



Mary Taylor, CPA
Auditor of State

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

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**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009**

| Federal Grantor/ Pass Through Grantor Program Title | Federal CFDA Number | Receipts | Non-Cash Receipts | Disbursements | Non-Cash Disbursements |
|--|------------------------------------|--------------------|------------------------------|----------------------|-----------------------------------|
| UNITED STATES DEPARTMENT OF AGRICULTURE | | | | | |
| <i>Passed through Ohio Department of Education</i> | | | | | |
| Child Nutrition Cluster: | | | | | |
| School Breakfast Program-Cash Assistance | 10.553 | \$152,906 | | \$152,906 | |
| National School Lunch Program | 10.555 | | | | |
| Cash Assistance | | 841,868 | | 841,868 | |
| Non-Cash Assistance (Food Distribution) | | | \$354,834 | | \$354,834 |
| Total National School Lunch Program | | <u>841,868</u> | <u>354,834</u> | <u>841,868</u> | <u>354,834</u> |
| Total Child Nutrition Cluster | | <u>994,774</u> | <u>354,834</u> | <u>994,774</u> | <u>354,834</u> |
| Child and Adult Care Food Program | 10.558 | 18,025 | | 18,025 | |
| Total United States Department of Agriculture | | <u>1,012,799</u> | <u>354,834</u> | <u>1,012,799</u> | <u>354,834</u> |
| UNITED STATES DEPARTMENT OF EDUCATION | | | | | |
| <i>Passed through Ohio Department of Education</i> | | | | | |
| Adult Education - Basic Grants to States | 84.002 | 97,020 | | 101,180 | |
| Title I Grants to Local Educational Agencies | 84.010 | 910,643 | | 871,904 | |
| Special Education Cluster: | | | | | |
| Special Education_Grants to States | 84.027 | 1,232,292 | | 1,341,929 | |
| Special Education_Preschool Grants | 84.173 | 4,086 | | 6,673 | |
| Total Special Education Cluster | | <u>1,236,378</u> | | <u>1,348,602</u> | |
| Safe and Drug-Free Schools and Communities State_Grant | 84.186 | 9,140 | | 5,767 | |
| Even Start_State Educational Agencies | 84.213 | 319,269 | | 308,670 | |
| State Grants for Innovative Programs | 84.298 | 66,224 | | 69,544 | |
| Education Technology State Grants | 84.318 | 10,654 | | 10,381 | |
| English Language Acquisition Grants | 84.365 | 18,915 | | 18,414 | |
| Improving Teacher Quality State Grants | 84.367 | 221,604 | | 216,533 | |
| <i>Passed through Centerville City School District</i> | | | | | |
| Career and Technical Education - Basic Grants to States | 84.048 | 89,911 | | 90,564 | |
| Total United States Department of Education | | <u>2,979,758</u> | | <u>3,041,559</u> | |
| Total Federal Assistance | | <u>\$3,992,557</u> | <u>\$354,834</u> | <u>\$4,054,358</u> | <u>\$354,834</u> |

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

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2009**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.

NOTE D - MATCHING REQUIREMENTS

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



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kettering City School District, Montgomery County, (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 2, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider finding 2009-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

**Internal Control Over Financial Reporting
(Continued)**

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is also a material weakness.

We also noted certain internal control matters that we reported to the District's management in a separate letter dated December 2, 2009.

Compliance and Other Matters

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

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated December 2, 2009.

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



Mary Taylor, CPA
Auditor of State

December 2, 2009



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON 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 apply to each of its major federal programs for the year ended

June 30, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Kettering City School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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**Internal Control Over Compliance
(Continued)**

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

Federal Awards Receipts and Expenditures Schedule

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Kettering City School District as of and for the year ended June 30, 2009, and have issued our report thereon dated December 2, 2009. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying federal awards receipts and expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information 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 intend this report solely for the information and use of the management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 2, 2009

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|---|--|
| (d)(1)(i) | Type of Financial Statement Opinion | Unqualified |
| (d)(1)(ii) | Were there any material control weaknesses reported at the financial statement level (GAGAS)? | Yes |
| (d)(1)(ii) | Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| (d)(1)(iii) | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| (d)(1)(iv) | Were there any material internal control weaknesses reported for major federal programs? | No |
| (d)(1)(iv) | Were there any other significant deficiencies in internal control reported for major federal programs? | No |
| (d)(1)(v) | Type of Major Programs' Compliance Opinion | Unqualified |
| (d)(1)(vi) | Are there any reportable findings under § .510? | No |
| (d)(1)(vii) | Major Programs (list): | <p>Child Nutrition Cluster: School Breakfast Program CFDA #10.553 National School Lunch Program CFDA #10.555</p> <p>Special Education Cluster: Special Education Grants to States CFDA #84.027 Special Education Preschool Grants CFDA #84.173</p> <p>Even Start State Educational Agencies CFDA #84.213</p> |
| (d)(1)(viii) | Dollar Threshold: Type A/B Programs | Type A: > \$ 300,000 Type B: all others |
| (d)(1)(ix) | Low Risk Auditee? | No |

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

FINDING NUMBER 2009-001

Material Weakness

Budgetary Amendments and Certificates of Estimated Resources

The District prepares budgetary schedules as part of their Comprehensive Annual Financial Report (CAFR).

The following are errors that were noted during the testing of the Budget to Actual Statements as a result of the accounting system not being updated:

- Original Budgeted Expenditures for the General Fund were understated by \$1,850,884.
- Final Budgeted Revenues for the General Fund were overstated by \$2,076,977.
- Final Budgeted Revenues for the Bond Retirement Fund were understated by \$2,580,899.
- Final Budgeted Revenues for the Permanent Improvement Fund were overstated by \$33,655.
- Final Budgeted Expenditures for the Uniform School Supplies Fund were understated by \$127,315.
- Final Budgeted Revenues for the Title I Fund were understated by \$60,003, and Final Budgeted Expenditures for the Title I Fund were understated by \$40,717.
- Final Budgeted Revenues for the Title VI Fund were understated by \$62,314.
- Final Budgeted Revenues for the Title II Fund were understated by \$21,710.

Other smaller variances were also noted. An audit adjustment was required to correctly present the Final Budgeted Revenues for the Bond Retirement Fund. All other variances noted above were determined to be more than inconsequential; however, did not require adjustment.

Accurate budgetary financial statements can be a very useful part of management's decision making, can serve as a tool to analyze the District's operations and fiscal performance, and reflect activity for potential users of the Comprehensive Annual Financial Report (CAFR).

Officials' Response:

We did not receive a response from Officials to this finding.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2009

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain |
|----------------|--|------------------|---|
| 2008-001 | Posting budgetary amendments and certificate of estimated resources to the system. | No | Repeated as Finding 2009-001 |

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Mary Taylor, CPA

Auditor of State

Independent Accountants' Report on Applying Agreed-Upon Procedures

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

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on February 12, 2009.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - 1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - 2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - 3) A procedure for reporting prohibited incidents;
 - 4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - 5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
 - 6) A procedure for documenting any prohibited incident that is reported;

- 7) A procedure for responding to and investigating any reported incident;
- 8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- 9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- 10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

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

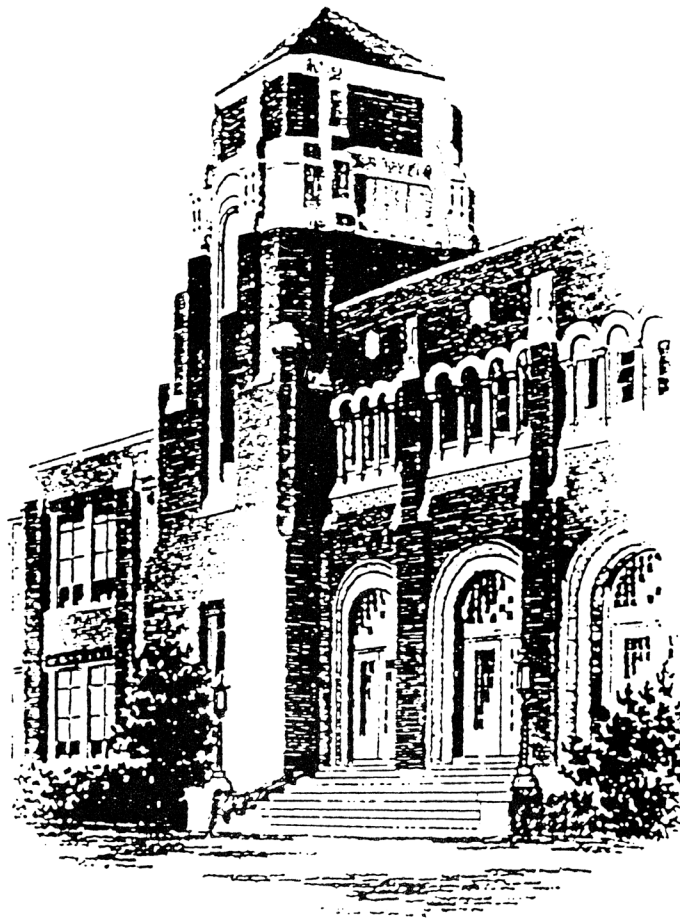


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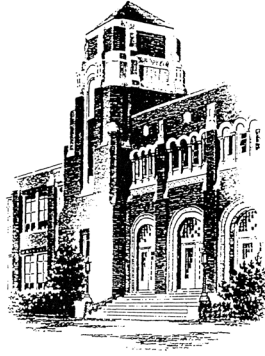
December 2, 2009

KETTERING CITY SCHOOL DISTRICT

MONTGOMERY COUNTY, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009



KETTERING CITY SCHOOL DISTRICT

KETTERING CITY SCHOOL DISTRICT

Montgomery County, Ohio

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2009**

Prepared by:
Mr. Steven G. Clark
Treasurer

KETTERING CITY SCHOOL DISTRICT



KETTERING CITY SCHOOL DISTRICT

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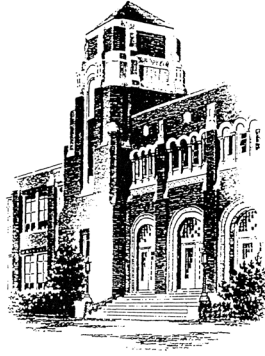
KETTERING CITY SCHOOL DISTRICT

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INTRODUCTORY SECTION



KETTERING CITY SCHOOL DISTRICT



Kettering City School District

3750 Far Hills Avenue
Kettering, Ohio 45429

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

fax (937)-499-1467

December 2, 2009

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

We are pleased to present the fifteenth Comprehensive Annual Financial Report (CAFR) of the Kettering City School District for the fiscal year ended June 30, 2009. This report was prepared by the Treasurer's Office, and includes the unqualified opinion of our independent auditors, The Ohio Auditor of State. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. The CAFR conforms to generally accepted accounting principles (GAAP) applicable to government entities.

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

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

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

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

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2009

HISTORY AND BACKGROUND

The 2009 school year marked the 166th year of existence for the Van Buren/Kettering City School District. Van Buren Township was established on June 26, 1841, through separation from Dayton. The township was at first divided into small one-room district schools (#1, #6, #9, #10, #11 and #12) and later into Carrmonte, Pasadena and Fairmont elementary districts. Oakwood and Belmont were originally part of Van Buren Township. Oakwood formed its own district in 1926. Later, the Belmont area was annexed to Dayton.

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

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

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

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

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

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

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

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2009

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

The Kettering City School District currently has a population of about 64,399 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 officials opening enrollment of the District 7,376 (approximately 151 from Moraine) enrolled in nine elementary schools, two middle schools and one high school during the 2008-09 school year. Other facilities operated by the District include a maintenance building, a transportation building, and the Central Office Building that had been a high school and junior high school previously. The Central Office Building also houses the District's alternative high school program.

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

ORGANIZATION OF THE DISTRICT

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

The Board members on June 30, 2009 were as follows:

George Bayless
Julie A. Gilmore
Frank C. Maus
Lori Simms
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, and ended July 31, 2009. Dr. James Schoenlein was appointed as Superintendent effective August 1, 2009.

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

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2009

ECONOMIC CONDITION AND OUTLOOK

Economic Condition and Outlook (Kettering)

The economic environment for Kettering's business community continued to be one of relative stability during 2009.

According to City of Kettering, one significant contributing factor to this stability is the diversity of the employment base in Kettering. That, this business base ranges from some major employers headquartered in Kettering to many midsize companies specializing in technology or professional services down to smaller family owned businesses. The city's largest employers include Kettering Medical Center (KMC), GE Money and Reynolds & Reynolds. KMC employs 3,100 and broke ground in 2008 for the Schuster Heart Hospital which will be a 114,000 sq ft addition to the front of the facility. The new Heart Hospital will be a state of the art facility containing ninety private rooms.

According to City of Kettering, despite being practically landlocked, the city continued to move forward in terms of new economic development. The city's emphasis on economic development combined with the existing variety of businesses located within Kettering are significant factors affecting the future economic strength of the community. Promoting Kettering as a good place to do business for new businesses, as well as existing businesses, will continue to be one of the city's highest priorities.

Economic Condition and Outlook (Moraine)

According to City of Moraine, with the closing of the GM plant in December 2008 the city manager and the economic director as well as others in the surrounding communities have been studying researching possible reuses for the GM building. The City is actively advertising the Oak Point Subdivision and lowered the price of lots available to spur the build out of the project. The City continues to attract new businesses and retain others with its innovative forgiveness loan program. The program uses pledged payrolls to offset the loan payments that are forgiven if the pledges are met.

EMPLOYEE RELATIONS

The Board employs 1,026 full-time equivalent (FTE) employees (including non-teaching personnel). Of the Board's current employees, 603 (FTE) are certificated by the Ohio Department of Education serving as classroom teachers, education specialists and administrators, all of whom have at least a bachelor's degree. The starting salary for a teacher with bachelor's degree for the period beginning August 1, 2008 was \$34,442. The maximum teacher salary in 2008-2009 for a doctorate degree was \$88,172 with 28 years longevity.

574 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 previous contract between the Board and the Association became effective July 1, 2006 and expired May 31, 2009. The new contract between the Board and the Association expires June 30, 2011.

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2009

242 of the Board's classified employees are members of the Ohio Association of Public School Employees ("OAPSE") which is a labor organization affiliated with the American Federation of State, County and Municipal Employees ("AFSME"). The previous contract between the Board and OAPSE became effective August 1, 2006 and expired July 31, 2009. The new contract between the Board and the Association expires July 31, 2011.

These agreements marked a continuation of the historical turn in labor relations between the District, KEA, and OAPSE. The collaborative interest-based bargaining approach that involves the exchange of ideas, concerns and mutual problem solving to improve the instruction of students and to address the needs of the District in a cooperative manner was used and resulted in a third consecutive 4-year negotiated agreement with both employee bargaining groups.

MAJOR INITIATIVES

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

In accordance with the District Continuous Improvement Plan, Goal 4, that 'Annually, the District will increase the use of existing and emerging electronic technologies to improve teaching and student performance and to provide universal community access to District curriculum and instruction information,' Kettering City School District major initiatives for the 2009-10 school year include a data warehousing solution to support data-driven decision making, continued integration of Smart Boards in the classrooms to support student learning, the purchase of a math and reading screener for the District that will support our RTI initiative, and replacement of elementary student computers.

The Technology Services Department is working closely with the Curriculum and Instruction Department to find new ways to use technology to support student learning. Pinnacle Analytics, a data warehousing product that will bring together data from a variety of disparate sources, aggregating student information systems, assessment systems and more, will be implemented this year. Our administrators and teachers will be able to evaluate school programs, operations, and student data. With these solutions, our teachers can make instructional decisions to improve student achievement, and our administrators will be able to make informed decisions on current and future programs.

With stimulus money received from the Federal Government, the District replaced 950 aging elementary student computers. In addition, we purchased A+ software, a math and reading screener, and an RTI intervention tool that will give our teachers the ability to place students at the appropriate level of instruction and intervention, and to track student progress to determine if the interventions are working.

Over the past three years, 150 new electronic Smart Boards have been installed in teacher classrooms to support student learning. Replacing traditional chalkboards and white boards with electronic smart boards brings a completely new dimension to the classroom. Teachers can make their subject matter come alive through animation, videostreaming, and interactive lessons that research has proven, engages students in daily lessons. The Smart Board project is on going. Teachers who are interested in acquiring this technology must apply for an in-house grant that requires them to explain how this technology will benefit the students in their classrooms.

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2009

FINANCIAL INFORMATION

The District's accounting system is organized on a "fund" basis. Each fund 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 of 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 and Permanent Fund, and for full accrual basis of accounting for the Internal Service Fund and Agency Funds. 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, 2009 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

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.

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2009

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 Ohio Casualty 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 minimizing returns. The District utilizes the State Treasury Asset Reserve of Ohio (Star Ohio) program investment pool operated by the Treasurer of State, Kevin L. Boyce, for ready cash and yield. Certificates of Deposit, Treasury Notes, Money Market accounts 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, 2009. The auditor's report on the District's basic financial statements, combining and individual fund statements and schedules, is included in the financial section of this Comprehensive Annual Financial Report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Kettering City School District for its comprehensive annual financial report for the fiscal year ended June 30, 2008. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for the preparation of the state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The Kettering City School District has received a Certificate of Achievement for the last 14 consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2009

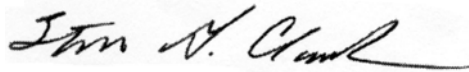
The Association of School Business Officials of the United States and Canada awarded a Certificate of Excellence in Financial Reporting to the Kettering City School District for its comprehensive annual financial report for the year ended June 30, 2008. This award certifies that a Comprehensive Annual 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 14 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 fifteenth Comprehensive Annual Financial Report would not have been possible without the cooperation and support of the entire staff of the Treasurer's Office. Sincere appreciation is extended to Rosalinda G. Revels, Assistant Treasurer, for her exceptional individual effort and dedication to this achievement. A special thanks to Kenneth Lackey, and the Business Services staff; Student Services Director – William Lautar; Director of Technology Services – Debbie LeValley; Montgomery County Auditor's Office; Kettering City Finance Department; Moraine City Finance Department; and the State Auditor's Office for their special support. Also, special thanks to Schonhardt & Associates and staff for assistance in the preparation of this financial report.

