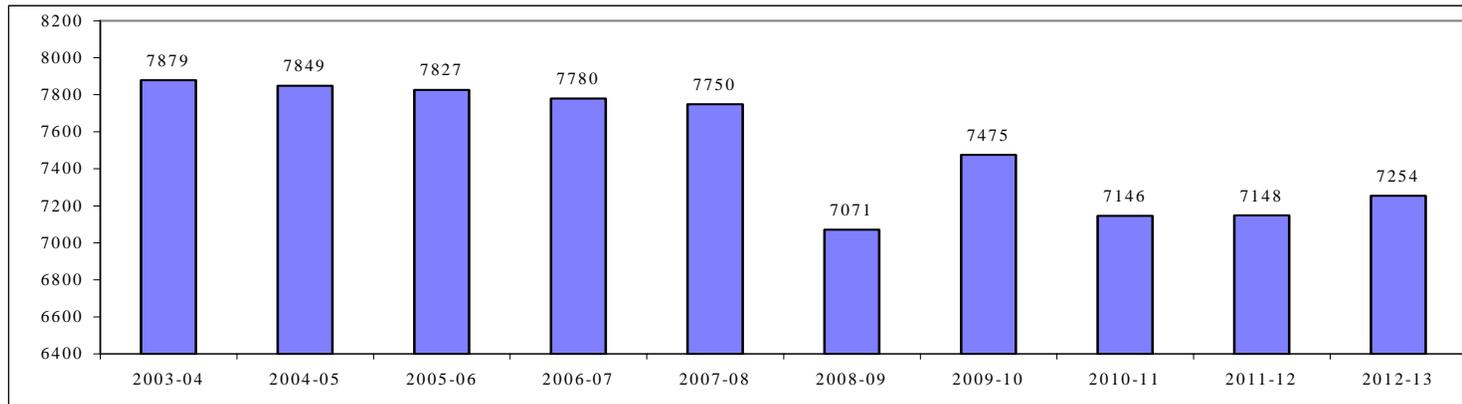
ENROLLMENT PROJECTION BY GRADE JUNE 30, 2003

Actual:	K	1	2	3	4	5	6	7	8	9	10	11	12	Sp.Ed.*	Total
1999-00	530	609	580	646	610	642	650	623	630	636	624	653	543	12	7988
2000-01	555	550	585	573	650	597	629	656	631	658	623	642	562	9	7920
2001-02	522	577	557	573	582	655	604	626	652	621	639	656	574	0	7838
2002-03	558	548	545	545	535	543	582	635	592	626	657	589	567	0	7522

The following are projections:

2003-04	606	614	600	600	578	579	598	633	631	625	640	618	542	15	7879
2004-05	606	614	600	600	600	573	579	604	627	635	617	650	529	15	7849
2005-06	606	614	600	600	600	595	573	585	598	631	627	627	556	15	7827
2006-07	606	614	600	600	600	595	593	579	579	602	623	637	537	15	7780
2007-08	606	614	600	600	600	595	593	599	573	583	594	633	545	15	7750
2008-09	541	544	536	535	537	532	525	528	569	560	548	569	532	15	7071
2009-10	597	603	596	602	604	602	584	588	512	580	505	596	491	15	7475
2010-11	555	565	557	559	554	552	543	578	574	519	531	545	499	15	7146
2011-12	557	571	564	556	556	556	547	550	572	585	498	564	472	0	7148
2012-13	573	592	584	579	583	584	562	561	531	575	515	531	484	0	7254

* Special Education figures include only those students that are in self contained classes.