Sincerely,



Mr. Steven G. Clark, CFO
Treasurer



Dr. James Schoenlein, PhD.
Superintendent

KETTERING CITY SCHOOL DISTRICT

Principal Officials

For the Fiscal Year Ended June 30, 2009

Elected Officials

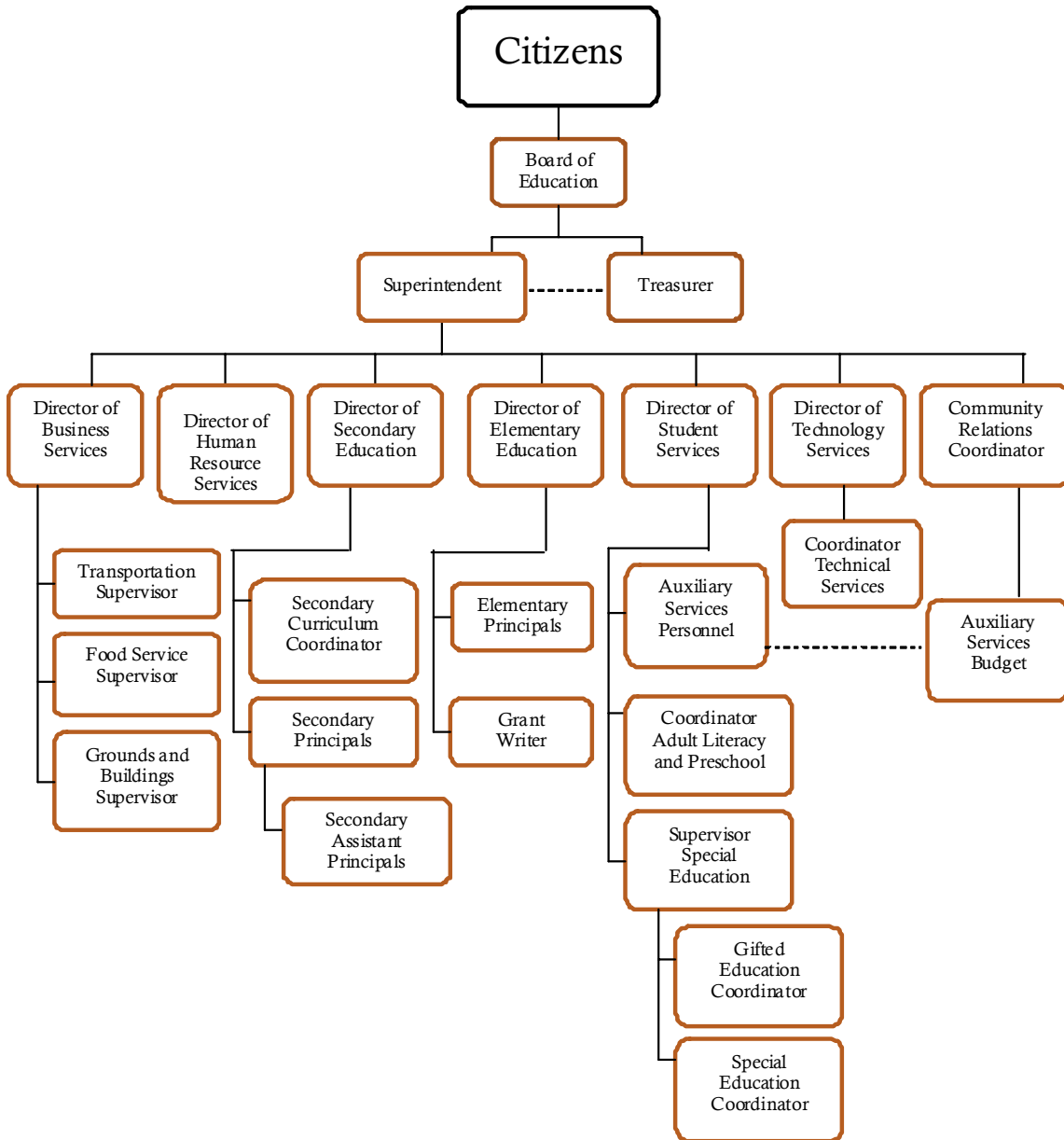
| | | |
|-------------------------------------|------|------------------------|
| President – Board Of Education | .... | Mr. James Trent |
| Vice President – Board Of Education | .... | Mr. George Bayless |
| Board Member | .... | Ms. Lori Simms |
| Board Member | .... | Miss Julie Ann Gilmore |
| Board Member | .... | Mr. Frank Maus |

Administrative Officials

| | | |
|---|------|-------------------------|
| Superintendent | .... | Dr. Robert A. Mengerink |
| Treasurer | .... | Mr. Steven G. Clark |
| Director – Student Services | .... | Mr. William J. Lautar |
| Director – Human Resources | .... | Dr. Kyle Ramey |
| Director – Business Services | .... | Mr. Ken Lackey |
| Director – Technology Services | .... | Ms. Debbie LeValley |
| Director – Secondary Curriculum and Instruction | .... | Dr. James Schoenlein |
| Director – Elementary Curriculum and Instruction | .... | Mr. Norm Knowlton |

KETTERING CITY SCHOOL DISTRICT

Organizational Chart For the Fiscal Year Ended June 30, 2009

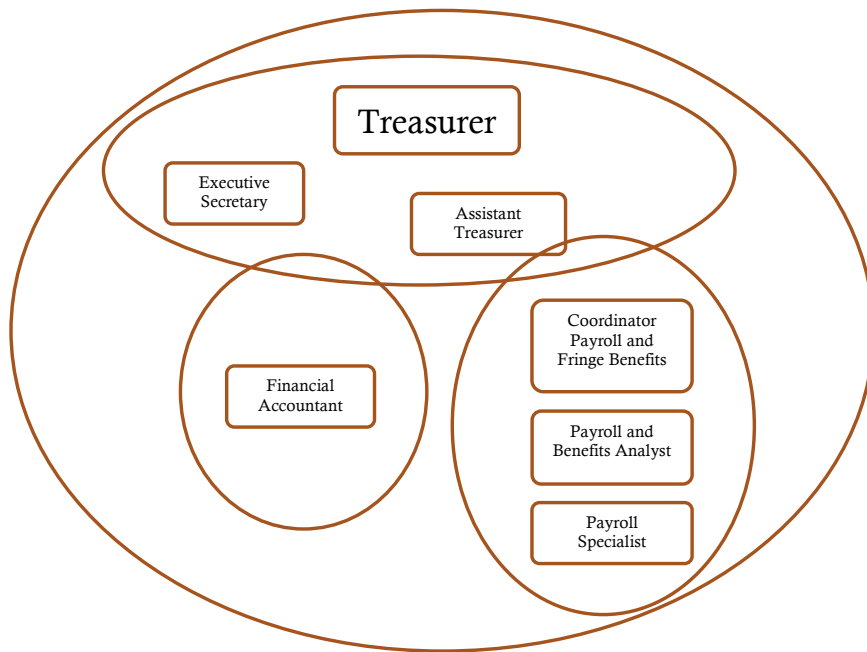


KETTERING CITY SCHOOL DISTRICT

*Office of the Treasurer
For the Fiscal Year Ended June 30, 2009*

Team Organization

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



KETTERING CITY SCHOOL DISTRICT

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

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Kettering City School
District, Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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



President

Executive Director

KETTERING CITY SCHOOL DISTRICT

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

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

KETTERING CITY SCHOOL DISTRICT

**For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2008**

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

Angeh Peteman

President

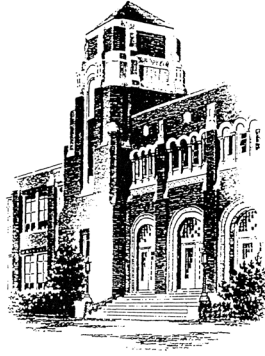
John D. Russo

Executive Director

KETTERING CITY SCHOOL DISTRICT



FINANCIAL SECTION



KETTERING CITY SCHOOL DISTRICT



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kettering City School District, Montgomery County, Ohio (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Kettering City School District, Montgomery County, Ohio, as of June 30, 2009, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules 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 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 "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

December 2, 2009

KETTERING CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009*

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, 2009. 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 2009 are as follows:

In total, net assets increased \$1,511,429 a 6.9% increase from 2008.

General revenues accounted for \$83,925,749 in revenue or 86.7% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$12,839,740 or 13.3% of total revenues of \$96,765,489.

The District had \$95,254,060 in expenses related to governmental activities; only \$12,839,740 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$83,925,749 were adequate to provide for these programs.

Among major funds, the General Fund had \$78,679,946 in revenues and \$77,309,186 in expenditures. The General Fund's fund balance increased \$1,374,902, to \$9,760,916. Revenues increased from 2008 by 4.4% primarily due to an increase in intergovernmental revenues. Expenditures increased from 2008 by 1% primarily due to increases in salaries and wages. Other increases included tuition paid to the County, due to an increase in the number of special students attending the County Program.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

KETTERING CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009*

Unaudited

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

KETTERING CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009**

Unaudited

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The following table provides a summary of the District's net assets for 2009 compared to 2008.

| | Governmental Activities | | Increase (Decrease) |
|--|----------------------------|--------------|------------------------|
| | 2009 | 2008 | |
| Current and other assets | \$78,985,069 | \$78,896,640 | \$88,429 |
| Capital assets, Net | 115,855,044 | 118,574,604 | (2,719,560) |
| Total assets | 194,840,113 | 197,471,244 | (2,631,131) |
| Long-term debt outstanding | 111,257,681 | 114,370,463 | (3,112,782) |
| Other liabilities | 60,091,743 | 61,121,521 | (1,029,778) |
| Total liabilities | 171,349,424 | 175,491,984 | (4,142,560) |
| Net assets | | | |
| Invested in capital assets, net of related debt | 14,593,555 | 14,042,346 | 551,209 |
| Restricted | 2,882,646 | 3,607,000 | (724,354) |
| Unrestricted | 6,014,488 | 4,329,914 | 1,684,574 |
| Total net assets | \$23,490,689 | \$21,979,260 | \$1,511,429 |

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KETTERING CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009*

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for fiscal years 2009 and 2008:

| | Governmental Activities | | Increase (Decrease) |
|------------------------------------|----------------------------|---------------------|------------------------|
| | 2009 | 2008 | |
| Revenues | | | |
| Program Revenues: | | | |
| Charges for Services and Sales | \$3,403,834 | \$3,833,886 | (\$430,052) |
| Operating Grants and Contributions | 9,363,594 | 8,391,295 | 972,299 |
| Capital Grants and Contributions | 72,312 | 158,018 | (85,706) |
| Total Program Revenues | <u>12,839,740</u> | <u>12,383,199</u> | <u>456,541</u> |
| General revenues: | | | |
| Taxes | 57,874,816 | 58,323,623 | (448,807) |
| Grants and Entitlements | 24,253,458 | 21,120,885 | 3,132,573 |
| Investment earnings | 654,210 | 1,215,189 | (560,979) |
| Miscellaneous | 1,143,265 | 899,626 | 243,639 |
| Total General Revenues | <u>83,925,749</u> | <u>81,559,323</u> | <u>2,366,426</u> |
| Total Revenues | <u>96,765,489</u> | <u>93,942,522</u> | <u>2,822,967</u> |
| Program Expenses | | | |
| Instruction: | | | |
| Regular | 35,494,431 | 33,619,843 | 1,874,588 |
| Special | 8,267,476 | 7,840,416 | 427,060 |
| Vocational | 2,206,443 | 2,091,488 | 114,955 |
| Adult/Continuing | 41,716 | 37,255 | 4,461 |
| Other Instruction | 2,706,076 | 4,253,666 | (1,547,590) |
| Support Services: | | | |
| Pupils | 7,662,489 | 6,520,008 | 1,142,481 |
| Instructional Staff | 4,710,916 | 4,766,122 | (55,206) |
| Board of Education | 73,370 | 68,541 | 4,829 |
| Administration | 6,918,465 | 6,889,537 | 28,928 |
| Fiscal Services | 1,894,159 | 1,899,405 | (5,246) |
| Business | 574,690 | 612,826 | (38,136) |
| Operation and Maintenance of Plant | 8,463,308 | 8,595,610 | (132,302) |
| Pupil Transportation | 3,319,938 | 3,421,844 | (101,906) |
| Central | 1,772,667 | 1,723,029 | 49,638 |
| Non-Instructional Services | 4,724,183 | 4,774,211 | (50,028) |
| Extracurricular Activities | 2,000,014 | 1,862,353 | 137,661 |
| Interest and Fiscal Charges | 4,423,719 | 4,644,799 | (221,080) |
| Total expenses | <u>95,254,060</u> | <u>93,620,953</u> | <u>1,633,107</u> |
| Change in Net Assets | 1,511,429 | 321,569 | 1,189,860 |
| Net Assets Beginning of Year | <u>21,979,260</u> | <u>21,657,691</u> | <u>321,569</u> |
| Net Assets End of Year | <u>\$23,490,689</u> | <u>\$21,979,260</u> | <u>\$1,511,429</u> |

KETTERING CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009*

Unaudited

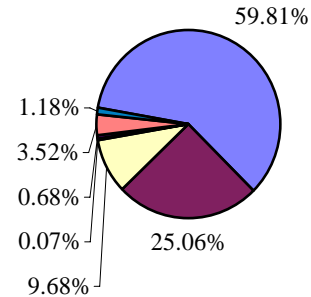
Governmental Activities

Net assets of the District's governmental activities increased by \$1,511,429. This was due to a combination of factors, predominantly the increase in grants and entitlements and holding expenditure increases to a minimum.

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 59.81% of total revenues from general tax revenues:

| Revenue Sources | 2009 Amount | Percent of Total |
|------------------------------------|----------------|---------------------|
| Taxes | \$ 57,874,816 | 59.81% |
| Grants and Entitlements | 24,253,458 | 25.06% |
| Operating Grants and Contributions | 9,363,594 | 9.68% |
| Capital Grants and Contributions | 72,312 | 0.07% |
| Investment earnings | 654,210 | 0.68% |
| Charges for Services and Sales | 3,403,834 | 3.52% |
| Miscellaneous | 1,143,265 | 1.18% |
| Total revenues | \$96,765,489 | 100.00% |



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$14,074,745, which is greater than last year's total of \$13,817,595. The schedule below indicates the fund balance and the total change in fund balance by fund as of June 30, 2009 and 2008.

| | Fund Balance June 30, 2009 | Fund Balance June 30, 2008 | Increase (Decrease) |
|--------------------|-------------------------------|-------------------------------|------------------------|
| General | \$9,760,916 | \$8,386,014 | \$1,374,902 |
| Bond Retirement | 2,728,232 | 3,297,658 | (569,426) |
| Other Governmental | 1,585,597 | 2,133,923 | (548,326) |
| Total | \$14,074,745 | \$13,817,595 | \$257,150 |

KETTERING CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009**

Unaudited

Bond Retirement Fund – The District's Bond Retirement Fund balance decrease is due to lower tax revenue collections in 2009.

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

| | 2009 <u>Revenues</u> | 2008 <u>Revenues</u> | Increase <u>(Decrease)</u> |
|------------------------------|----------------------------|----------------------------|-------------------------------|
| Taxes | \$51,352,604 | \$50,998,532 | \$354,072 |
| Tuition and Fees | 263,480 | 356,931 | (93,451) |
| Transportation | 74,964 | 104,445 | (29,481) |
| Interest | 660,051 | 1,130,459 | (470,408) |
| Intergovernmental | 25,843,256 | 22,442,640 | 3,400,616 |
| Extracurricular Activities | 54,825 | 54,031 | 794 |
| Classroom Materials and Fees | 4,496 | 6,547 | (2,051) |
| Miscellaneous | 426,270 | 234,223 | 192,047 |
| Total | <u><u>\$78,679,946</u></u> | <u><u>\$75,327,808</u></u> | <u><u>\$3,352,138</u></u> |

General Fund revenues in 2009 increased approximately 4.4% compared to revenues in fiscal year 2008. The major factor contributing to this increase was the increase in intergovernmental revenues.

| | 2009 <u>Expenditures</u> | 2008 <u>Expenditures</u> | Increase <u>(Decrease)</u> |
|---------------------------------------|-----------------------------|-----------------------------|-------------------------------|
| Instruction: | | | |
| Regular | \$33,135,784 | \$31,829,431 | \$1,306,353 |
| Special | 6,571,982 | 6,359,863 | 212,119 |
| Vocational | 1,846,936 | 1,770,630 | 76,306 |
| Other Instruction | 2,706,076 | 4,253,666 | (1,547,590) |
| Supporting Services: | | | |
| Pupils | 6,210,571 | 5,354,468 | 856,103 |
| Instructional Staff | 3,844,888 | 4,006,515 | (161,627) |
| Board of Education | 73,370 | 68,541 | 4,829 |
| Administration | 6,115,687 | 6,087,826 | 27,861 |
| Fiscal Services | 1,805,519 | 1,790,983 | 14,536 |
| Business | 547,563 | 544,050 | 3,513 |
| Operation & Maintenance of Plant | 7,959,448 | 7,999,940 | (40,492) |
| Pupil Transportation | 3,019,455 | 2,970,623 | 48,832 |
| Central | 1,594,495 | 1,541,902 | 52,593 |
| Non-Instructional Services | 31,987 | 1,110 | 30,877 |
| Extracurricular Activities | 1,304,102 | 1,261,669 | 42,433 |
| Facility Acquisition and Construction | 28,393 | 315,037 | (286,644) |
| Debt Service: | | | |
| Principal Retirement | 457,511 | 354,395 | 103,116 |
| Interest & Fiscal Charges | 55,419 | 60,286 | (4,867) |
| Total | <u><u>\$77,309,186</u></u> | <u><u>\$76,570,935</u></u> | <u><u>\$738,251</u></u> |

KETTERING CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009*

Unaudited

The expenditures increased by \$738,251 or 1% over the prior year mostly due to salaries and wages increases which affect the increase in fringe benefits, as well. Other increases included tuition paid to the County, due to an increase in the number of special students attending the County Program.

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 2009, the District amended its General Fund budget five times, none significant.

For the General Fund, budget basis revenue of \$79.5 million was an increase from the original budget estimates of \$77.4 million. This was due to an increase in property taxes and State Foundation money. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2009 the District had \$115,855,044 net of accumulated depreciation invested in land, buildings and improvements, furniture, vehicles and equipment. All capital assets are related to governmental activities. The following table shows fiscal year 2009 and 2008 balances:

| | Governmental Activities | | Increase (Decrease) |
|-----------------------------------|----------------------------|----------------------|------------------------|
| | 2009 | 2008 | |
| Land | \$466,616 | \$466,616 | \$0 |
| Building and Improvements | 136,196,566 | 136,196,566 | 0 |
| Furniture, Vehicles and Equipment | 7,743,505 | 7,192,979 | 550,526 |
| Less: Accumulated Depreciation | <u>(28,551,643)</u> | <u>(25,281,557)</u> | <u>(3,270,086)</u> |
| Totals | <u>\$115,855,044</u> | <u>\$118,574,604</u> | <u>(\$2,719,560)</u> |

The only activity within the current year took place in the furniture, vehicles and equipment category. The District purchased seven school buses, a van and a tractor at a cost of \$551,268. Additional information can be found in Note 9.

KETTERING CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009*

Unaudited

Debt

At June 30, 2009, the District had \$101,669,750 in bonds outstanding, \$3,159,484 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2009 and 2008:

| | <u>2009</u> | <u>2008</u> |
|----------------------------|----------------------|----------------------|
| Governmental Activities: | | |
| General Obligation Bonds | \$101,669,750 | \$104,506,953 |
| Capital Leases Payable | 1,115,843 | 1,573,354 |
| Early Retirement Incentive | 276,000 | 414,000 |
| Compensated Absences | 8,196,088 | 7,876,156 |
| Totals | <u>\$111,257,681</u> | <u>\$114,370,463</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, 2009, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 12.

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 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, 2009**

| | Governmental Activities |
|---|------------------------------------|
| Assets: | |
| Cash and Cash Equivalents | \$ 11,620,145 |
| Investments | 10,512,867 |
| Receivables: | |
| Taxes | 54,872,769 |
| Accounts | 15,366 |
| Intergovernmental | 823,327 |
| Inventory of Supplies at Cost | 268,086 |
| Inventory Held for Resale | 51,993 |
| Restricted Assets: | |
| Cash and Cash Equivalents | 12,801 |
| Deferred Charges | 807,715 |
| Non-Depreciable Capital Assets | 466,616 |
| Depreciable Capital Assets, Net | 115,388,428 |
| Total Assets | 194,840,113 |
| Liabilities: | |
| Accounts Payable | 785,360 |
| Accrued Wages and Benefits | 8,863,699 |
| Intergovernmental Payable | 1,795,446 |
| Claims Payable | 231,904 |
| Unearned Revenue | 48,016,145 |
| Accrued Interest Payable | 399,189 |
| Long Term Liabilities: | |
| Due Within One Year | 4,482,047 |
| Due in More Than One Year | 106,775,634 |
| Total Liabilities | 171,349,424 |
| Net Assets: | |
| Invested in Capital Assets, Net of Related Debt | 14,593,555 |
| Restricted For: | |
| Capital Projects | 316,338 |
| Debt Service | 2,058,605 |
| Permanent Fund: | |
| Expendable | 2,871 |
| Nonexpendable | 12,801 |
| Other Purposes | 492,031 |
| Unrestricted | 6,014,488 |
| Total Net Assets | \$ 23,490,689 |

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Statement of Activities For the Fiscal Year Ended June 30, 2009

| | | Program Revenues | | | Net (Expense) Revenues and Changes in Net Assets |
|---|----------------------|--------------------------------------|--|--|---|
| | Expenses | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| Governmental Activities: | | | | | |
| Instruction: | | | | | |
| Regular | \$ 35,494,431 | \$ 477,910 | \$ 226,969 | \$ 0 | \$ (34,789,552) |
| Special | 8,267,476 | 74,964 | 2,912,482 | 0 | (5,280,030) |
| Vocational | 2,206,443 | 0 | 353,015 | 0 | (1,853,428) |
| Adult/Continuing | 41,716 | 30,352 | 43,281 | 0 | 31,917 |
| Other Instruction | 2,706,076 | 0 | 0 | 0 | (2,706,076) |
| Support Services: | | | | | |
| Pupils | 7,662,489 | 0 | 788,766 | 0 | (6,873,723) |
| Instructional Staff | 4,710,916 | 513,678 | 568,709 | 0 | (3,628,529) |
| Board of Education | 73,370 | 0 | 0 | 0 | (73,370) |
| Administration | 6,918,465 | 51,507 | 246,945 | 0 | (6,620,013) |
| Fiscal Services | 1,894,159 | 0 | 0 | 0 | (1,894,159) |
| Business | 574,690 | 0 | 0 | 0 | (574,690) |
| Operation and Maintenance of Plant | 8,463,308 | 0 | 20,437 | 72,312 | (8,370,559) |
| Pupil Transportation | 3,319,938 | 0 | 1,323,273 | 0 | (1,996,665) |
| Central | 1,772,667 | 0 | 72,533 | 0 | (1,700,134) |
| Non-Instructional Services | 4,724,183 | 1,767,093 | 2,807,184 | 0 | (149,906) |
| Extracurricular Activities | 2,000,014 | 488,330 | 0 | 0 | (1,511,684) |
| Interest and Fiscal Charges | 4,423,719 | 0 | 0 | 0 | (4,423,719) |
| Total Governmental Activities | \$ 95,254,060 | \$ 3,403,834 | \$ 9,363,594 | \$ 72,312 | (82,414,320) |
| General Revenues | | | | | |
| Property Taxes | | | | | 57,874,816 |
| Grants and Entitlements not Restricted to Specific Programs | | | | | 24,253,458 |
| Investment Earnings | | | | | 654,210 |
| Miscellaneous | | | | | 1,143,265 |
| Total General Revenues | | | | | 83,925,749 |
| Change in Net Assets | | | | | 1,511,429 |
| Net Assets Beginning of Year | | | | | 21,979,260 |
| Net Assets End of Year | | | | | \$ 23,490,689 |

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2009

| | General | Bond Retirement | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|---------------------|--------------------------------|--------------------------------|
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 7,487,124 | \$ 987,186 | \$ 2,731,115 | \$ 11,205,425 |
| Investments | 9,290,471 | 1,222,396 | 0 | 10,512,867 |
| Receivables: | | | | |
| Taxes | 48,263,846 | 6,033,354 | 575,569 | 54,872,769 |
| Accounts | 15,366 | 0 | 0 | 15,366 |
| Intergovernmental | 0 | 0 | 823,327 | 823,327 |
| Interfund Loans Receivable | 26,200 | 100,000 | 0 | 126,200 |
| Inventory of Supplies at Cost | 268,086 | 0 | 0 | 268,086 |
| Inventory Held for Resale | 0 | 0 | 51,993 | 51,993 |
| Restricted Assets: | | | | |
| Cash and Cash Equivalents | 0 | 0 | 12,801 | 12,801 |
| Total Assets | \$ 65,351,093 | \$ 8,342,936 | \$ 4,194,805 | \$ 77,888,834 |
| Liabilities: | | | | |
| Accounts Payable | \$ 456,483 | \$ 0 | \$ 328,877 | \$ 785,360 |
| Accrued Wages and Benefits | 8,215,042 | 0 | 648,657 | 8,863,699 |
| Intergovernmental Payable | 1,644,978 | 0 | 150,468 | 1,795,446 |
| Interfund Loans Payable | 0 | 0 | 126,200 | 126,200 |
| Deferred Revenue | 45,273,674 | 5,614,704 | 1,355,006 | 52,243,384 |
| Total Liabilities | 55,590,177 | 5,614,704 | 2,609,208 | 63,814,089 |
| Fund Balances: | | | | |
| Reserved for Encumbrances | 707,028 | 0 | 155,617 | 862,645 |
| Reserved for Supplies Inventory | 268,086 | 0 | 51,993 | 320,079 |
| Reserved for Property Taxes | 2,987,976 | 418,650 | 38,264 | 3,444,890 |
| Reserved for Endowments | 0 | 0 | 12,801 | 12,801 |
| Unreserved, Undesignated in: | | | | |
| General Fund | 5,797,826 | 0 | 0 | 5,797,826 |
| Debt Service Fund | 0 | 2,309,582 | 0 | 2,309,582 |
| Special Revenue Funds | 0 | 0 | 1,070,848 | 1,070,848 |
| Capital Projects Funds | 0 | 0 | 253,203 | 253,203 |
| Permanent Fund | 0 | 0 | 2,871 | 2,871 |
| Total Fund Balances | 9,760,916 | 2,728,232 | 1,585,597 | 14,074,745 |
| Total Liabilities and Fund Balances | \$ 65,351,093 | \$ 8,342,936 | \$ 4,194,805 | \$ 77,888,834 |

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, 2009***

| | | | |
|--|-------------------------------------|---------------|-----------------------------|
| Total Governmental Fund Balances | | | \$ 14,074,745 |
| <i>Amounts reported for governmental activities in the statement of net assets are different because</i> | | | |
| Capital Assets used in governmental activities are not resources and therefore are not reported in the funds. | | | 115,855,044 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. | | | |
| | Taxes Receivable - accrual basis | 3,409,538 | |
| | Grants Receivable - accrual basis | 817,701 | |
| | Total | | 4,227,239 |
| 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. | | | 182,816 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | | | |
| | Amounts Due Within One Year | (4,482,047) | |
| | Amounts Due in More Than One Year | (106,775,634) | |
| | Deferred Charges for Issuance Costs | 807,715 | |
| | Accrued Interest on Long-Term Debt | (399,189) | |
| | Total | | (110,849,155) |
| <i>Net Assets of Governmental Activities</i> | | | <u><u>\$ 23,490,689</u></u> |

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2009

| | General | Bond Retirement | Other Governmental Funds | Total Governmental Funds |
|---------------------------------------|-------------------|--------------------|--------------------------------|--------------------------------|
| Revenues: | | | | |
| Taxes | \$ 51,352,604 | \$ 5,712,938 | \$ 593,239 | \$ 57,658,781 |
| Tuition and Fees | 263,480 | 0 | 429,841 | 693,321 |
| Transportation | 74,964 | 0 | 0 | 74,964 |
| Interest | 660,051 | 0 | 20,353 | 680,404 |
| Sales | 0 | 0 | 1,767,093 | 1,767,093 |
| Intergovernmental | 25,843,256 | 988,399 | 6,286,043 | 33,117,698 |
| Extracurricular Activities | 54,825 | 0 | 647,095 | 701,920 |
| Classroom Materials and Fees | 4,496 | 0 | 201,076 | 205,572 |
| Miscellaneous | 426,270 | 0 | 677,959 | 1,104,229 |
| Total Revenue | 78,679,946 | 6,701,337 | 10,622,699 | 96,003,982 |
| Expenditures: | | | | |
| Current: | | | | |
| Regular | 33,135,784 | 0 | 536,600 | 33,672,384 |
| Special | 6,571,982 | 0 | 1,575,632 | 8,147,614 |
| Vocational | 1,846,936 | 0 | 244,850 | 2,091,786 |
| Adult/Continuing | 0 | 0 | 41,716 | 41,716 |
| Other Instruction | 2,706,076 | 0 | 0 | 2,706,076 |
| Supporting Services: | | | | |
| Pupils | 6,210,571 | 0 | 1,444,814 | 7,655,385 |
| Instructional Staff | 3,844,888 | 0 | 793,559 | 4,638,447 |
| Board of Education | 73,370 | 0 | 0 | 73,370 |
| Administration | 6,115,687 | 5,398 | 559,035 | 6,680,120 |
| Fiscal Services | 1,805,519 | 83,002 | 11,540 | 1,900,061 |
| Business | 547,563 | 0 | 23,651 | 571,214 |
| Operation and Maintenance of Plant | 7,959,448 | 0 | 363,711 | 8,323,159 |
| Pupil Transportation | 3,019,455 | 0 | 485,722 | 3,505,177 |
| Central | 1,594,495 | 0 | 95,256 | 1,689,751 |
| Non-Instructional Services | 31,987 | 0 | 4,593,275 | 4,625,262 |
| Extracurricular Activities | 1,304,102 | 0 | 420,088 | 1,724,190 |
| Facility Acquisition and Construction | 28,393 | 0 | 6,388 | 34,781 |
| Debt Service: | | | | |
| Principal Retirement | 457,511 | 2,770,992 | 0 | 3,228,503 |
| Interest and Fiscal Charges | 55,419 | 4,411,371 | 0 | 4,466,790 |
| Total Expenditures | 77,309,186 | 7,270,763 | 11,195,837 | 95,775,786 |

KETTERING CITY SCHOOL DISTRICT

| | General | Bond Retirement | Other Governmental Funds | Total Governmental Funds |
|--|--------------|--------------------|--------------------------------|--------------------------------|
| Excess (Deficiency) of Revenues Over Expenditures | 1,370,760 | (569,426) | (573,138) | 228,196 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 0 | 0 | 13,500 | 13,500 |
| Transfers Out | (13,500) | 0 | 0 | (13,500) |
| Total Other Financing Sources (Uses) | (13,500) | 0 | 13,500 | 0 |
| Net Change in Fund Balance | 1,357,260 | (569,426) | (559,638) | 228,196 |
| Fund Balances at Beginning of Year | 8,386,014 | 3,297,658 | 2,133,923 | 13,817,595 |
| Increase in Inventory Reserve | 17,642 | 0 | 11,312 | 28,954 |
| Fund Balances End of Year | \$ 9,760,916 | \$ 2,728,232 | \$ 1,585,597 | \$ 14,074,745 |

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, 2009***

Net Change in Fund Balances - Total Governmental Funds \$ 228,196

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (2,696,355)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (23,205)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 761,507

The repayment of principal of long-term debt consumes current financial resources of governmental funds, but does not have any effect on net assets. 3,228,503

In the statement of activities, interest is accrued on outstanding bonds whereas in governmental funds, an interest expenditure is reported when due. 43,071

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. (152,978)

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. 122,690

Change in Net Assets of Governmental Activities \$ 1,511,429

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT



KETTERING CITY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2009**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|-----------------|---------------|---------------|---|
| Revenues: | | | | |
| Taxes | \$ 51,692,867 | \$ 53,192,867 | \$ 51,686,931 | \$ (1,505,936) |
| Tuition and Fees | 248,479 | 185,280 | 263,480 | 78,200 |
| Transportation | 70,696 | 33,000 | 74,964 | 41,964 |
| Interest | 632,408 | 600,000 | 670,586 | 70,586 |
| Intergovernmental | 24,371,938 | 25,157,190 | 25,843,256 | 686,066 |
| Extracurricular Activities | 51,704 | 50,500 | 54,825 | 4,325 |
| Classroom Material and Fees | 4,240 | 4,000 | 4,496 | 496 |
| Miscellaneous | 353,028 | 279,500 | 374,340 | 94,840 |
| Total Revenues | 77,425,360 | 79,502,337 | 78,972,878 | (529,459) |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 33,138,589 | 33,796,617 | 33,160,509 | 636,108 |
| Special | 6,678,507 | 6,609,044 | 6,682,925 | (73,881) |
| Vocational | 1,833,174 | 1,849,270 | 1,834,387 | 14,883 |
| Other Instruction | 3,421,462 | 3,487,156 | 3,423,725 | 63,431 |
| Support Services: | | | | |
| Pupils | 6,235,308 | 6,219,803 | 6,239,432 | (19,629) |
| Instructional Staff | 3,892,062 | 3,919,971 | 3,894,636 | 25,335 |
| Board of Education | 72,422 | 82,408 | 72,470 | 9,938 |
| Administration | 6,155,736 | 6,317,645 | 6,159,808 | 157,837 |
| Fiscal Services | 1,818,641 | 2,036,114 | 1,819,844 | 216,270 |
| Business | 566,903 | 568,826 | 567,278 | 1,548 |
| Operation and Maintenance of Plant | 8,608,768 | 8,729,097 | 8,614,462 | 114,635 |
| Pupil Transportation | 3,063,695 | 2,987,079 | 3,065,722 | (78,643) |
| Central | 1,668,820 | 1,683,053 | 1,669,924 | 13,129 |
| Non-Instructional Services | 5,996 | 6,000 | 6,000 | 0 |
| Extracurricular Activities | 1,303,621 | 1,347,257 | 1,304,483 | 42,774 |
| Facility Acquisition and Construction | 40,091 | 40,118 | 40,118 | 0 |
| Debt Service: | | | | |
| Principal Retirement | 457,227 | 457,529 | 457,529 | 0 |
| Interest and Fiscal Charges | 55,365 | 56,323 | 55,401 | 922 |
| Total Expenditures | 79,016,387 | 80,193,310 | 79,068,653 | 1,124,657 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,591,027) | (690,973) | (95,775) | 595,198 |

KETTERING CITY SCHOOL DISTRICT

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|-----------------|---------------|---------------|---|
| Other Financing Sources (Uses): | | | | |
| Transfers Out | 0 | (13,500) | (13,500) | 0 |
| Advances Out | 0 | (26,200) | (26,200) | 0 |
| Refund of Prior Year's Expenditures | 0 | 0 | 37,074 | 37,074 |
| Refund of Prior Year's Receipts | 0 | (1,000) | (510) | 490 |
| Total Other Financing Sources (Uses): | 0 | (40,700) | (3,136) | 37,564 |
| Net Change in Fund Balance | (1,591,027) | (731,673) | (98,911) | 632,762 |
| Fund Balance at Beginning of Year | 13,843,370 | 13,843,370 | 13,843,370 | 0 |
| Prior Year Encumbrances | 1,850,177 | 1,850,177 | 1,850,177 | 0 |
| Fund Balance at End of Year | \$ 14,102,520 | \$ 14,961,874 | \$ 15,594,636 | \$ 632,762 |

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Fund
June 30, 2009

| | Governmental Activities - Internal Service Fund |
|-----------------------------|--|
| Assets: | |
| <i>Current Assets:</i> | |
| Cash and Cash Equivalents | \$ 414,720 |
| Total Assets | <u>414,720</u> |
| Liabilities: | |
| <i>Current Liabilities:</i> | |
| Claims Payable | 231,904 |
| Total Liabilities | <u>231,904</u> |
| Net Assets: | |
| Unrestricted | 182,816 |
| Total Net Assets | <u>\$ 182,816</u> |

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

***Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2009***

| | Governmental Activities - Internal Service Funds |
|------------------------------------|---|
| Operating Revenues: | |
| Charges for Services | \$ 1,016,383 |
| Total Operating Revenues | <u>1,016,383</u> |
| Operating Expenses: | |
| Purchased Services | 895,832 |
| Total Operating Expenses | <u>895,832</u> |
| Operating Income | 120,551 |
| Nonoperating Revenue : | |
| Interest | 2,139 |
| Total Nonoperating Revenues | <u>2,139</u> |
| Change in Net Assets | 122,690 |
| Net Assets Beginning of Year | <u>60,126</u> |
| Net Assets End of Year | <u><u>\$ 182,816</u></u> |

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2009

| | Governmental Activities - Internal Service Fund |
|--|--|
| <u>Cash Flows from Operating Activities:</u> | |
| Cash Received from Interfund Charges | \$1,016,383 |
| Cash Payments for Claims | <u>(878,819)</u> |
| Net Cash Provided by Operating Activities | <u>137,564</u> |
| <u>Cash Flows from Investing Activities:</u> | |
| Receipts of Interest | <u>2,139</u> |
| Net Cash Provided by Investing Activities | <u>2,139</u> |
| Net Increase in Cash and Cash Equivalents | 139,703 |
| Cash and Cash Equivalents at Beginning of Year | <u>275,017</u> |
| Cash and Cash Equivalents at End of Year | <u><u>\$414,720</u></u> |
| <u>Reconciliation of Operating Income to Net Cash</u> | |
| <u>Provided by Operating Activities:</u> | |
| Operating Income | \$120,551 |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | |
| Changes in Assets and Liabilities: | |
| Increase in Claims Payable | <u>17,013</u> |
| Total Adjustments | <u>17,013</u> |
| Net Cash Provided by Operating Activities | <u><u>\$137,564</u></u> |

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

***Statement of Assets and Liabilities
Fiduciary Funds
June 30, 2009***

| | <u>Agency Funds</u> |
|---------------------------|---------------------|
| Assets: | |
| Cash and Cash Equivalents | \$ 212,928 |
| Total Assets | <u>212,928</u> |
| Liabilities: | |
| Claims Payable | 69,620 |
| Due to Others | 87,320 |
| Due to Students | 55,988 |
| Total Liabilities | <u>\$ 212,928</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, 2009

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 423 (FTE) classified personnel and 603 (FTE) certificated teaching and administrative personnel to provide services to students and other community members.

In terms of enrollment the District is the 36th largest in the State of Ohio (among 613 districts) and the third 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 basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," as amended by GASB Statement No. 39 "*Determining Whether Certain Organizations Are Component Units*", in that the financial statements include all organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either the District's ability to impose its will over the organization or the possibility that the organization will provide a financial benefit to, or impose a financial burden on, the District. Based on the foregoing, the District does not have any component units. The reporting entity of the District includes the following services: instructional (regular, special education, vocational, adult/continuing, other), student guidance, extracurricular activities, food service, pupil transportation and care and upkeep of grounds and buildings.

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

B. Basis of Presentation - Fund Accounting

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

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

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

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

Proprietary 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 dental plan.

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations or other governments and therefore not available to support the District's own programs. The District's agency funds account for various student-managed activity programs, deposits to be utilized for background checks and for the employee's cafeteria benefits plan. The agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

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

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

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

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

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009

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 revenues, expenses and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

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

D. Basis of Accounting

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

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

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

Current property taxes measurable at June 30, 2009, and which are not intended to finance fiscal 2009 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, 2009 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, the proprietary fund and agency funds. Revenues are recognized when they are earned and expenses are recognized when incurred.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

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

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

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

E. Budgetary Process

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

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

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

1. Estimated Resources

Prior to April 1, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported as the final budgeted amount on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2009.

2. Appropriations

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 through September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 through June 30. The appropriation resolution establishes spending controls at the fund level except for the general fund which is budgeted at the object level. The appropriation resolution may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by management. During the year, several supplemental appropriations were necessary to budget the use of contingency funds. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual" are provided on the financial statement basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

3. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as reservations of fund balances for governmental funds in the accompanying basic financial statements.

KETTERING CITY SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

4. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

5. Budgetary Basis of Accounting

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

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

| <u>Net Change in Fund Balance</u> | |
|---|--------------------------|
| | <u>General Fund</u> |
| GAAP Basis (as reported) | \$1,357,260 |
| Increase (Decrease): | |
| Accrued Revenues at June 30, 2009, received during FY 2010 | (3,051,186) |
| Accrued Revenues at June 30, 2008, received during FY 2009 | 3,354,482 |
| Accrued Expenditures at June 30, 2009, paid during FY 2010 | 10,316,503 |
| Accrued Expenditures at June 30, 2008, paid during FY 2009 | (10,912,459) |
| Encumbrances Outstanding | <u>(1,163,511)</u> |
| Budget Basis | <u><u>(\$98,911)</u></u> |

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009

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 4, "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 4, "Cash, Cash Equivalents and Investments."

The District has invested funds in the STAR Ohio during 2009. 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, 2009. 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 4, "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 2009 totaled \$660,051, which includes \$99,665 assigned from other District funds, and \$20,353 was credited to other governmental funds of the District.

H. Inventory

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

I. Capital Assets and Depreciation

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

1. Property, Plant and Equipment - Governmental Activities

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

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009

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

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

J. Long-Term Obligations

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

| <u>Obligation</u> | <u>Fund</u> |
|----------------------------|--|
| General Obligation Bonds | Debt Service Fund |
| Capital Leases | General Fund |
| Early Retirement Incentive | General Fund |
| Compensated Absences | General Fund, Food Services Fund, Special Enterprise Fund, Auxiliary Services Fund, EESA Title VI-B Fund, Title I Fund |

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, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences (Continued)

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

L. Net Assets

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

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

M. 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, 2009

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 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. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

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

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

| | |
|-------------------------|----------------------|
| Capital Asset Additions | \$708,955 |
| Depreciation Expense | (3,405,310) |
| | <u>(\$2,696,355)</u> |

Governmental revenues not reported in the funds:

| | |
|------------------------------------|------------------|
| Increase in Delinquent Tax Revenue | \$216,035 |
| Decrease in Interest Receivable | (26,194) |
| Increase in Grants Receivable | 571,666 |
| | <u>\$761,507</u> |

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

| | |
|------------------------|--------------------|
| Bond Principal Payment | \$2,770,992 |
| Capital Lease Payment | 457,511 |
| | <u>\$3,228,503</u> |

Interest expense not reported in the funds:

| | |
|--|-----------------|
| Decrease in accrued interest on long term debt | (\$24,672) |
| Amortization of Deferred Charges | (36,714) |
| Amortization of Deferred Loss on Defeasance | (158,701) |
| Amortization of Bond Premium | 263,158 |
| | <u>\$43,071</u> |

Expenses not reported in the funds:

| | |
|--|--------------------|
| Increase in compensated absences | (\$319,932) |
| Decrease in early retirement incentive | 138,000 |
| Increase in supplies inventory | 28,954 |
| | <u>(\$152,978)</u> |

KETTERING CITY SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

NOTE 3 – COMPLIANCE AND ACCOUNTABILITY

A. Fund Deficits

The following is a summary of deficit fund equities at June 30, 2009:

| <u>Fund</u> | <u>Deficit Fund Equity</u> |
|------------------------------|--------------------------------|
| Special Revenue Funds: | |
| Rotary Special Services Fund | \$113,477 |
| Alternative Fund | 4,695 |
| Adult Basic Education Fund | 3,194 |
| Title II Fund | 4,599 |
| EESA Title VI-B Fund | 170,021 |
| Even Start Program Fund | 20,856 |
| Title I Fund | 68,063 |
| Title VI Innovation Fund | 9,964 |
| Preschool Grant Fund | 3,694 |

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

B. Excess of Expenditures Plus Encumbrances Over Final Appropriations

For the fiscal year ended June 30, 2009, expenditures plus encumbrances exceeded appropriations in the General Fund at the Capital Outlay - New object level by \$85.