KETTERING CITY SCHOOL DISTRICT, OHIO

DIRECTORY OF SCHOOL FACILITIES JUNE 30, 2003

Facility	Address	Administrator	Grades	2002-2003 Enrollment
Beavertown Elementary School	2700 Wilmington Pike	Mr. Mike Kozarec	K-5	348
Greenmont Elementary School	1 East Wren Circle	Mr. Thomas Tudor	K-5	329
Indian Riffle Elementary School	3090 Glengarry Drive	Ms. Debbie Beiter	K-5	469
J. F. Kennedy Elementary School	5030 Polen Drive	Mr. George Caras	K-5	552
Moraine Meadows Elementary School	2600 Holman Street	Ms. Margaret Engelhardt	K-5	159
Oakview Elementary School	4001 Ackerman Boulevard	Dr. Ronald Sinclair	K-5	416
Orchard Park Elementary School	600 East Dorothy Lane	Mr. David Timpone	K-5	305
J. E. Prass Elementary School	2601 Parklawn Drive	Mr. Richard Bowden	K-5	369
Southdale Elementary School	1200 West Dorothy Lane	Ms. Valerie Browning	K-5	393
Kettering Middle School	3000 Glengarry Drive	Mr. Kyle Ramey	6-8	1,122
Van Buren Middle School	3775 Shroyer Road	Mr. Matthew Rugh	6-8	739
Kettering Fairmont High School	3301 Shroyer Road	Dr. Peg McAtee	9-12	2,520
Buildings and Grounds Department	2636 Wilmington Pike	Mr. Thomas Lee		
Transportation and Bus Garage	2640 Wilmington Pike	Mr. Jeffrey Rush		
Central Administration Building	3750 Far Hills Avenue	Superintendent Dr. Robert Mengerink		

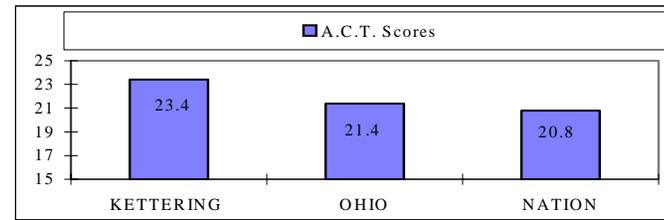
Source: Kettering City School District records.

KETTERING CITY SCHOOL DISTRICT, OHIO

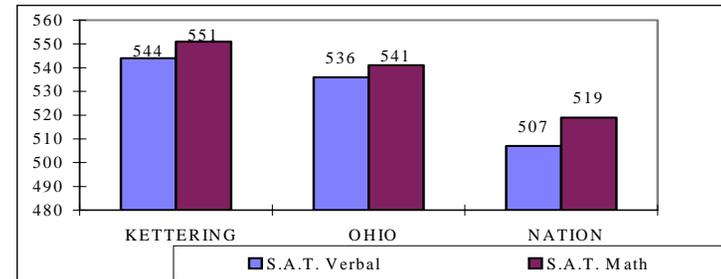
STUDENT TEST SCORES SUMMARY JUNE 30, 2003

PROFICIENCY TEST	PERCENT MEETING STATE STANDARDS		
	4TH GRADE (1)	6TH GRADE (1)	9TH GRADE (1) (2)
WRITING	87%	87%	93%
READING	78%	69%	94%
MATHEMATICS	71%	58%	86%
CITIZENSHIP	77%	78%	92%
SCIENCE	71%	78%	87%

AMERICAN COLLEGE TEST (ACT) (3) (4)	SCORE
KETTERING	23.4
OHIO	21.4
NATION	20.8



SCHOLASTIC APTITUDE TEST (SAT) (5)	MEAN SCORE
VERBAL	
KETTERING CITY	544
OHIO	536
NATION	507
MATHEMATICS	
KETTERING CITY	551
OHIO	541
NATION	519



Source: Kettering City School District Records.

- (1) Percentages represent Kettering City students scoring at or above the State passing standard for each of the five sub-tests.
- (2) The 9th grade Proficiency Test is administered to students in the 8th grade.
- (3) Required for admission to Ohio colleges and universities
- (4) Represent district's most recent figures, which are 2002-03 test scores.

KETTERING CITY SCHOOL DISTRICT, OHIO

MISCELLANEOUS STATISTICS JUNE 30, 2003

Date Formed	June 26, 1841
Form of Government	Five member Board of Education
Population	61,940
Area	21.3 Square Miles
Full-time Equivalent Staff	1,041
Certificated (FTE)	617
Classified (FTE)	424
Average Years Teaching Experience	13.9
Average Teacher Training	Master's Degree
Student Enrollment	7,951
Facilities	15
Elementary Schools (K-5)	9
Middle Schools (6-8)	2
Senior High School (9-12)	1
Maintenance Building	1
Transportation Building	1
Central Office/Adult School	1
Cost per Pupil	\$7,726

Sources:

Kettering City School District Records.
City of Kettering, Ohio, Department of Planning and Development.
City of Moraine, Ohio, Department of Planning.



**Auditor of State
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

KETTERING CITY SCHOOL DISTRICT

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 27, 2004**