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KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

KETTERING CITY SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009***

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Deposits

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

At year end the carrying amount of the District's deposits was \$895,583 and the bank balance was \$1,332,816. The Federal Deposit Insurance Corporation (FDIC) covered \$502,245 of the bank balance and \$830,571 was uninsured. Of the remaining uninsured bank balance, the District was exposed to custodial risk as follows:

| | <u>Balance</u> |
|--|-------------------------|
| Uninsured and collateralized with securities held by the pledging institution's trust department not in the District's name | <u>\$830,571</u> |
| Total Balance | <u><u>\$830,571</u></u> |

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KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The District's investments at June 30, 2009 were as follows:

| | Fair Value | Credit Rating | Investment Maturities (in Years) | | |
|------------------------------|---------------------|-------------------------------------|----------------------------------|--------------------|--------------------|
| | | | less than 1 | 1-3 | 3-5 |
| Repurchase Agreements | \$1,384,796 | N/A | \$1,384,796 | \$0 | \$0 |
| STAR Ohio | 9,065,787 | AAAm ¹ | 9,065,787 | 0 | 0 |
| US Treasury Money Market | 9,706 | AAm ¹ , Aaa ² | 9,706 | 0 | 0 |
| Fifth Third Govt. Securities | | | | | |
| Money Market | 1,249,708 | AAm ¹ , Aaa ² | 1,249,708 | 0 | 0 |
| FHLB | 3,739,295 | AAA ¹ , Aaa ² | 1,740,535 | 999,380 | 999,380 |
| FNMA | 2,321,691 | AAA ¹ , Aaa ² | 0 | 301,071 | 2,020,620 |
| FHLMC | 3,692,175 | AAA ¹ , Aaa ² | 0 | 1,700,995 | 1,991,180 |
| Total Investments | <u>\$21,463,158</u> | | <u>\$13,450,532</u> | <u>\$3,001,446</u> | <u>\$5,011,180</u> |

¹ Standard & Poor's

² Moody's Investor Service

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

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

Concentration of Credit Risk – The District places no limit on the amount the District may invest in one issuer. Of the District's total investments, 6.45% are repurchase agreements, 42.24% are STAR Ohio, .05% are US Treasury Money Market, 17.42% are FHLB, 10.82% are FNMA, 17.2% are FHLMC, and 5.82% are Fifth Third Government Securities Money Market.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the District's investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the District. The District has no formal policy on custodial credit risk and is governed by Ohio Revised Code as described under Deposits.

KETTERING CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009**

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

C. Reconciliation of Cash, Cash Equivalents and Investments

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

| | Cash & Cash Equivalents/ Deposits * | Investments |
|--|---|--------------|
| Per GASB Statement No. 9 | \$11,845,874 | \$10,512,867 |
| Certificates of Deposit (with maturities greater than 3 months) | 750,000 | (750,000) |
| Fifth Third Govt. Securities | (1,249,708) | 1,249,708 |
| Repurchase Agreements | (1,384,796) | 1,384,796 |
| STAR Ohio | (9,065,787) | 9,065,787 |
| Per GASB Statement No. 3 | \$895,583 | \$21,463,158 |

* - Includes restricted cash

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the District. Real property taxes (other than public utility) collected during 2009 were levied after April 1, 2008 on assessed values as of January 1, 2008, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made the third year following reappraisal. The last revaluation was completed in 2008. Real property taxes are payable annually or semi-annually. The first payment is due December 31, with the remainder payable by June 20.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009

NOTE 5 - PROPERTY TAXES (Continued)

Tangible personal property tax revenues received in 2009 (other than public utility property) represent the collection of 2009 taxes. Tangible personal property taxes received in 2009 were levied after April 1, 2008, on the true value as of January 1, 2008. In prior years, tangible personal property assessments were twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Tangible personal property tax is being phased out. The assessment percentage for property, including inventory was 6.25% for 2008. This percentage will be reduced to zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2006-2012, the District will be fully reimbursed for the lost revenue. In calendar years 2013-2017, the reimbursements will be phased out.

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

The School District receives property taxes from Montgomery County. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 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, 2009 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, 2009 was \$2,987,976 in the general fund, \$418,650 in the debt service fund, and \$38,264 in the permanent improvement capital projects fund.

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

KETTERING CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009**

NOTE 5 - PROPERTY TAXES (Continued)

The assessed values upon which the fiscal year 2009 taxes were collected are:

| | 2008 Second Half Collections | 2009 First Half Collections |
|--|---------------------------------|--------------------------------|
| Agricultural/Residential and Other Real Estate | \$1,284,465,470 | \$1,287,214,020 |
| Public Utility Personal | 61,379,830 | 67,124,670 |
| Tangible Personal Property | 50,549,093 | 6,132,430 |
| Total Assessed Value | <u>\$1,396,394,393</u> | <u>\$1,360,471,120</u> |
| Tax rate per \$1,000 of assessed valuation | \$71.30 | \$72.20 |

NOTE 6 - RECEIVABLES

Receivables at June 30, 2009 consisted of taxes, accounts receivable and intergovernmental receivables. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of Federal funds.

NOTE 7 - TRANSFERS

Following is a summary of transfers in and out for all funds at June 30, 2009:

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

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

NOTE 8 - INTERFUND BALANCES

Following is a summary of interfund receivables/payables for all funds at June 30, 2009:

| Fund | Interfund Loans Receivable | Interfund Loans Payable |
|--------------------------|-------------------------------|----------------------------|
| General Fund | \$26,200 | \$0 |
| Bond Retirement Fund | 100,000 | 0 |
| Other Governmental Funds | 0 | 126,200 |
| Totals | <u>\$126,200</u> | <u>\$126,200</u> |

The Interfund Loans are a short-term loans arising from timing differences.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009

NOTE 9 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at June 30, 2009:

| <i>Historical Cost:</i> | June 30, | | | June 30, |
|--|-----------------------|------------------------|--------------------|-----------------------|
| Class | 2008 | Additions | Deletions | 2009 |
| Capital assets not being depreciated: | | | | |
| Land | \$466,616 | \$0 | \$0 | \$466,616 |
| Capital assets being depreciated: | | | | |
| Buildings and Improvements | 136,196,566 | 0 | 0 | 136,196,566 |
| Furniture, Vehicles and Equipment | 7,192,979 | 708,955 | (158,429) | 7,743,505 |
| Total Cost | <u>\$143,856,161</u> | <u>\$708,955</u> | <u>(\$158,429)</u> | <u>\$144,406,687</u> |
| Accumulated Depreciation: | | | | |
| Class | June 30, | | | June 30, |
| | 2008 | Additions | Deletions | 2009 |
| Buildings and Improvements | (\$22,282,289) | (\$1,702,457) | \$0 | (\$23,984,746) |
| Furniture, Vehicles and Equipment | (2,999,268) | (1,702,853) | 135,224 | (4,566,897) |
| Total Depreciation | <u>(\$25,281,557)</u> | <u>(\$3,405,310) *</u> | <u>\$135,224</u> | <u>(\$28,551,643)</u> |
| Net Value: | <u>\$118,574,604</u> | | | <u>\$115,855,044</u> |

* Depreciation expenses were charged to governmental functions as follows:

| | |
|-----------------------------------|--------------------|
| Instruction: | |
| Regular | \$1,815,333 |
| Special | 63,423 |
| Vocational | 102,730 |
| Support Services: | |
| Pupils | 4,603 |
| Instructional Staff | 101,870 |
| Administration | 249,312 |
| Fiscal | 3,955 |
| Operations & Maintenance of Plant | 146,196 |
| Pupil Transportation | 344,928 |
| Central | 64,954 |
| Other Noninstructional Services | 208,287 |
| Extracurricular Activities | 299,719 |
| Total Depreciation Expense | <u>\$3,405,310</u> |

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009

NOTE 10 - DEFINED BENEFIT PENSION PLANS

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

A. School Employee Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$1,121,498, \$1,069,649 and \$1,260,579 respectively, which were equal to the required contributions for each year.

B. State Teachers Retirement System

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

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

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

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

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

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2008, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$5,312,032, \$5,087,314, and \$5,171,049 respectively; which were equal to the required contributions for each year. Contributions to the DC and Combined Plans for fiscal year 2009 were \$104,425 made by the District and \$162,252 made by the plan members.

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 of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2009, one member of the Board of Education has elected Social Security. The contribution rate is 6.2 percent of wages.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$690,596, \$737,343, and \$564,212 respectively; which were equal to the required contributions for each year.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$92,533, \$77,515, and \$76,500 respectively; which were equal to the required contributions for each year.

B. State Teachers Retirement System

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

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System (Continued)

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$408,618, \$391,332, and \$397,773 respectively; which were equal to the required contributions for each year.

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KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009

NOTE 12- LONG-TERM DEBT AND OTHER OBLIGATIONS

Detail of the changes in the long-term debt of the District for the year ended June 30, 2009 is as follows:

| | Balance June 30, 2008 | Additions | Deductions | Balance June 30, 2009 | Amount Due Within One Year |
|------------------------------------|-----------------------------|--------------------|-----------------------|-----------------------------|----------------------------------|
| 2003 School Improvement | \$20,635,000 | \$0 | (\$1,735,000) | \$18,900,000 | \$1,970,000 |
| 2004 School Improvement | 2,190,000 | 0 | (335,000) | 1,855,000 | 345,000 |
| 2005 School Improvement Refunding | 11,099,989 | 0 | (560,000) | 10,539,989 | 590,000 |
| 2006 School Improvement Refunding | 9,639,994 | 0 | (35,000) | 9,604,994 | 35,000 |
| 2007 School Improvement Refunding | 56,619,996 | 0 | (30,000) | 56,589,996 | 35,000 |
| 2002 Energy Conservation | 733,750 | 0 | (75,992) | 657,758 | 80,027 |
| Sub-Total General Obligation Bonds | 100,918,729 | 0 | (2,770,992) | 98,147,737 | 3,055,027 |
| Interest Accretion | 117,651 | 38,246 | 0 | 155,897 | 0 |
| Deferred Loss on Defeasance | (2,245,888) | 0 | 158,701 | (2,087,187) | (158,701) |
| Premium General Obligation Bonds | 5,716,461 | 0 | (263,158) | 5,453,303 | 263,158 |
| Total General Obligation Bonds | 104,506,953 | 38,246 | (2,875,449) | 101,669,750 | 3,159,484 |
| Capital Leases Payable | 1,573,354 | 0 | (457,511) | 1,115,843 | 466,975 |
| Early Retirement Incentive | 414,000 | 0 | (138,000) | 276,000 | 138,000 |
| Compensated Absences | 7,876,156 | 8,196,088 | (7,876,156) | 8,196,088 | 717,588 |
| Total Governmental Long-Term Debt | <u>\$114,370,463</u> | <u>\$8,234,334</u> | <u>(\$11,347,116)</u> | <u>\$111,257,681</u> | <u>\$4,482,047</u> |

2003 School Improvement Bond

| | |
|------------------------|--|
| Purpose: | Finance new construction and renovations at each of the District's 12 schools. |
| Original Issue Amount: | \$87,400,000 |
| Issue Date: | 2003 |
| Payment Dates: | June 1 and December 1 |
| Interest Rate: | 2.3% at June 30, 2009; rate changes to 3% in 2010, 3.15% in 2011 3.3% in 2012, 3.5% in 2014 and 5% from 2015 - 2030 |
| Maturity Date: | 2030 |

2004 School Improvement Bond

| | |
|------------------------|---|
| Purpose: | Finance new construction and renovations at each of the District's 12 schools. |
| Original Issue Amount: | \$15,000,000 |
| Issue Date: | 2004 |
| Payment Dates: | June 1 and December 1 |
| Interest Rate: | 2.75% at June 30, 2009; rate changes to 3% in 2010, 3.5% in 2011, 3.75% in 2012, 4% from 2013-2015 |
| Maturity Date: | 2015 |

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009

NOTE 12- LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

2005 School Improvement Refunding Bond

| | |
|------------------------|---|
| Purpose: | To advance refund 2003 School Improvement Bond |
| Original Issue Amount: | \$12,149,989 |
| Issue Date: | 2005 |
| Payment Dates: | June 1 and December 1 |
| Interest Rate: | 2.5% at June 30, 2009; rate changes to 3% in 2010, 3.25% in 2011, 3.5% in 2012, and 5% from 2015 - 2022 |
| Maturity Date: | 2022 |

2006 School Improvement Refunding Bond

| | |
|------------------------|--|
| Purpose: | To partially refund 2003 School Improvement Bond |
| Original Issue Amount: | \$9,639,994 |
| Issue Date: | 2006 |
| Payment Dates: | June 1 and December 1 |
| Interest Rate: | 4% at June 30, 2009; rate changes to 4.05% in 2016 and 4.375% in 2018, |
| Maturity Date: | 2031 |

2007 School Improvement Refunding Bond

| | |
|------------------------|---|
| Purpose: | To partially refund portions of the 2003 & 2004 School Improvement Bonds |
| Original Issue Amount: | \$57,359,996 |
| Issue Date: | 2007 |
| Payment Dates: | June 1 and December 1 |
| Interest Rate: | 4.0% at June 30, 2009; rate changes to 4.05% in 2015, 4% in 2016, 5% in 2017, 4.75% in 2019, 4.25% in 2024 and 5.25% from 2027 - 2032 |
| Maturity Date: | 2032 |

2002 Energy Conservation Bond

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

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009

NOTE 12- LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

A. Principal and Interest Requirements

A summary of the District's future long-term debt funding requirements including principal and interest payments as of June 30, 2009, follows:

| Years | General Obligation Bonds | | |
|-----------|--------------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2010 | \$3,055,027 | \$4,325,218 | \$7,380,245 |
| 2011 | 3,164,276 | 4,253,197 | 7,417,473 |
| 2012 | 2,998,741 | 4,129,476 | 7,128,217 |
| 2013 | 3,538,464 | 4,024,294 | 7,562,758 |
| 2014 | 3,658,427 | 3,878,348 | 7,536,775 |
| 2015-2019 | 19,532,802 | 17,942,024 | 37,474,826 |
| 2020-2024 | 23,795,000 | 11,790,422 | 35,585,422 |
| 2025-2029 | 25,395,000 | 6,278,832 | 31,673,832 |
| 2030-2032 | 13,010,000 | 710,178 | 13,720,178 |
| Totals | <u>\$98,147,737</u> | <u>\$57,331,989</u> | <u>\$155,479,726</u> |

B. Defeased Debt

In November 2006, the District partially refunded \$9,640,000 of General Obligation Bonds for School Improvement Series 2003, dated March 27, 2003, through the issuance of \$9,639,994 of General Obligation Bonds. The net proceeds of the 2006 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$9,640,000 at June 30, 2009, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

In March 2007, the District partially refunded \$45,960,000 of General Obligation Bonds for School Improvement Series 2003, dated March 27, 2003, and partially refunded \$11,400,000 of General Obligation Bonds for School Improvement Series 2004, dated April 29, 2004, through the issuance of \$57,359,996 of General Obligation Bonds. The net proceeds of the 2008 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have outstanding balances of \$45,960,000 and \$11,400,000, respectively, at June 30, 2009, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009

NOTE 12- LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

C. Early Retirement Incentive

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

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

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

NOTE 13 - CAPITAL LEASE COMMITMENTS

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

The following is a schedule of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2009:

| <u>Year Ending June 30,</u> | <u>Capital Leases</u> |
|--|---------------------------|
| 2010 | \$508,783 |
| 2011 | 504,461 |
| 2012 | <u>177,476</u> |
| Minimum Lease Payments | 1,190,720 |
| Less: Amount representing interest at the District's incremental borrowing rate of interest | <u>(74,877)</u> |
| Present value of minimum lease payments | <u><u>\$1,115,843</u></u> |

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009

NOTE 14 - 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 2009, the District contracted with Ohio Casualty through Brower Insurance Agency for general liability insurance with a \$1,000,000 per occurrence limit and a \$2,000,000 aggregate. Property is protected by Ohio Casualty through Brower Insurance Agency and holds a \$5,000 occurrence deductible.

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

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

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

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

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

The District provides life insurance and accidental death and dismemberment insurance to most employees through Prudential Life Insurance Company. 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 2009 and 2008 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> |
|--------------------|---|---|----------------------------|---|
| 2008 | \$213,562 | \$880,464 | (\$879,135) | \$214,891 |
| 2009 | 214,891 | 895,832 | (878,819) | 231,904 |

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2009

NOTE 15 – 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, 2009, the reserve activity (cash-basis) was as follows:

| | Textbook Reserve | Capital Acquisition Reserve |
|--|----------------------|-----------------------------------|
| Set-aside Cash Balance as of June 30, 2008 | \$0 | \$0 |
| Carryover Balance from Prior Year | (1,998,083) | 0 |
| Current Year Set-Aside Requirement | 1,181,597 | 1,181,597 |
| Current Year Offset Credits | 0 | 0 |
| Qualifying Disbursements | <u>(993,690)</u> | <u>(1,562,639)</u> |
| Totals | <u>(\$1,810,176)</u> | <u>(\$381,042)</u> |
| Qualifying Carryover Amounts to FY 2010 | <u>(\$1,810,176)</u> | <u>(\$104,000,000)</u> |

Qualifying carryover amount to fiscal year 2009 cannot exceed (\$104,000,000) for capital acquisition set-aside. The \$104,000,000 represents the debt issuances from fiscal years 1998 and 2003.

NOTE 16 - CONTINGENCIES

A. Grants

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, 2009.

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, 2009.

NOTE 17 – SUBSEQUENT EVENT

In September of 2009 the District issued \$330,000 in General Obligation Notes bearing an interest rate of 4.5%. The notes were issued in anticipation of issuing General Obligation Bonds to remodel the District's media center.

KETTERING CITY SCHOOL DISTRICT



KETTERING CITY SCHOOL DISTRICT

C*OMBINING AND ***INDIVIDUAL ***F***UND
STATEMENTS AND ***S***CHEDULES**

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

KETTERING CITY SCHOOL DISTRICT

Nonmajor Governmental Funds

Special Revenue Funds

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

Food Services Fund

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

Special Trust Fund

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

Uniform School Supplies Fund

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

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". This fund also accounts for building rental revenue associated with Trent Arena.

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.

(Continued)

KETTERING CITY SCHOOL DISTRICT

Special Revenue Funds

Education Management Information System Fund

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

Public School Preschool Fund

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

Data Communications Fund

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

District Professional Development Fund

To account for the District's professional development.

OhioReads Fund

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

Alternative Fund

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

Poverty Based Assistance Fund

To account for monies received as part of the state foundation system to be appropriated for poverty based assistance. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Other State Funds Fund

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

Adult Basic Education Fund

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

Title II Fund

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

(Continued)

KETTERING CITY SCHOOL DISTRICT

Special Revenue Funds

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 grants, classrooms reduction grant, America Reads program, 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.

Building Fund

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

Replacement Fund

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

Permanent Fund

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

Permanent Fund

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

KETTERING CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009***

| | Nonmajor Special Revenue Funds | Nonmajor Capital Projects Funds | Permanent Fund | Total Nonmajor Governmental Funds |
|--|--------------------------------------|---------------------------------------|------------------|---|
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 2,263,831 | \$ 464,413 | \$ 2,871 | \$ 2,731,115 |
| Receivables: | | | | |
| Taxes | 0 | 575,569 | 0 | 575,569 |
| Intergovernmental | 823,327 | 0 | 0 | 823,327 |
| Inventory Held for Resale | 51,993 | 0 | 0 | 51,993 |
| Restricted Assets: | | | | |
| Cash and Cash Equivalents | 0 | 0 | 12,801 | 12,801 |
| Total Assets | \$ 3,139,151 | \$ 1,039,982 | \$ 15,672 | \$ 4,194,805 |
| Liabilities: | | | | |
| Accounts Payable | \$ 142,538 | \$ 186,339 | \$ 0 | \$ 328,877 |
| Accrued Wages and Benefits | 648,657 | 0 | 0 | 648,657 |
| Intergovernmental Payable | 150,468 | 0 | 0 | 150,468 |
| Interfund Loans Payable | 126,200 | 0 | 0 | 126,200 |
| Deferred Revenue | 817,701 | 537,305 | 0 | 1,355,006 |
| Total Liabilities | 1,885,564 | 723,644 | 0 | 2,609,208 |
| Fund Balances: | | | | |
| Reserved for Encumbrances | 130,746 | 24,871 | 0 | 155,617 |
| Reserved for Supplies Inventory | 51,993 | 0 | 0 | 51,993 |
| Reserved for Property Taxes | 0 | 38,264 | 0 | 38,264 |
| Reserved for Endowments | 0 | 0 | 12,801 | 12,801 |
| Unreserved, Undesignated in: | | | | |
| Special Revenue Funds | 1,070,848 | 0 | 0 | 1,070,848 |
| Capital Projects Funds | 0 | 253,203 | 0 | 253,203 |
| Permanent Fund | 0 | 0 | 2,871 | 2,871 |
| Total Fund Balances | 1,253,587 | 316,338 | 15,672 | 1,585,597 |
| Total Liabilities and Fund Balances | \$ 3,139,151 | \$ 1,039,982 | \$ 15,672 | \$ 4,194,805 |

KETTERING CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2009

| | Nonmajor Special Revenue Funds | Nonmajor Capital Projects Funds | Permanent Fund | Total Nonmajor Governmental Funds |
|--|--------------------------------------|---------------------------------------|------------------|---|
| Revenues: | | | | |
| Taxes | \$ 85 | \$ 593,154 | \$ 0 | \$ 593,239 |
| Tuition and Fees | 429,841 | 0 | 0 | 429,841 |
| Interest | 13,238 | 6,911 | 204 | 20,353 |
| Sales | 1,767,093 | 0 | 0 | 1,767,093 |
| Intergovernmental | 6,213,731 | 72,312 | 0 | 6,286,043 |
| Extracurricular Activities | 647,095 | 0 | 0 | 647,095 |
| Classroom Materials and Fees | 201,076 | 0 | 0 | 201,076 |
| Miscellaneous | 623,739 | 54,220 | 0 | 677,959 |
| Total Revenue | 9,895,898 | 726,597 | 204 | 10,622,699 |
| Expenditures: | | | | |
| Current: | | | | |
| Regular | 472,752 | 63,848 | 0 | 536,600 |
| Special | 1,575,632 | 0 | 0 | 1,575,632 |
| Vocational | 240,089 | 4,761 | 0 | 244,850 |
| Adult/Continuing | 41,716 | 0 | 0 | 41,716 |
| Supporting Services: | | | | |
| Pupils | 1,319,561 | 125,253 | 0 | 1,444,814 |
| Instructional Staff | 793,559 | 0 | 0 | 793,559 |
| Administration | 558,418 | 617 | 0 | 559,035 |
| Fiscal Services | 0 | 11,540 | 0 | 11,540 |
| Business | 23,651 | 0 | 0 | 23,651 |
| Operation and Maintenance of Plant | 54,085 | 309,626 | 0 | 363,711 |
| Pupil Transportation | 3,676 | 482,046 | 0 | 485,722 |
| Central | 67,256 | 28,000 | 0 | 95,256 |
| Non-Instructional Services | 4,593,275 | 0 | 0 | 4,593,275 |
| Extracurricular Activities | 420,088 | 0 | 0 | 420,088 |
| Facility Acquisition and Construction | 0 | 6,388 | 0 | 6,388 |
| Total Expenditures | 10,163,758 | 1,032,079 | 0 | 11,195,837 |
| Excess (Deficiency) of Revenues Over Expenditures | (267,860) | (305,482) | 204 | (573,138) |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 13,500 | 0 | 0 | 13,500 |
| Total Other Financing Sources (Uses) | 13,500 | 0 | 0 | 13,500 |
| Net Change in Fund Balance | (254,360) | (305,482) | 204 | (559,638) |
| Fund Balances at Beginning of Year | 1,496,635 | 621,820 | 15,468 | 2,133,923 |
| Increase in Inventory Reserve | 11,312 | 0 | 0 | 11,312 |
| Fund Balances End of Year | \$ 1,253,587 | \$ 316,338 | \$ 15,672 | \$ 1,585,597 |

KETTERING CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2009***

| | Food Services | Special Trust | Uniform School Supplies | Rotary Special Services | Public School Support |
|--|-------------------|------------------|----------------------------|----------------------------|--------------------------|
| Assets: | | | | | |
| Cash and Cash Equivalents | \$ 853,266 | \$ 77,735 | \$ 41,585 | \$ 12,817 | \$ 221,482 |
| Receivables: | | | | | |
| Intergovernmental | 0 | 0 | 0 | 0 | 0 |
| Inventory Held for Resale | 51,993 | 0 | 0 | 0 | 0 |
| Total Assets | \$ 905,259 | \$ 77,735 | \$ 41,585 | \$ 12,817 | \$ 221,482 |
| Liabilities: | | | | | |
| Accounts Payable | \$ 1,041 | \$ 938 | \$ 815 | \$ 94 | \$ 1,827 |
| Accrued Wages and Benefits | 136,717 | 0 | 0 | 0 | 0 |
| Intergovernmental Payable | 59,258 | 0 | 0 | 0 | 0 |
| Interfund Loans Payable | 0 | 0 | 0 | 126,200 | 0 |
| Deferred Revenue | 0 | 0 | 0 | 0 | 0 |
| Total Liabilities | 197,016 | 938 | 815 | 126,294 | 1,827 |
| Fund Balances: | | | | | |
| Reserved for Encumbrances | 6,001 | 694 | 18,458 | 1,499 | 9,953 |
| Reserved for Supplies Inventory | 51,993 | 0 | 0 | 0 | 0 |
| Unreserved, Undesignated in: | | | | | |
| Special Revenue Funds (Deficit) | 650,249 | 76,103 | 22,312 | (114,976) | 209,702 |
| Total Fund Balances (Deficit) | 708,243 | 76,797 | 40,770 | (113,477) | 219,655 |
| Total Liabilities and Fund Balances | \$ 905,259 | \$ 77,735 | \$ 41,585 | \$ 12,817 | \$ 221,482 |

KETTERING CITY SCHOOL DISTRICT

| Pathfinder/ Preschool | Special Enterprise | Athletic | Auxiliary Services | Education Management Information System | Public School Preschool | Data Communications |
|--------------------------|-----------------------|-------------------|-----------------------|--|----------------------------|------------------------|
| \$ 189,039 | \$ 159,257 | \$ 178,140 | \$ 223,344 | \$ 8,800 | \$ 16,046 | \$ 37 |
| 0 | 0 | 0 | 0 | 0 | 4,889 | 0 |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <u>\$ 189,039</u> | <u>\$ 159,257</u> | <u>\$ 178,140</u> | <u>\$ 223,344</u> | <u>\$ 8,800</u> | <u>\$ 20,935</u> | <u>\$ 37</u> |
| \$ 0 | \$ 15,385 | \$ 16,182 | \$ 61,450 | \$ 2,000 | \$ 18 | \$ 0 |
| 12,544 | 31,211 | 0 | 104,056 | 0 | 8,646 | 0 |
| 3,618 | 12,135 | 0 | 12,810 | 0 | 2,189 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>4,889</u> | <u>0</u> |
| <u>16,162</u> | <u>58,731</u> | <u>16,182</u> | <u>178,316</u> | <u>2,000</u> | <u>15,742</u> | <u>0</u> |
| 419 | 0 | 0 | 24,015 | 6,788 | 1,225 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>172,458</u> | <u>100,526</u> | <u>161,958</u> | <u>21,013</u> | <u>12</u> | <u>3,968</u> | <u>37</u> |
| <u>172,877</u> | <u>100,526</u> | <u>161,958</u> | <u>45,028</u> | <u>6,800</u> | <u>5,193</u> | <u>37</u> |
| <u>\$ 189,039</u> | <u>\$ 159,257</u> | <u>\$ 178,140</u> | <u>\$ 223,344</u> | <u>\$ 8,800</u> | <u>\$ 20,935</u> | <u>\$ 37</u> |

(Continued)

KETTERING CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2009***

| | District Professional Development | OhioReads | Alternative | Other State Funds | Adult Basic Education |
|--|---|-----------------|------------------|----------------------|--------------------------|
| Assets: | | | | | |
| Cash and Cash Equivalents | \$ 1,107 | \$ 6,283 | \$ 1,084 | \$ 18,438 | \$ 4,326 |
| Receivables: | | | | | |
| Intergovernmental | 0 | 0 | 11,262 | 12,742 | 0 |
| Inventory Held for Resale | 0 | 0 | 0 | 0 | 0 |
| Total Assets | \$ 1,107 | \$ 6,283 | \$ 12,346 | \$ 31,180 | \$ 4,326 |
| Liabilities: | | | | | |
| Accounts Payable | \$ 500 | \$ 0 | \$ 5,779 | \$ 20 | \$ 724 |
| Accrued Wages and Benefits | 0 | 0 | 0 | 0 | 5,739 |
| Intergovernmental Payable | 0 | 0 | 0 | 0 | 1,057 |
| Interfund Loans Payable | 0 | 0 | 0 | 0 | 0 |
| Deferred Revenue | 0 | 0 | 11,262 | 8,682 | 0 |
| Total Liabilities | 500 | 0 | 17,041 | 8,702 | 7,520 |
| Fund Balances: | | | | | |
| Reserved for Encumbrances | 500 | 0 | 5,258 | 0 | 1,050 |
| Reserved for Supplies Inventory | 0 | 0 | 0 | 0 | 0 |
| Unreserved, Undesignated in: | | | | | |
| Special Revenue Funds (Deficit) | 107 | 6,283 | (9,953) | 22,478 | (4,244) |
| Total Fund Balances (Deficit) | 607 | 6,283 | (4,695) | 22,478 | (3,194) |
| Total Liabilities and Fund Balances | \$ 1,107 | \$ 6,283 | \$ 12,346 | \$ 31,180 | \$ 4,326 |

KETTERING CITY SCHOOL DISTRICT

| Title II | EESATitle VI-B | Carl D. Perkins | Bilingual Education | Even Start Program | Title I | Title VI Innovation |
|------------------|-------------------|------------------|------------------------|-----------------------|-------------------|------------------------|
| \$ 10,834 | \$ 50,670 | \$ 62,408 | \$ 972 | \$ 20,690 | \$ 76,756 | \$ 5,632 |
| 53,383 | 276,062 | 0 | 7,821 | 94,138 | 340,575 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>\$ 64,217</u> | <u>\$ 326,732</u> | <u>\$ 62,408</u> | <u>\$ 8,793</u> | <u>\$ 114,828</u> | <u>\$ 417,331</u> | <u>\$ 5,632</u> |
| \$ 15,433 | \$ 3,781 | \$ 0 | \$ 83 | \$ 807 | \$ 0 | \$ 15,596 |
| 0 | 188,735 | 0 | 0 | 33,863 | 121,087 | 0 |
| 0 | 28,175 | 0 | 0 | 6,876 | 23,732 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 53,383 | 276,062 | 0 | 6,255 | 94,138 | 340,575 | 0 |
| <u>68,816</u> | <u>496,753</u> | <u>0</u> | <u>6,338</u> | <u>135,684</u> | <u>485,394</u> | <u>15,596</u> |
| 19,293 | 13,579 | 0 | 1,602 | 13,917 | 2,915 | 3,580 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>(23,892)</u> | <u>(183,600)</u> | <u>62,408</u> | <u>853</u> | <u>(34,773)</u> | <u>(70,978)</u> | <u>(13,544)</u> |
| <u>(4,599)</u> | <u>(170,021)</u> | <u>62,408</u> | <u>2,455</u> | <u>(20,856)</u> | <u>(68,063)</u> | <u>(9,964)</u> |
| <u>\$ 64,217</u> | <u>\$ 326,732</u> | <u>\$ 62,408</u> | <u>\$ 8,793</u> | <u>\$ 114,828</u> | <u>\$ 417,331</u> | <u>\$ 5,632</u> |

(Continued)

KETTERING CITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2009

| | Drug Free School Grant | Preschool Grant | Other Federal Programs | Total Nonmajor Special Revenue Funds |
|--|---------------------------|-----------------|---------------------------|--|
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 2,242 | \$ 827 | \$ 20,014 | \$ 2,263,831 |
| Receivables: | | | | |
| Intergovernmental | 16,485 | 5,866 | 104 | 823,327 |
| Inventory Held for Resale | 0 | 0 | 0 | 51,993 |
| Total Assets | <u>\$ 18,727</u> | <u>\$ 6,693</u> | <u>\$ 20,118</u> | <u>\$ 3,139,151</u> |
| Liabilities: | | | | |
| Accounts Payable | \$ 0 | \$ 0 | \$ 65 | \$ 142,538 |
| Accrued Wages and Benefits | 1,957 | 4,102 | 0 | 648,657 |
| Intergovernmental Payable | 199 | 419 | 0 | 150,468 |
| Interfund Loans Payable | 0 | 0 | 0 | 126,200 |
| Deferred Revenue | 16,485 | 5,866 | 104 | 817,701 |
| Total Liabilities | <u>18,641</u> | <u>10,387</u> | <u>169</u> | <u>1,885,564</u> |
| Fund Balances: | | | | |
| Reserved for Encumbrances | 0 | 0 | 0 | 130,746 |
| Reserved for Supplies Inventory | 0 | 0 | 0 | 51,993 |
| Unreserved, Undesignated in: | | | | |
| Special Revenue Funds (Deficit) | 86 | (3,694) | 19,949 | 1,070,848 |
| Total Fund Balances (Deficit) | <u>86</u> | <u>(3,694)</u> | <u>19,949</u> | <u>1,253,587</u> |
| Total Liabilities and Fund Balances | <u>\$ 18,727</u> | <u>\$ 6,693</u> | <u>\$ 20,118</u> | <u>\$ 3,139,151</u> |

KETTERING CITY SCHOOL DISTRICT



KETTERING CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds For the Fiscal Year Ended June 30, 2009

| | Food Services | Special Trust | Uniform School Supplies | Rotary Special Services | Public School Support |
|---|-------------------|------------------|----------------------------|----------------------------|--------------------------|
| Revenues: | | | | | |
| Taxes | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 85 |
| Tuition and Fees | 0 | 0 | 0 | 0 | 0 |
| Interest | 3,585 | 699 | 0 | 0 | 5,333 |
| Sales | 1,767,093 | 0 | 0 | 0 | 0 |
| Intergovernmental | 1,387,130 | 0 | 0 | 0 | 0 |
| Extracurricular Activities | 0 | 15,239 | 0 | 0 | 222,695 |
| Classroom Materials and Fees | 0 | 0 | 182,062 | 0 | 19,014 |
| Miscellaneous | 8,567 | 7,999 | 0 | 30,352 | 66,645 |
| Total Revenue | 3,166,375 | 23,937 | 182,062 | 30,352 | 313,772 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | 0 | 0 | 178,718 | 0 | 61,733 |
| Special | 0 | 0 | 0 | 0 | 0 |
| Vocational | 0 | 0 | 15,127 | 117,676 | 0 |
| Adult/Continuing | 0 | 0 | 0 | 0 | 0 |
| Supporting Services: | | | | | |
| Pupils | 0 | 0 | 0 | 0 | 0 |
| Instructional Staff | 0 | 22,108 | 0 | 0 | 5,638 |
| Administration | 0 | 0 | 0 | 0 | 248,750 |
| Business | 23,651 | 0 | 0 | 0 | 0 |
| Operation and Maintenance of Plant | 13,274 | 0 | 0 | 0 | 0 |
| Pupil Transportation | 0 | 0 | 0 | 0 | 0 |
| Central | 0 | 0 | 0 | 0 | 0 |
| Non-Instructional Services | 3,109,577 | 0 | 0 | 0 | 0 |
| Extracurricular Activities | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures | 3,146,502 | 22,108 | 193,845 | 117,676 | 316,121 |
| Excess (Deficiency) of Revenues | | | | | |
| Over Expenditures | 19,873 | 1,829 | (11,783) | (87,324) | (2,349) |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | 0 | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 | 0 |
| Net Change in Fund Balance | 19,873 | 1,829 | (11,783) | (87,324) | (2,349) |
| Fund Balances at Beginning of Year | 677,058 | 74,968 | 52,553 | (26,153) | 222,004 |
| Increase in Inventory Reserve | 11,312 | 0 | 0 | 0 | 0 |
| Fund Balances End of Year | \$ 708,243 | \$ 76,797 | \$ 40,770 | \$ (113,477) | \$ 219,655 |

KETTERING CITY SCHOOL DISTRICT

| Pathfinder/ Preschool | Special Enterprise | Athletic | Auxiliary Services | Education Management Information System | Public School Preschool | Data Communications |
|--------------------------|-----------------------|-------------------|-----------------------|--|----------------------------|------------------------|
| \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 429,841 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 3,621 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 26,177 | 0 | 0 | 1,323,006 | 22,017 | 227,863 | 36,000 |
| 0 | 19 | 409,142 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 46,109 | 444,219 | 19,848 | 0 | 0 | 0 | 0 |
| <u>502,127</u> | <u>444,238</u> | <u>428,990</u> | <u>1,326,627</u> | <u>22,017</u> | <u>227,863</u> | <u>36,000</u> |
| 32,368 | 0 | 0 | 0 | 0 | 71,803 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 120,233 | 394,849 | 0 | 0 | 0 | 78,921 | 0 |
| 207,392 | 970 | 0 | 0 | 0 | 46,565 | 0 |
| 51,349 | 0 | 0 | 0 | 0 | 24,484 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 21,232 | 7,156 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3,382 | 0 | 0 | 0 | 19,932 | 0 | 36,239 |
| 0 | 33,077 | 0 | 1,336,271 | 0 | 193 | 0 |
| 0 | 0 | 420,088 | 0 | 0 | 0 | 0 |
| <u>414,724</u> | <u>450,128</u> | <u>427,244</u> | <u>1,336,271</u> | <u>19,932</u> | <u>221,966</u> | <u>36,239</u> |
| 87,403 | (5,890) | 1,746 | (9,644) | 2,085 | 5,897 | (239) |
| <u>0</u> | <u>0</u> | <u>13,500</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <u>0</u> | <u>0</u> | <u>13,500</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 87,403 | (5,890) | 15,246 | (9,644) | 2,085 | 5,897 | (239) |
| 85,474 | 106,416 | 146,712 | 54,672 | 4,715 | (704) | 276 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>\$ 172,877</u> | <u>\$ 100,526</u> | <u>\$ 161,958</u> | <u>\$ 45,028</u> | <u>\$ 6,800</u> | <u>\$ 5,193</u> | <u>\$ 37</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, 2009

| | District Professional Development | OhioReads | Alternative | Poverty Based Assistance | Other State Funds |
|---|---|-----------------|-------------------|-----------------------------|----------------------|
| Revenues: | | | | | |
| Taxes | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Tuition and Fees | 0 | 0 | 0 | 0 | 0 |
| Interest | 0 | 0 | 0 | 0 | 0 |
| Sales | 0 | 0 | 0 | 0 | 0 |
| Intergovernmental | 2,970 | 0 | 13,642 | 108,638 | 56,371 |
| Extracurricular Activities | 0 | 0 | 0 | 0 | 0 |
| Classroom Materials and Fees | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous | 0 | 0 | 0 | 0 | 0 |
| Total Revenue | <u>2,970</u> | <u>0</u> | <u>13,642</u> | <u>108,638</u> | <u>56,371</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | 0 | 0 | 16,834 | 0 | 1,514 |
| Special | 0 | 0 | 0 | 0 | 8,417 |
| Vocational | 0 | 0 | 0 | 0 | 18,936 |
| Adult/Continuing | 0 | 0 | 0 | 0 | 0 |
| Supporting Services: | | | | | |
| Pupils | 0 | 0 | 1,414 | 0 | 25,075 |
| Instructional Staff | 2,470 | 0 | 0 | 108,638 | 0 |
| Administration | 0 | 0 | 500 | 0 | 0 |
| Business | 0 | 0 | 0 | 0 | 0 |
| Operation and Maintenance of Plant | 0 | 0 | 0 | 0 | 0 |
| Pupil Transportation | 0 | 0 | 0 | 0 | 0 |
| Central | 0 | 0 | 0 | 0 | 0 |
| Non-Instructional Services | 0 | 0 | 0 | 0 | 0 |
| Extracurricular Activities | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures | <u>2,470</u> | <u>0</u> | <u>18,748</u> | <u>108,638</u> | <u>53,942</u> |
| Excess (Deficiency) of Revenues | | | | | |
| Over Expenditures | 500 | 0 | (5,106) | 0 | 2,429 |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | 0 | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Change in Fund Balance | 500 | 0 | (5,106) | 0 | 2,429 |
| Fund Balances at Beginning of Year | 107 | 6,283 | 411 | 0 | 20,049 |
| Increase in Inventory Reserve | 0 | 0 | 0 | 0 | 0 |
| Fund Balances End of Year | <u>\$ 607</u> | <u>\$ 6,283</u> | <u>\$ (4,695)</u> | <u>\$ 0</u> | <u>\$ 22,478</u> |

KETTERING CITY SCHOOL DISTRICT

| Adult Basic Education | Title II | EESATitle VI-B | Carl D. Perkins | Bilingual Education | Even Start Program | Title I |
|--------------------------|-------------------|---------------------|------------------|------------------------|-----------------------|--------------------|
| \$ 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 | 0 |
| 97,019 | 221,604 | 1,232,292 | 89,912 | 20,481 | 319,269 | 910,643 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>97,019</u> | <u>221,604</u> | <u>1,232,292</u> | <u>89,912</u> | <u>20,481</u> | <u>319,269</u> | <u>910,643</u> |
| 0 | 0 | 0 | 0 | 17,764 | 0 | 0 |
| 0 | 0 | 776,755 | 0 | 0 | 151,712 | 632,054 |
| 0 | 0 | 0 | 88,350 | 0 | 0 | 0 |
| 41,716 | 0 | 0 | 0 | 0 | 0 | 0 |
| 54,620 | 0 | 337,920 | 0 | 49 | 74,324 | 231,563 |
| 0 | 219,591 | 43,134 | 0 | 0 | 55,281 | 75,189 |
| 4,114 | 0 | 188,216 | 0 | 0 | 41,005 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 3,676 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 7,703 |
| 0 | 350 | 105,319 | 0 | 0 | 4,500 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>100,450</u> | <u>219,941</u> | <u>1,451,344</u> | <u>88,350</u> | <u>17,813</u> | <u>330,498</u> | <u>946,509</u> |
| (3,431) | 1,663 | (219,052) | 1,562 | 2,668 | (11,229) | (35,866) |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| (3,431) | 1,663 | (219,052) | 1,562 | 2,668 | (11,229) | (35,866) |
| 237 | (6,262) | 49,031 | 60,846 | (213) | (9,627) | (32,197) |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>\$ (3,194)</u> | <u>\$ (4,599)</u> | <u>\$ (170,021)</u> | <u>\$ 62,408</u> | <u>\$ 2,455</u> | <u>\$ (20,856)</u> | <u>\$ (68,063)</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, 2009

| | Title VI Innovation | Drug Free School Grant | Preschool Grant | Other Federal Programs | Total Nonmajor Special Revenue Funds |
|---|------------------------|---------------------------|-------------------|---------------------------|--|
| Revenues: | | | | | |
| Taxes | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 85 |
| Tuition and Fees | 0 | 0 | 0 | 0 | 429,841 |
| Interest | 0 | 0 | 0 | 0 | 13,238 |
| Sales | 0 | 0 | 0 | 0 | 1,767,093 |
| Intergovernmental | 66,224 | 5,830 | 4,086 | 42,557 | 6,213,731 |
| Extracurricular Activities | 0 | 0 | 0 | 0 | 647,095 |
| Classroom Materials and Fees | 0 | 0 | 0 | 0 | 201,076 |
| Miscellaneous | 0 | 0 | 0 | 0 | 623,739 |
| Total Revenue | 66,224 | 5,830 | 4,086 | 42,557 | 9,895,898 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | 82,720 | 4,462 | 0 | 4,836 | 472,752 |
| Special | 0 | 0 | 6,694 | 0 | 1,575,632 |
| Vocational | 0 | 0 | 0 | 0 | 240,089 |
| Adult/Continuing | 0 | 0 | 0 | 0 | 41,716 |
| Supporting Services: | | | | | |
| Pupils | 0 | 0 | 0 | 593 | 1,319,561 |
| Instructional Staff | 0 | 2,583 | 0 | 4,000 | 793,559 |
| Administration | 0 | 0 | 0 | 0 | 558,418 |
| Business | 0 | 0 | 0 | 0 | 23,651 |
| Operation and Maintenance of Plant | 0 | 0 | 0 | 12,423 | 54,085 |
| Pupil Transportation | 0 | 0 | 0 | 0 | 3,676 |
| Central | 0 | 0 | 0 | 0 | 67,256 |
| Non-Instructional Services | 1,622 | 756 | 0 | 1,610 | 4,593,275 |
| Extracurricular Activities | 0 | 0 | 0 | 0 | 420,088 |
| Total Expenditures | 84,342 | 7,801 | 6,694 | 23,462 | 10,163,758 |
| Excess (Deficiency) of Revenues | | | | | |
| Over Expenditures | (18,118) | (1,971) | (2,608) | 19,095 | (267,860) |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | 0 | 0 | 0 | 0 | 13,500 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 | 13,500 |
| Net Change in Fund Balance | (18,118) | (1,971) | (2,608) | 19,095 | (254,360) |
| Fund Balances at Beginning of Year | 8,154 | 2,057 | (1,086) | 854 | 1,496,635 |
| Increase in Inventory Reserve | 0 | 0 | 0 | 0 | 11,312 |
| Fund Balances End of Year | \$ (9,964) | \$ 86 | \$ (3,694) | \$ 19,949 | \$ 1,253,587 |

KETTERING CITY SCHOOL DISTRICT



KETTERING CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2009***

| | Permanent Improvement | Replacement | Total Nonmajor Capital Projects Funds |
|--|--------------------------|--------------------------|---|
| Assets: | | | |
| Cash and Cash Equivalents | \$ 299,249 | \$ 165,164 | \$ 464,413 |
| Receivables: | | | |
| Taxes | <u>575,569</u> | <u>0</u> | <u>575,569</u> |
| Total Assets | <u><u>\$ 874,818</u></u> | <u><u>\$ 165,164</u></u> | <u><u>\$ 1,039,982</u></u> |
| Liabilities: | | | |
| Accounts Payable | \$ 44,101 | \$ 142,238 | \$ 186,339 |
| Deferred Revenue | <u>537,305</u> | <u>0</u> | <u>537,305</u> |
| Total Liabilities | <u><u>581,406</u></u> | <u><u>142,238</u></u> | <u><u>723,644</u></u> |
| Fund Balances: | | | |
| Reserved for Encumbrances | 24,871 | 0 | 24,871 |
| Reserved for Property Taxes | 38,264 | 0 | 38,264 |
| Unreserved, Undesignated in: | | | |
| Capital Projects Funds | <u>230,277</u> | <u>22,926</u> | <u>253,203</u> |
| Total Fund Balances | <u><u>293,412</u></u> | <u><u>22,926</u></u> | <u><u>316,338</u></u> |
| Total Liabilities and Fund Balances | <u><u>\$ 874,818</u></u> | <u><u>\$ 165,164</u></u> | <u><u>\$ 1,039,982</u></u> |

KETTERING CITY SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2009**

| | Permanent Improvement | Building | Replacement | Total Nonmajor Capital Projects Funds |
|---|--------------------------|----------|-------------|---|
| Revenues: | | | | |
| Taxes | \$ 593,154 | \$ 0 | \$ 0 | \$ 593,154 |
| Interest | 6,267 | 0 | 644 | 6,911 |
| Intergovernmental | 72,312 | 0 | 0 | 72,312 |
| Miscellaneous | 54,220 | 0 | 0 | 54,220 |
| Total Revenue | 725,953 | 0 | 644 | 726,597 |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 62,516 | 0 | 1,332 | 63,848 |
| Vocational | 4,761 | 0 | 0 | 4,761 |
| Supporting Services: | | | | |
| Pupils | 125,253 | 0 | 0 | 125,253 |
| Administration | 617 | 0 | 0 | 617 |
| Fiscal Services | 11,540 | 0 | 0 | 11,540 |
| Operation and Maintenance of Plant | 304,626 | 0 | 5,000 | 309,626 |
| Pupil Transportation | 469,483 | 0 | 12,563 | 482,046 |
| Central | 28,000 | 0 | 0 | 28,000 |
| Facility Acquisition and Construction | 5,053 | 1,335 | 0 | 6,388 |
| Total Expenditures | 1,011,849 | 1,335 | 18,895 | 1,032,079 |
| Net Change in Fund Balance | (285,896) | (1,335) | (18,251) | (305,482) |
| Fund Balances at Beginning of Year | 579,308 | 1,335 | 41,177 | 621,820 |
| Fund Balances End of Year | \$ 293,412 | \$ 0 | \$ 22,926 | \$ 316,338 |

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, 2009**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|-----------------|---------------|---------------|---|
| Revenues: | | | | |
| Taxes | \$ 51,692,867 | \$ 53,192,867 | \$ 51,686,931 | \$ (1,505,936) |
| Tuition and Fees | 248,479 | 185,280 | 263,480 | 78,200 |
| Transportation | 70,696 | 33,000 | 74,964 | 41,964 |
| Interest | 632,408 | 600,000 | 670,586 | 70,586 |
| Intergovernmental | 24,371,938 | 25,157,190 | 25,843,256 | 686,066 |
| Extracurricular Activities | 51,704 | 50,500 | 54,825 | 4,325 |
| Classroom Materials and Fees | 4,240 | 4,000 | 4,496 | 496 |
| Miscellaneous | 353,028 | 279,500 | 374,340 | 94,840 |
| Total Revenues | 77,425,360 | 79,502,337 | 78,972,878 | (529,459) |
| Expenditures: | | | | |
| Current: | | | | |
| Salaries and Wages | 50,135,640 | 49,889,440 | 49,333,218 | 556,222 |
| Fringe Benefits | 17,201,724 | 16,568,463 | 16,333,447 | 235,016 |
| Purchased Services | 7,532,805 | 9,210,022 | 8,980,520 | 229,502 |
| Supplies and Materials | 2,446,441 | 2,469,360 | 2,371,956 | 97,404 |
| Other Expenditures | 915,626 | 1,117,939 | 1,112,303 | 5,636 |
| Capital Outlay - New | 150,000 | 299,234 | 299,319 | (85) |
| Capital Outlay - Replacement | 125,000 | 125,000 | 124,960 | 40 |
| Debt Service: | | | | |
| Principal Retirement | 458,000 | 457,529 | 457,529 | 0 |
| Interest and Fiscal Charges | 51,151 | 56,323 | 55,401 | 922 |
| Total Expenditures | 79,016,387 | 80,193,310 | 79,068,653 | 1,124,657 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,591,027) | (690,973) | (95,775) | 595,198 |
| Other Financing Sources (Uses): | | | | |
| Transfers Out | 0 | (13,500) | (13,500) | 0 |
| Advances Out | 0 | (26,200) | (26,200) | 0 |
| Refund of Prior Year's Expenditures | 0 | 0 | 37,074 | 37,074 |
| Refund of Prior Year's Receipts | 0 | (1,000) | (510) | 490 |
| Total Other Financing Sources (Uses) | 0 | (40,700) | (3,136) | 37,564 |
| Net Change in Fund Balance | (1,591,027) | (731,673) | (98,911) | 632,762 |
| Fund Balance at Beginning of Year | 13,843,370 | 13,843,370 | 13,843,370 | 0 |
| Prior Year Encumbrances | 1,850,177 | 1,850,177 | 1,850,177 | 0 |
| Fund Balance at End of Year | \$ 14,102,520 | \$ 14,961,874 | \$ 15,594,636 | \$ 632,762 |

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, 2009***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|----------------------------|----------------------------|---|
| Total Revenues and Other Financing Sources | <u>\$ 7,726,888</u> | <u>\$ 6,665,995</u> | <u>\$ (1,060,893)</u> |
| Total Expenditures and Other Financing Uses | <u>7,283,364</u> | <u>7,270,763</u> | <u>12,601</u> |
| Net Change in Fund Balance | 443,524 | (604,768) | (1,048,292) |
| Fund Balance at Beginning of Year | <u>2,814,351</u> | <u>2,814,351</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$ 3,257,875</u></u> | <u><u>\$ 2,209,583</u></u> | <u><u>\$ (1,048,292)</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, 2009***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|-------------------|---|
| Total Revenues and Other Financing Sources | \$ 2,955,000 | \$ 2,801,706 | \$ (153,294) |
| Total Expenditures and Other Financing Uses | 3,084,467 | 2,786,996 | 297,471 |
| Net Change in Fund Balance | (129,467) | 14,710 | 144,177 |
| Fund Balance at Beginning of Year | 770,810 | 770,810 | 0 |
| Prior Year Encumbrances | 60,704 | 60,704 | 0 |
| Fund Balance at End of Year | <u>\$ 702,047</u> | <u>\$ 846,224</u> | <u>\$ 144,177</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, 2009***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|------------------|---|
| Total Revenues and Other Financing Sources | \$ 23,950 | \$ 24,028 | \$ 78 |
| Total Expenditures and Other Financing Uses | 31,548 | 22,831 | 8,717 |
| Net Change in Fund Balance | (7,598) | 1,197 | 8,795 |
| Fund Balance at Beginning of Year | 74,628 | 74,628 | 0 |
| Prior Year Encumbrances | 278 | 278 | 0 |
| Fund Balance at End of Year | <u>\$ 67,308</u> | <u>\$ 76,103</u> | <u>\$ 8,795</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, 2009***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|------------------|---|
| Total Revenues and Other Financing Sources | \$ 372,000 | \$ 182,062 | \$ (189,938) |
| Total Expenditures and Other Financing Uses | 367,224 | 212,421 | 154,803 |
| Net Change in Fund Balance | 4,776 | (30,359) | (35,135) |
| Fund Balance at Beginning of Year | 23,447 | 23,447 | 0 |
| Prior Year Encumbrances | 29,224 | 29,224 | 0 |
| Fund Balance at End of Year | <u>\$ 57,447</u> | <u>\$ 22,312</u> | <u>\$ (35,135)</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, 2009***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------------|-------------------------|---|
| Total Revenues and Other Financing Sources | <u>\$ 0</u> | <u>\$ 56,552</u> | <u>\$ 56,552</u> |
| Total Expenditures and Other Financing Uses | <u>125,551</u> | <u>121,914</u> | <u>3,637</u> |
| Net Change in Fund Balance | (125,551) | (65,362) | 60,189 |
| Fund Balance at Beginning of Year | 76,070 | 76,070 | 0 |
| Prior Year Encumbrances | <u>516</u> | <u>516</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$ (48,965)</u></u> | <u><u>\$ 11,224</u></u> | <u><u>\$ 60,189</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, 2009***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|-------------------|---|
| Total Revenues and Other Financing Sources | \$ 511,000 | \$ 314,502 | \$ (196,498) |
| Total Expenditures and Other Financing Uses | 562,931 | 342,971 | 219,960 |
| Net Change in Fund Balance | (51,931) | (28,469) | 23,462 |
| Fund Balance at Beginning of Year | 211,896 | 211,896 | 0 |
| Prior Year Encumbrances | 26,275 | 26,275 | 0 |
| Fund Balance at End of Year | <u>\$ 186,240</u> | <u>\$ 209,702</u> | <u>\$ 23,462</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, 2009***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|-------------------|---|
| Total Revenues and Other Financing Sources | \$ 427,457 | \$ 502,127 | \$ 74,670 |
| Total Expenditures and Other Financing Uses | 434,930 | 410,372 | 24,558 |
| Net Change in Fund Balance | (7,473) | 91,755 | 99,228 |
| Fund Balance at Beginning of Year | 89,199 | 89,199 | 0 |
| Prior Year Encumbrances | 7,666 | 7,666 | 0 |
| Fund Balance at End of Year | <u>\$ 89,392</u> | <u>\$ 188,620</u> | <u>\$ 99,228</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, 2009***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|-------------------|---|
| Total Revenues and Other Financing Sources | \$ 377,275 | \$ 444,238 | \$ 66,963 |
| Total Expenditures and Other Financing Uses | 487,003 | 460,552 | 26,451 |
| Net Change in Fund Balance | (109,728) | (16,314) | 93,414 |
| Fund Balance at Beginning of Year | 146,470 | 146,470 | 0 |
| Prior Year Encumbrances | 14,403 | 14,403 | 0 |
| Fund Balance at End of Year | <u>\$ 51,145</u> | <u>\$ 144,559</u> | <u>\$ 93,414</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, 2009***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|-------------------|---|
| Total Revenues and Other Financing Sources | \$ 665,800 | \$ 442,490 | \$ (223,310) |
| Total Expenditures and Other Financing Uses | 662,003 | 429,921 | 232,082 |
| Net Change in Fund Balance | 3,797 | 12,569 | 8,772 |
| Fund Balance at Beginning of Year | 145,980 | 145,980 | 0 |
| Prior Year Encumbrances | 9,641 | 9,641 | 0 |
| Fund Balance at End of Year | <u>\$ 159,418</u> | <u>\$ 168,190</u> | <u>\$ 8,772</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, 2009***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|-------------------|---|
| Total Revenues and Other Financing Sources | \$ 1,440,745 | \$ 1,327,357 | \$ (113,388) |
| Total Expenditures and Other Financing Uses | <u>1,554,694</u> | <u>1,417,144</u> | <u>137,550</u> |
| Net Change in Fund Balance | (113,949) | (89,787) | 24,162 |
| Fund Balance at Beginning of Year | 158,827 | 158,827 | 0 |
| Prior Year Encumbrances | <u>68,839</u> | <u>68,839</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 113,717</u> | <u>\$ 137,879</u> | <u>\$ 24,162</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, 2009***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------|---|
| Total Revenues and Other Financing Sources | \$ 28,000 | \$ 22,017 | \$ (5,983) |
| Total Expenditures and Other Financing Uses | 30,875 | 30,864 | 11 |
| Net Change in Fund Balance | (2,875) | (8,847) | (5,972) |
| Fund Balance at Beginning of Year | 0 | 0 | 0 |
| Prior Year Encumbrances | 8,859 | 8,859 | 0 |
| Fund Balance at End of Year | <u>\$ 5,984</u> | <u>\$ 12</u> | <u>\$ (5,972)</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, 2009***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|------------------|---|
| Total Revenues and Other Financing Sources | \$ 244,363 | \$ 227,863 | \$ (16,500) |
| Total Expenditures and Other Financing Uses | 262,852 | 231,449 | 31,403 |
| Net Change in Fund Balance | (18,489) | (3,586) | 14,903 |
| Fund Balance at Beginning of Year | 11,814 | 11,814 | 0 |
| Prior Year Encumbrances | 6,575 | 6,575 | 0 |
| Fund Balance at End of Year | <u>\$ (100)</u> | <u>\$ 14,803</u> | <u>\$ 14,903</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, 2009***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|---|
| Total Revenues and Other Financing Sources | <u>\$ 36,000</u> | <u>\$ 36,000</u> | <u>\$ 0</u> |
| Total Expenditures and Other Financing Uses | <u>37,021</u> | <u>36,984</u> | <u>37</u> |
| Net Change in Fund Balance | (1,021) | (984) | 37 |
| Fund Balance at Beginning of Year | 0 | 0 | 0 |
| Prior Year Encumbrances | <u>1,021</u> | <u>1,021</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$ 0</u></u> | <u><u>\$ 37</u></u> | <u><u>\$ 37</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, 2009***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------|---|
| Total Revenues and Other Financing Sources | \$ 2,970 | \$ 2,970 | \$ 0 |
| Total Expenditures and Other Financing Uses | <u>3,070</u> | <u>2,970</u> | <u>100</u> |
| Net Change in Fund Balance | (100) | 0 | 100 |
| Fund Balance at Beginning of Year | 7 | 7 | 0 |
| Prior Year Encumbrances | <u>100</u> | <u>100</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 7</u> | <u>\$ 107</u> | <u>\$ 100</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, 2009***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|------------------------|------------------------|---|
| Total Revenues and Other Financing Sources | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Total Expenditures and Other Financing Uses | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Change in Fund Balance | 0 | 0 | 0 |
| Fund Balance at Beginning of Year | <u>6,283</u> | <u>6,283</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$ 6,283</u></u> | <u><u>\$ 6,283</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, 2009***

| | ALTERNATIVE FUND | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|-------------------|---|
| | <u>Final Budget</u> | <u>Actual</u> | <u>(Negative)</u> |
| Total Revenues and Other Financing Sources | \$ 25,323 | \$ 13,846 | \$ (11,477) |
| Total Expenditures and Other Financing Uses | <u>25,379</u> | <u>24,210</u> | <u>1,169</u> |
| Net Change in Fund Balance | (56) | (10,364) | (10,308) |
| Fund Balance at Beginning of Year | 348 | 348 | 0 |
| Prior Year Encumbrances | <u>63</u> | <u>63</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 355</u> | <u>\$ (9,953)</u> | <u>\$ (10,308)</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, 2009***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------|---|
| Total Revenues and Other Financing Sources | \$ 108,088 | \$ 108,638 | \$ 550 |
| Total Expenditures and Other Financing Uses | 108,638 | 108,638 | 0 |
| Net Change in Fund Balance | (550) | 0 | 550 |
| Fund Balance at Beginning of Year | 0 | 0 | 0 |
| Fund Balance at End of Year | <u>\$ (550)</u> | <u>\$ 0</u> | <u>\$ 550</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, 2009***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|------------------|---|
| Total Revenues and Other Financing Sources | \$ 66,029 | \$ 52,311 | \$ (13,718) |
| Total Expenditures and Other Financing Uses | 70,770 | 53,922 | 16,848 |
| Net Change in Fund Balance | (4,741) | (1,611) | 3,130 |
| Fund Balance at Beginning of Year | 20,049 | 20,049 | 0 |
| Fund Balance at End of Year | <u>\$ 15,308</u> | <u>\$ 18,438</u> | <u>\$ 3,130</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, 2009***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|-----------------|---|
| Total Revenues and Other Financing Sources | \$ 94,659 | \$ 97,019 | \$ 2,360 |
| Total Expenditures and Other Financing Uses | 105,633 | 102,953 | 2,680 |
| Net Change in Fund Balance | (10,974) | (5,934) | 5,040 |
| Fund Balance at Beginning of Year | 7,483 | 7,483 | 0 |
| Prior Year Encumbrances | 1,003 | 1,003 | 0 |
| Fund Balance at End of Year | <u>\$ (2,488)</u> | <u>\$ 2,552</u> | <u>\$ 5,040</u> |

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2009***

| | TITLE II FUND | | Variance with Final Budget Positive (Negative) |
|--|----------------------|--------------------|---|
| | <u>Final Budget</u> | <u>Actual</u> | <u>(Negative)</u> |
| Total Revenues and Other Financing Sources | \$ 301,937 | \$ 221,604 | \$ (80,333) |
| Total Expenditures and Other Financing Uses | 268,976 | 251,259 | 17,717 |
| Net Change in Fund Balance | 32,961 | (29,655) | (62,616) |
| Fund Balance at Beginning of Year | (38,160) | (38,160) | 0 |
| Prior Year Encumbrances | 43,923 | 43,923 | 0 |
| Fund Balance at End of Year | <u>\$ 38,724</u> | <u>\$ (23,892)</u> | <u>\$ (62,616)</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, 2009***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|------------------|---|
| Total Revenues and Other Financing Sources | \$ 1,508,354 | \$ 1,232,292 | \$ (276,062) |
| Total Expenditures and Other Financing Uses | <u>1,401,921</u> | <u>1,359,288</u> | <u>42,633</u> |
| Net Change in Fund Balance | 106,433 | (126,996) | (233,429) |
| Fund Balance at Beginning of Year | 144,059 | 144,059 | 0 |
| Prior Year Encumbrances | <u>16,247</u> | <u>16,247</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 266,739</u> | <u>\$ 33,310</u> | <u>\$ (233,429)</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, 2009***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|------------------|---|
| Total Revenues and Other Financing Sources | \$ 88,000 | \$ 89,912 | \$ 1,912 |
| Total Expenditures and Other Financing Uses | 151,394 | 90,564 | 60,830 |
| Net Change in Fund Balance | (63,394) | (652) | 62,742 |
| Fund Balance at Beginning of Year | 61,626 | 61,626 | 0 |
| Prior Year Encumbrances | 1,434 | 1,434 | 0 |
| Fund Balance at End of Year | <u>\$ (334)</u> | <u>\$ 62,408</u> | <u>\$ 62,742</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, 2009***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|-----------------|---|
| Total Revenues and Other Financing Sources | \$ 25,395 | \$ 18,915 | \$ (6,480) |
| Total Expenditures and Other Financing Uses | 30,051 | 20,099 | 9,952 |
| Net Change in Fund Balance | (4,656) | (1,184) | 3,472 |
| Fund Balance at Beginning of Year | (4,124) | (4,124) | 0 |
| Prior Year Encumbrances | 4,595 | 4,595 | 0 |
| Fund Balance at End of Year | <u>\$ (4,185)</u> | <u>\$ (713)</u> | <u>\$ 3,472</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, 2009***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|-----------------|---|
| Total Revenues and Other Financing Sources | \$ 400,089 | \$ 319,269 | \$ (80,820) |
| Total Expenditures and Other Financing Uses | 426,293 | 323,394 | 102,899 |
| Net Change in Fund Balance | (26,204) | (4,125) | 22,079 |
| Fund Balance at Beginning of Year | 8,638 | 8,638 | 0 |
| Prior Year Encumbrances | 1,453 | 1,453 | 0 |
| Fund Balance at End of Year | <u>\$ (16,113)</u> | <u>\$ 5,966</u> | <u>\$ 22,079</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, 2009***

| | TITLE I FUND | | Variance with Final Budget Positive (Negative) |
|--|---------------------------|-------------------------|---|
| | <u>Final Budget</u> | <u>Actual</u> | <u>(Negative)</u> |
| Total Revenues and Other Financing Sources | <u>\$ 1,251,217</u> | <u>\$ 910,643</u> | <u>\$ (340,574)</u> |
| Total Expenditures and Other Financing Uses | <u>1,327,668</u> | <u>874,819</u> | <u>452,849</u> |
| Net Change in Fund Balance | (76,451) | 35,824 | 112,275 |
| Fund Balance at Beginning of Year | 37,027 | 37,027 | 0 |
| Prior Year Encumbrances | <u>990</u> | <u>990</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$ (38,434)</u></u> | <u><u>\$ 73,841</u></u> | <u><u>\$ 112,275</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, 2009***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|--------------------|---|
| Total Revenues and Other Financing Sources | \$ 83,538 | \$ 66,224 | \$ (17,314) |
| Total Expenditures and Other Financing Uses | 94,691 | 88,720 | 5,971 |
| Net Change in Fund Balance | (11,153) | (22,496) | (11,343) |
| Fund Balance at Beginning of Year | (16,556) | (16,556) | 0 |
| Prior Year Encumbrances | 25,508 | 25,508 | 0 |
| Fund Balance at End of Year | <u>\$ (2,201)</u> | <u>\$ (13,544)</u> | <u>\$ (11,343)</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, 2009***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|-----------------|---|
| Total Revenues and Other Financing Sources | \$ 25,625 | \$ 9,140 | \$ (16,485) |
| Total Expenditures and Other Financing Uses | 28,029 | 5,766 | 22,263 |
| Net Change in Fund Balance | (2,404) | 3,374 | 5,778 |
| Fund Balance at Beginning of Year | (1,132) | (1,132) | 0 |
| Fund Balance at End of Year | <u>\$ (3,536)</u> | <u>\$ 2,242</u> | <u>\$ 5,778</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, 2009***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------|---|
| Total Revenues and Other Financing Sources | \$ 7,581 | \$ 4,086 | \$ (3,495) |
| Total Expenditures and Other Financing Uses | <u>13,201</u> | <u>6,673</u> | <u>6,528</u> |
| Net Change in Fund Balance | (5,620) | (2,587) | 3,033 |
| Fund Balance at Beginning of Year | (3,177) | (3,177) | 0 |
| Prior Year Encumbrances | <u>6,591</u> | <u>6,591</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ (2,206)</u> | <u>\$ 827</u> | <u>\$ 3,033</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, 2009***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|------------------|---|
| Total Revenues and Other Financing Sources | \$ 24,389 | \$ 42,557 | \$ 18,168 |
| Total Expenditures and Other Financing Uses | 24,034 | 23,457 | 577 |
| Net Change in Fund Balance | 355 | 19,100 | 18,745 |
| Fund Balance at Beginning of Year | 854 | 854 | 0 |
| Fund Balance at End of Year | <u>\$ 1,209</u> | <u>\$ 19,954</u> | <u>\$ 18,745</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, 2009***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|-------------------|---|
| Total Revenues and Other Financing Sources | \$ 657,714 | \$ 731,724 | \$ 74,010 |
| Total Expenditures and Other Financing Uses | 1,226,546 | 1,115,921 | 110,625 |
| Net Change in Fund Balance | (568,832) | (384,197) | 184,635 |
| Fund Balance at Beginning of Year | 132,928 | 132,928 | 0 |
| Prior Year Encumbrances | 481,546 | 481,546 | 0 |
| Fund Balance at End of Year | <u>\$ 45,642</u> | <u>\$ 230,277</u> | <u>\$ 184,635</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, 2009***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|--------------------|---|
| Total Revenues and Other Financing Sources | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Total Expenditures and Other Financing Uses | <u>1,335</u> | <u>1,335</u> | <u>0</u> |
| Net Change in Fund Balance | (1,335) | (1,335) | 0 |
| Fund Balance at Beginning of Year | <u>1,335</u> | <u>1,335</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$ 0</u></u> | <u><u>\$ 0</u></u> | <u><u>\$ 0</u></u> |

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2009***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|---------------------|------------------|---|
| Total Revenues and Other Financing Sources | \$ 1,000 | \$ 720 | \$ (280) |
| Total Expenditures and Other Financing Uses | 30,000 | 6,332 | 23,668 |
| Net Change in Fund Balance | (29,000) | (5,612) | 23,388 |
| Fund Balance at Beginning of Year | 41,104 | 41,104 | 0 |
| Fund Balance at End of Year | <u>\$ 12,104</u> | <u>\$ 35,492</u> | <u>\$ 23,388</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, 2009***

| | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|-------------------------|-------------------------|---|
| Total Revenues and Other Financing Sources | \$ 420 | \$ 232 | \$ (188) |
| Total Expenditures and Other Financing Uses | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Change in Fund Balance | 420 | 232 | (188) |
| Fund Balance at Beginning of Year | <u>15,440</u> | <u>15,440</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$ 15,860</u></u> | <u><u>\$ 15,672</u></u> | <u><u>\$ (188)</u></u> |

KETTERING CITY SCHOOL DISTRICT

Fiduciary Funds

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

Agency Funds

Student Managed Activity Fund

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

Rotary Fund

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

Employee Benefits Fund

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

KETTERING CITY SCHOOL DISTRICT

***Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2009***

| | Balance June 30, 2008 | Additions | Deductions | Balance June 30, 2009 |
|---|-----------------------------|-----------|-------------|-----------------------------|
| <u>Student Managed Activity Fund</u> | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | \$55,342 | \$165,369 | (\$164,723) | \$55,988 |
| Total Assets | \$55,342 | \$165,369 | (\$164,723) | \$55,988 |
| Liabilities: | | | | |
| Due to Students | \$55,342 | \$165,369 | (\$164,723) | \$55,988 |
| Total Liabilities | \$55,342 | \$165,369 | (\$164,723) | \$55,988 |
| <u>Rotary Fund</u> | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | \$8,554 | \$21,481 | (\$27,000) | \$3,035 |
| Total Assets | \$8,554 | \$21,481 | (\$27,000) | \$3,035 |
| Liabilities: | | | | |
| Due to Others | \$8,554 | \$21,481 | (\$27,000) | \$3,035 |
| Total Liabilities | \$8,554 | \$21,481 | (\$27,000) | \$3,035 |
| <u>Employee Benefits Fund</u> | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | \$129,993 | \$303,403 | (\$279,491) | \$153,905 |
| Total Assets | \$129,993 | \$303,403 | (\$279,491) | \$153,905 |
| Liabilities: | | | | |
| Claims Payable | \$70,737 | \$69,620 | (\$70,737) | \$69,620 |
| Due to Others | 59,256 | 233,783 | (208,754) | 84,285 |
| Total Liabilities | \$129,993 | \$303,403 | (\$279,491) | \$153,905 |
| <u>Totals - All Agency Funds</u> | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | \$193,889 | \$490,253 | (\$471,214) | \$212,928 |
| Total Assets | \$193,889 | \$490,253 | (\$471,214) | \$212,928 |
| Liabilities: | | | | |
| Claims Payable | \$70,737 | \$69,620 | (\$70,737) | \$69,620 |
| Due to Others | 67,810 | 255,264 | (235,754) | 87,320 |
| Due to Students | 55,342 | 165,369 | (164,723) | 55,988 |
| Total Liabilities | \$193,889 | \$490,253 | (\$471,214) | \$212,928 |

KETTERING CITY SCHOOL DISTRICT

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

KETTERING CITY SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
June 30, 2009***

Capital Assets

| | |
|-----------------------------------|-----------------------------|
| Land | \$466,616 |
| Buildings and Improvements | 136,196,566 |
| Furniture, Vehicles and Equipment | <u>7,743,505</u> |
| Total Capital Assets | <u><u>\$144,406,687</u></u> |

Investment in Capital Assets from:

| | |
|------------------------------------|-----------------------------|
| General Fund | \$5,752,192 |
| Special Revenue Funds | 919,825 |
| Capital Project Funds | <u>137,734,670</u> |
| Total Investment in Capital Assets | <u><u>\$144,406,687</u></u> |

KETTERING CITY SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2009***

| Function and Activity | Land | Buildings and Improvements | Furniture, Vehicles and Equipment | Total |
|---------------------------------------|------------------|----------------------------------|---|----------------------|
| Instructional Services | | | | |
| Regular | \$458,616 | \$16,794,580 | \$647,246 | \$17,900,442 |
| Special | 0 | 0 | 210,889 | 210,889 |
| Vocational | 0 | 0 | 479,353 | 479,353 |
| Support Services: | | | | |
| Pupils | 0 | 0 | 139,448 | 139,448 |
| Instructional Staff | 0 | 0 | 267,702 | 267,702 |
| Administration | 8,000 | 205,000 | 120,461 | 333,461 |
| Fiscal Services | 0 | 0 | 68,798 | 68,798 |
| Business | 0 | 0 | 334,305 | 334,305 |
| Operation and Maintenance of Plant | 0 | 0 | 420,479 | 420,479 |
| Pupil Transportation | 0 | 0 | 2,697,721 | 2,697,721 |
| Central | 0 | 0 | 1,392,810 | 1,392,810 |
| Non-Instructional Services | 0 | 0 | 937,888 | 937,888 |
| Extracurricular Activities | 0 | 0 | 26,405 | 26,405 |
| Facility Acquisition and Construction | 0 | 119,196,986 | 0 | 119,196,986 |
| Total Capital Assets | <u>\$466,616</u> | <u>\$136,196,566</u> | <u>\$7,743,505</u> | <u>\$144,406,687</u> |

KETTERING CITY SCHOOL DISTRICT

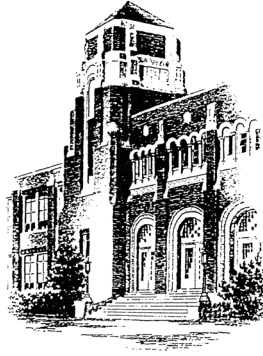
***Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the Fiscal Year Ended June 30, 2009***

| Function and Activity | June 30, 2008 | Additions | Deletions | June 30, 2009 |
|---------------------------------------|----------------------|------------------|--------------------|----------------------|
| Instructional Services | | | | |
| Regular | \$17,868,778 | \$31,664 | \$0 | \$17,900,442 |
| Special | 210,889 | 0 | 0 | 210,889 |
| Vocational | 479,353 | 0 | 0 | 479,353 |
| Support Services: | | | | |
| Pupils | 139,448 | 0 | 0 | 139,448 |
| Instructional Staff | 267,702 | 0 | 0 | 267,702 |
| Administration | 333,461 | 0 | 0 | 333,461 |
| Fiscal Services | 65,903 | 2,895 | 0 | 68,798 |
| Business | 334,305 | 0 | 0 | 334,305 |
| Operation and Maintenance of Plant | 420,479 | 0 | 0 | 420,479 |
| Pupil Transportation | 2,265,675 | 551,268 | (119,222) | 2,697,721 |
| Central | 1,389,307 | 3,503 | 0 | 1,392,810 |
| Non-Instructional Services | 857,470 | 119,625 | (39,207) | 937,888 |
| Extracurricular Activities | 26,405 | 0 | 0 | 26,405 |
| Facility Acquisition and Construction | 119,196,986 | 0 | 0 | 119,196,986 |
| Total Capital Assets | <u>\$143,856,161</u> | <u>\$708,955</u> | <u>(\$158,429)</u> | <u>\$144,406,687</u> |

KETTERING CITY SCHOOL DISTRICT



STATISTICAL SECTION



KETTERING CITY SCHOOL DISTRICT

STATISTICAL TABLES

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

Contents

| | |
|---|-------------|
| Financial Trends | S 2 – S 13 |
| These schedules contain trend information to help the reader understand how the District's financial position has changed over time. | |
| Revenue Capacity | S 14 – S 21 |
| These schedules contain information to help the reader understand and assess the factors affecting the District's ability to generate its most significant local revenue source, property tax. | |
| Debt Capacity | S 22 – S 29 |
| These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future. | |
| Economic and Demographic Information | S 30 – S 35 |
| These schedules offer economic and demographic indicators to help the reader understand the environment within which the District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments. | |
| Operating Information | S 36 – S 49 |
| These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs. | |

Sources Note:

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

Kettering City School District

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

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

Source: District Treasurer's Office

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

Kettering City School District

| <u>2007</u> | <u>2008</u> | <u>2009</u> |
|---------------------|---------------------|---------------------|
| \$11,380,187 | \$14,042,346 | \$14,593,555 |
| 645,202 | 621,820 | 316,338 |
| 4,356,490 | 2,524,780 | 2,058,605 |
| 14,866 | 15,468 | 15,672 |
| 589,735 | 444,932 | 492,031 |
| 4,671,211 | 4,329,914 | 6,014,488 |
| <u>\$21,657,691</u> | <u>\$21,979,260</u> | <u>\$23,490,689</u> |

Kettering City School District

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

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

Kettering City School District

| 2007 | 2008 | 2009 |
|---------------------|---------------------|---------------------|
| \$33,962,450 | \$33,619,843 | \$35,494,431 |
| 7,999,070 | 7,840,416 | 8,267,476 |
| 2,047,759 | 2,091,488 | 2,206,443 |
| 34,254 | 37,255 | 41,716 |
| 4,373,656 | 4,253,666 | 2,706,076 |
| 6,663,259 | 6,520,008 | 7,662,489 |
| 4,749,251 | 4,766,122 | 4,710,916 |
| 66,612 | 68,541 | 73,370 |
| 6,822,367 | 6,889,537 | 6,918,465 |
| 1,796,626 | 1,899,405 | 1,894,159 |
| 595,008 | 612,826 | 574,690 |
| 7,812,668 | 8,595,610 | 8,463,308 |
| 3,077,737 | 3,421,844 | 3,319,938 |
| 1,733,260 | 1,723,029 | 1,772,667 |
| 4,797,572 | 4,774,211 | 4,724,183 |
| 1,733,777 | 1,862,353 | 2,000,014 |
| 3,929,935 | 4,644,799 | 4,423,719 |
| <u>\$92,195,261</u> | <u>\$93,620,953</u> | <u>\$95,254,060</u> |

| | | |
|-------------------|-------------------|-------------------|
| \$743,534 | \$810,466 | \$583,226 |
| 0 | 0 | 0 |
| 401,284 | 674,654 | 513,678 |
| 49,277 | 46,140 | 51,507 |
| 1,831,394 | 1,792,888 | 1,767,093 |
| 666,435 | 509,738 | 488,330 |
| 6,776,987 | 8,391,295 | 9,363,594 |
| 111,299 | 158,018 | 72,312 |
| <u>10,580,210</u> | <u>12,383,199</u> | <u>12,839,740</u> |

(Continued)

Kettering City School District

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

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

Source: District Treasurer's Office

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

Kettering City School District

| <u>2007</u> | <u>2008</u> | <u>2009</u> |
|-----------------------|-----------------------|-----------------------|
| <u>(81,615,051)</u> | <u>(81,237,754)</u> | <u>(82,414,320)</u> |
| <u>(\$81,615,051)</u> | <u>(\$81,237,754)</u> | <u>(\$82,414,320)</u> |
| | | |
| \$60,149,130 | \$58,323,623 | \$57,874,816 |
| 18,921,497 | 21,120,885 | 24,253,458 |
| 1,670,128 | 1,215,189 | 654,210 |
| 902,832 | 899,626 | 1,143,265 |
| <u>\$81,643,587</u> | <u>\$81,559,323</u> | <u>\$83,925,749</u> |
| | | |
| <u>\$28,536</u> | <u>\$321,569</u> | <u>\$1,511,429</u> |

Kettering City School District

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

| | 2000 | 2001 | 2002 | 2003 |
|---|----------------------------|----------------------------|----------------------------|-----------------------------|
| General Fund | | | | |
| Reserved | \$2,696,470 | \$3,701,927 | \$8,801,259 | \$3,678,456 |
| Unreserved | 10,211,130 | 13,568,207 | 16,236,270 | 15,063,090 |
| <i>Total General Fund</i> | <u>12,907,600</u> | <u>17,270,134</u> | <u>25,037,529</u> | <u>18,741,546</u> |
| All Other Governmental Funds | | | | |
| Reserved | 1,639,654 | 1,583,956 | 2,085,150 | 18,996,210 |
| Unreserved, Undesignated in: | | | | |
| Special Revenue Funds | 793,165 | 830,730 | 945,663 | 1,372,663 |
| Debt Service Fund | 0 | 0 | 0 | 0 |
| Capital Projects Funds | 210,244 | 808,038 | 541,481 | 71,281,465 |
| Permanent Fund | 591,475 | 943,955 | 0 | 444 |
| <i>Total All Other Governmental Funds</i> | <u>3,234,538</u> | <u>4,166,679</u> | <u>3,572,294</u> | <u>91,650,782</u> |
| <i>Total Governmental Funds</i> | <u><u>\$16,142,138</u></u> | <u><u>\$21,436,813</u></u> | <u><u>\$28,609,823</u></u> | <u><u>\$110,392,328</u></u> |

Source: District Treasurer's Office

Kettering City School District

| <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$2,715,843 | \$4,723,857 | \$3,617,142 | \$3,604,839 | \$4,124,451 | \$3,963,090 |
| <u>9,521,796</u> | <u>7,880,070</u> | <u>5,953,358</u> | <u>5,757,962</u> | <u>4,261,563</u> | <u>5,797,826</u> |
| <u>12,237,639</u> | <u>12,603,927</u> | <u>9,570,500</u> | <u>9,362,801</u> | <u>8,386,014</u> | <u>9,760,916</u> |
| 42,631,958 | 17,372,528 | 4,114,077 | 1,524,602 | 1,104,400 | 677,325 |
| 1,459,620 | 1,198,474 | 1,401,577 | 1,131,065 | 1,233,206 | 1,070,848 |
| 0 | 0 | 0 | 4,035,349 | 2,914,350 | 2,309,582 |
| 35,045,102 | 4,685,394 | 1,295,510 | 134,847 | 176,958 | 253,203 |
| <u>567</u> | <u>752</u> | <u>1,312</u> | <u>2,065</u> | <u>2,667</u> | <u>2,871</u> |
| <u>79,137,247</u> | <u>23,257,148</u> | <u>6,812,476</u> | <u>6,827,928</u> | <u>5,431,581</u> | <u>4,313,829</u> |
| <u>\$91,374,886</u> | <u>\$35,861,075</u> | <u>\$16,382,976</u> | <u>\$16,190,729</u> | <u>\$13,817,595</u> | <u>\$14,074,745</u> |

Kettering City School District

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

| | 2000 | 2001 | 2002 | 2003 |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Revenues: | | | | |
| Taxes | \$40,101,867 | \$45,242,266 | \$50,013,992 | \$40,727,310 |
| Tuition and Fees | 249,058 | 211,348 | 355,413 | 277,879 |
| Transportation | 182,021 | 257,894 | 226,815 | 153,028 |
| Interest | 1,346,740 | 1,634,965 | 917,462 | 1,252,041 |
| Sales | 0 | 0 | 0 | 1,516,091 |
| Intergovernmental | 13,661,202 | 14,852,133 | 18,322,943 | 21,285,412 |
| Extracurricular Activities | 626,306 | 633,025 | 587,488 | 589,162 |
| Class Materials and Fees | 177,896 | 52,697 | 49,695 | 276,651 |
| Miscellaneous | 545,551 | 581,043 | 508,176 | 894,987 |
| Total Revenue | <u>56,890,641</u> | <u>63,465,371</u> | <u>70,981,984</u> | <u>66,972,561</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | | | | |
| Regular | 22,529,183 | 24,702,467 | 25,661,078 | 27,087,704 |
| Special | 3,662,568 | 4,139,266 | 4,456,249 | 5,464,116 |
| Vocational | 1,676,795 | 1,588,170 | 1,529,516 | 1,775,200 |
| Adult/Continuing | 122,777 | 89,237 | 49,858 | 38,876 |
| Other Instruction | 1,160,161 | 1,490,833 | 2,269,571 | 1,650,834 |
| Supporting Services: | | | | |
| Pupils | 3,735,605 | 4,127,081 | 4,464,893 | 5,071,343 |
| Instructional Staff | 2,228,239 | 2,545,168 | 2,693,999 | 3,762,387 |
| Board of Education | 41,882 | 48,890 | 49,099 | 63,163 |
| Administration | 4,617,720 | 4,909,149 | 5,213,909 | 5,348,449 |
| Fiscal Services | 1,167,406 | 1,284,459 | 1,394,498 | 1,315,984 |
| Business | 744,856 | 704,132 | 664,441 | 782,671 |
| Operation and Maintenance of Plant | 5,801,296 | 6,252,403 | 6,641,022 | 6,901,983 |
| Pupil Transportation | 1,947,683 | 2,152,275 | 2,399,073 | 2,388,869 |
| Central | 728,542 | 878,534 | 1,049,695 | 1,309,928 |
| Non-Instructional Services (1) | 1,174,593 | 1,411,691 | 1,304,478 | 3,711,067 |
| Extracurricular Activities | 1,287,979 | 1,319,701 | 1,469,666 | 1,514,821 |
| Facility Acquisition and Construction | 728,537 | 376,494 | 1,027,308 | 4,499,353 |
| Debt Service: | | | | |
| Principal Retirement | 716,183 | 935,273 | 621,064 | 596,956 |
| Interest and Fiscal Charges | 915,675 | 834,536 | 860,954 | 2,577,736 |
| Total Expenditures | <u>54,987,680</u> | <u>59,789,759</u> | <u>63,820,371</u> | <u>75,861,440</u> |

Kettering City School District

| 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|--------------------|--------------------|--------------------|-------------------|-------------------|-------------------|
| \$46,505,499 | \$58,630,450 | \$57,446,028 | \$61,267,771 | \$57,556,743 | \$57,658,781 |
| 133,650 | 177,173 | 183,559 | 609,365 | 613,261 | 693,321 |
| 236,469 | 308,858 | 237,299 | 157,477 | 104,445 | 74,964 |
| 1,392,455 | 1,505,456 | 1,186,344 | 1,653,214 | 1,205,909 | 680,404 |
| 1,569,095 | 1,686,277 | 1,750,980 | 1,827,929 | 1,792,888 | 1,767,093 |
| 22,374,640 | 23,111,700 | 23,493,753 | 25,771,927 | 29,622,757 | 33,117,698 |
| 571,285 | 642,718 | 720,352 | 892,333 | 735,312 | 701,920 |
| 272,596 | 265,090 | 247,234 | 260,652 | 251,374 | 205,572 |
| 1,161,908 | 1,833,114 | 1,440,892 | 847,000 | 1,236,232 | 1,104,229 |
| <u>74,217,597</u> | <u>88,160,836</u> | <u>86,706,441</u> | <u>93,287,668</u> | <u>93,118,921</u> | <u>96,003,982</u> |
| 28,385,307 | 29,495,513 | 31,367,491 | 32,288,016 | 32,454,270 | 33,672,384 |
| 6,300,407 | 7,170,658 | 7,449,037 | 7,842,597 | 7,775,400 | 8,147,614 |
| 1,765,093 | 1,883,682 | 1,969,979 | 2,001,139 | 1,987,377 | 2,091,786 |
| 45,990 | 40,193 | 29,675 | 34,254 | 37,255 | 41,716 |
| 1,960,539 | 2,202,452 | 3,699,059 | 4,373,656 | 4,253,666 | 2,706,076 |
| 5,506,659 | 6,043,951 | 6,312,259 | 6,559,484 | 6,523,471 | 7,655,385 |
| 3,895,972 | 4,424,620 | 4,480,281 | 4,543,760 | 4,675,328 | 4,638,447 |
| 46,043 | 1,557,965 | 61,408 | 66,612 | 68,541 | 73,370 |
| 5,909,024 | 6,144,449 | 6,395,203 | 6,537,621 | 6,716,620 | 6,680,120 |
| 1,462,774 | 1,540,782 | 1,779,432 | 1,777,309 | 1,884,587 | 1,900,061 |
| 1,224,402 | 552,678 | 541,416 | 536,772 | 568,496 | 571,214 |
| 6,761,708 | 7,573,422 | 7,781,644 | 7,885,136 | 8,276,731 | 8,323,159 |
| 2,565,565 | 2,907,533 | 3,130,092 | 2,758,153 | 3,352,988 | 3,505,177 |
| 1,138,637 | 1,184,368 | 1,036,217 | 2,082,946 | 1,667,372 | 1,689,751 |
| 3,780,650 | 4,301,318 | 4,172,955 | 4,600,634 | 4,832,456 | 4,625,262 |
| 1,508,330 | 1,608,403 | 1,534,011 | 1,630,658 | 1,676,487 | 1,724,190 |
| 26,170,217 | 57,098,482 | 17,385,414 | 2,119,606 | 558,345 | 34,781 |
| 5,550,543 | 15,225,923 | 2,094,004 | 2,925,887 | 3,746,555 | 3,228,503 |
| 4,871,266 | 5,510,702 | 5,199,402 | 4,888,769 | 4,716,400 | 4,466,790 |
| <u>108,849,126</u> | <u>156,467,094</u> | <u>106,418,979</u> | <u>95,453,009</u> | <u>95,772,345</u> | <u>95,775,786</u> |

(Continued)

Kettering City School District

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

| | 2000 | 2001 | 2002 | 2003 |
|--|--------------------|--------------------|--------------------|---------------------|
| Excess (Deficiency) of Revenues Over Expenditures | 1,902,961 | 3,675,612 | 7,161,613 | (8,888,879) |
| Other Financing Sources (Uses): | | | | |
| Sale of Capital Assets | 5,523 | 1,537 | 16,454 | 300 |
| Premium on Issuance of General Obligation Bonds | 0 | 1,200,000 | 0 | 2,489,152 |
| General Obligation Bonds Issued | 0 | 400,000 | 0 | 87,400,000 |
| Payment to Refunded Bond Escrow Agent | 0 | 0 | 0 | 0 |
| Premium on Issuance of Refunding Bonds | 0 | 0 | 0 | 0 |
| Refunding Bonds Issued | 0 | 0 | 0 | 0 |
| New Capital Leases | 0 | 0 | 0 | 0 |
| Transfers In | 449,974 | 210,000 | 13,500 | 191,829 |
| Transfers Out | (449,974) | (210,000) | (13,500) | (191,829) |
| Total Other Financing Sources (Uses) | <u>5,523</u> | <u>1,601,537</u> | <u>16,454</u> | <u>89,889,452</u> |
| Net Change in Fund Balance | <u>\$1,908,484</u> | <u>\$5,277,149</u> | <u>\$7,178,067</u> | <u>\$81,000,573</u> |
| Debt Service as a Percentage of Noncapital Expenditures | 3.10% | 3.08% | 2.40% | 4.57% |

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

Source: District Treasurer's Office

Kettering City School District

| 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|-----------------------|-----------------------|-----------------------|--------------------|----------------------|------------------|
| (34,631,529) | (68,306,258) | (19,712,538) | (2,165,341) | (2,653,424) | 228,196 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 635,025 | 0 | 0 | 0 | 0 |
| 15,000,000 | 12,149,989 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | (70,926,703) | 0 | 0 |
| 0 | 0 | 0 | 4,807,856 | 0 | 0 |
| 0 | 0 | 0 | 66,999,990 | 0 | 0 |
| 653,538 | 0 | 199,940 | 1,155,270 | 281,708 | 0 |
| 24,401 | 94,916 | 13,500 | 58,574 | 13,500 | 13,500 |
| (24,401) | (94,916) | (13,500) | (58,574) | (13,500) | (13,500) |
| <u>15,653,538</u> | <u>12,785,014</u> | <u>199,940</u> | <u>2,036,413</u> | <u>281,708</u> | <u>0</u> |
| <u>(\$18,977,991)</u> | <u>(\$55,521,244)</u> | <u>(\$19,512,598)</u> | <u>(\$128,928)</u> | <u>(\$2,371,716)</u> | <u>\$228,196</u> |
| 13.91% | 26.48% | 9.38% | 9.19% | 9.77% | 8.81% |

Kettering City School District

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

| Tax year | 2000 | 2001 | 2002 | 2003 |
|---|---------------|---------------|---------------|---------------|
| Real Property | | | | |
| Assessed | 1,056,251,560 | 1,062,332,080 | 1,049,205,930 | 1,144,802,840 |
| Actual | 3,017,861,600 | 3,035,234,514 | 2,997,731,229 | 3,270,865,257 |
| Public Utility | | | | |
| Assessed | 88,732,220 | 109,567,330 | 63,730,190 | 70,859,650 |
| Actual | 100,832,068 | 124,508,330 | 72,420,670 | 80,522,330 |
| Tangible Personal Property | | | | |
| Assessed | 181,081,808 | 188,035,293 | 175,257,840 | 162,332,926 |
| Actual | 724,327,232 | 752,141,172 | 701,031,360 | 649,331,704 |
| Total | | | | |
| Assessed | 1,326,065,588 | 1,359,934,703 | 1,288,193,960 | 1,377,995,416 |
| Actual | 3,843,020,900 | 3,911,884,016 | 3,771,183,259 | 4,000,719,291 |
| Assessed Value as a Percentage of Actual Value | 34.51% | 34.76% | 34.16% | 34.44% |
| Total Direct Tax Rate | \$53.10 | \$53.10 | \$56.30 | \$56.30 |

Source: Montgomery County Auditor

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

Kettering City School District

| 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 1,144,673,410 | 1,152,401,750 | 1,271,199,660 | 1,275,658,100 | 1,284,465,470 | 1,287,214,020 |
| 3,270,495,457 | 3,292,576,429 | 3,631,999,029 | 3,644,737,429 | 3,669,901,343 | 3,677,754,343 |
| 68,630,430 | 70,404,720 | 66,290,158 | 66,290,158 | 61,379,830 | 67,124,670 |
| 77,989,125 | 80,005,364 | 75,329,725 | 75,329,725 | 69,749,807 | 76,278,034 |
| 134,709,010 | 142,988,855 | 85,452,509 | 61,403,477 | 50,549,093 | 6,132,430 |
| 538,836,040 | 571,955,420 | 341,810,036 | 245,613,908 | 202,196,372 | 24,529,720 |
| 1,348,012,850 | 1,365,795,325 | 1,422,942,327 | 1,403,351,735 | 1,396,394,393 | 1,360,471,120 |
| 3,887,320,622 | 3,944,537,212 | 4,049,138,790 | 3,965,681,062 | 3,941,847,522 | 3,778,562,097 |
| 34.68% | 34.62% | 35.14% | 35.39% | 35.42% | 36.00% |
| \$56.30 | \$60.90 | \$67.80 | \$67.80 | \$71.30 | \$72.20 |

Kettering City School District

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

| | 1999 | 2000 | 2001 | 2002 | 2003 |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Direct District Rates | | | | | |
| General Fund | 51.60 | 51.60 | 54.80 | 54.80 | 54.80 |
| Permanent Improvement Fund | 0.60 | 0.60 | 0.60 | 0.60 | 0.60 |
| Bond Retirement Fund | 0.90 | 0.90 | 0.90 | 0.90 | 5.50 |
| Total | <u>53.10</u> | <u>53.10</u> | <u>56.30</u> | <u>56.30</u> | <u>60.90</u> |
| Overlapping Rates | | | | | |
| City of Kettering | 6.98 | 6.92 | 6.92 | 6.91 | 6.85 |
| City of Moraine | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 |
| Montgomery County | 16.64 | 16.64 | 17.24 | 17.24 | 17.24 |
| Dayton/Montgomery County Library | 0.26 | 0.26 | 0.26 | 0.26 | 0.26 |
| Total | <u><u>79.48</u></u> | <u><u>79.42</u></u> | <u><u>83.22</u></u> | <u><u>83.21</u></u> | <u><u>87.75</u></u> |

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

Source:

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

Kettering City School District

| 2004 | 2005 | 2006 | 2007 | 2008 |
|--------------|--------------|--------------|--------------|---------------|
| 54.80 | 61.70 | 61.70 | 61.70 | 66.60 |
| 0.60 | 0.60 | 0.60 | 0.60 | 0.60 |
| 5.50 | 5.50 | 5.50 | 5.50 | 4.10 |
| <u>60.90</u> | <u>67.80</u> | <u>67.80</u> | <u>67.80</u> | <u>71.30</u> |
| 6.85 | 6.85 | 6.80 | 6.80 | 6.80 |
| 2.50 | 2.50 | 2.50 | 2.50 | 2.50 |
| 18.24 | 18.24 | 18.24 | 18.24 | 20.24 |
| 0.26 | 1.25 | 1.25 | 1.25 | 1.25 |
| <u>88.75</u> | <u>96.64</u> | <u>96.59</u> | <u>96.59</u> | <u>102.09</u> |

Kettering City School District

*Principal Taxpayers
Tangible Personal Property Tax
Current Year and Nine Years Ago*

| Name of Taxpayer | Nature of Business | Calendar Year 2008 | | |
|------------------------------|---------------------------------|----------------------------|------|---------------------------------|
| | | Assessed Value | Rank | Percent of Total Assessed Value |
| General Motors Corporations | Automotive Manufacturer | \$5,175,210 | 1 | 10.24% |
| Dephi Automotive | Auto Parts Plant | 2,942,550 | 2 | 5.82% |
| DMAX LTD | Manufacturer | 2,580,570 | 3 | 5.11% |
| Kodax Versamark, Inc. | Manufacturer of Digital Printer | 1,482,940 | 4 | 2.93% |
| Reynolds & Reynolds Co. | Fortune 1000 | 1,075,430 | 5 | 2.13% |
| Meijer | Retail Stores | 557,690 | 6 | 1.10% |
| Time Warner | Entertainment | 534,320 | 7 | 1.06% |
| Miami Industrial Trucks Inc. | Trucking | 532,340 | 8 | 1.05% |
| Setech Inc. | Supply Services | 430,330 | 9 | 0.85% |
| Wal-Mart | Retail Stores | 429,410 | 10 | 0.85% |
| Subtotal | | <u>15,740,790</u> | | <u>31.14%</u> |
| All Others | | <u>34,808,303</u> | | <u>68.86%</u> |
| Total | | <u><u>\$50,549,093</u></u> | | <u><u>100.00%</u></u> |

| Name of Taxpayer | Nature of Business | Calendar Year 1999 | | |
|-----------------------------|--------------------------|-----------------------------|------|---------------------------------|
| | | Assessed Value | Rank | Percent of Total Assessed Value |
| Dayton Power and Light Co. | Gas and Electric Utility | \$77,536,350 | 1 | 25.95% |
| General Motors Corporations | Automotive Manufacturer | 68,626,390 | 2 | 22.97% |
| Ohio Bell | Telephone Utility | 11,357,590 | 3 | 3.80% |
| Scitex Digital Printing | Digital Printing | 9,542,380 | 4 | 3.19% |
| Reynolds & Reynolds | Fortune 1000 | 9,283,210 | 5 | 3.11% |
| Delphi Automotive | Auto Parts Plant | 8,017,720 | 6 | 2.68% |
| Kettering Medical Center | Hospital | 7,594,430 | 7 | 2.54% |
| Bank One | Banking | 5,675,440 | 8 | 1.90% |
| Beerman Corporation | Retail Sales | 5,208,070 | 9 | 1.74% |
| Dayton Town & Country | Property Management | 4,382,110 | 10 | 1.47% |
| Subtotal | | <u>207,223,690</u> | | <u>69.35%</u> |
| All Others | | <u>91,511,465</u> | | <u>30.65%</u> |
| Total | | <u><u>\$298,735,155</u></u> | | <u><u>100.00%</u></u> |

Source: Montgomery County Auditor - Land and Buildings
Based on valuation of property in 2008 and 1999

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

Kettering City School District

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

| | | Calendar Year 2008 | | |
|----------------------------|--------------------------|------------------------|------|---------------------------------|
| Name of Taxpayer | Nature of Business | Assessed Value | Rank | Percent of Total Assessed Value |
| Dayton Power and Light | Gas and Electric Utility | \$62,227,720 | 1 | 4.62% |
| Kettering LLC | Property Management | 10,252,420 | 2 | 0.76% |
| Reynolds & Reynolds | Fortune 1000 | 8,291,080 | 3 | 0.62% |
| General Motors Corporation | Automotive Manufacturer | 7,417,790 | 4 | 0.55% |
| Delphi Automotive | Auto Parts Plant | 6,056,720 | 5 | 0.45% |
| Residenz | Nursing Home | 5,949,660 | 6 | 0.44% |
| Fifteenth Dayon LLC | Property Management | 5,368,440 | 7 | 0.40% |
| Vectren | Utility | 5,409,790 | 8 | 0.40% |
| Dayton Town & Country Inc. | Property Management | 4,856,950 | 9 | 0.36% |
| Miami Valley Research | Foundation Research | 4,224,020 | 10 | 0.31% |
| Subtotal | | 120,054,590 | | 8.91% |
| All Others | | 1,225,790,710 | | 91.09% |
| Total | | <u>\$1,345,845,300</u> | | <u>100.00%</u> |

| | | Calendar Year 1999 | | |
|-----------------------------|-------------------------|----------------------|------|---------------------------------|
| Name of Taxpayer | Nature of Business | Assessed Value | Rank | Percent of Total Assessed Value |
| General Motors Corporation | Automotive Manufacturer | \$38,968,070 | 1 | 3.97% |
| Dayton Town & Country Inc. | Property Management | 4,382,110 | 2 | 0.45% |
| W.B. Apartment Association | Property Management | 4,310,390 | 3 | 0.44% |
| Lincoln Park Associates | Retirement Facility | 3,920,250 | 4 | 0.40% |
| Georgetown Apartments, Ltd. | Property Management | 3,655,440 | 5 | 0.37% |
| Miami Valley Research | Foundation Research | 3,219,660 | 6 | 0.33% |
| Cooper Tire Company | Tire | 2,683,270 | 7 | 0.27% |
| Cobblegate Square Limited | Property Management | 1,755,250 | 8 | 0.18% |
| Stonecreek Apartments | Property Management | 1,697,320 | 9 | 0.17% |
| Barbara Benz Trust | Financial | 1,600,280 | 10 | 0.16% |
| Subtotal | | 66,192,040 | | 6.74% |
| All Others | | 916,476,570 | | 93.26% |
| Total | | <u>\$982,668,610</u> | | <u>100.00%</u> |

Source: Montgomery County Auditor - Land and Buildings
Based on valuation of property in 2008 and 1999

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

Kettering City School District

Property Tax Levies and Collections Last Ten Calendar Years

| Collection Year | <u>1999</u> | <u>2000</u> | <u>2001</u> |
|---|------------------|------------------|------------------|
| Total Tax Levy ⁽¹⁾ | \$43,746,765 | \$44,879,638 | \$50,386,264 |
| Collections within the Fiscal Year of the Levy | | | |
| Current Tax Collections ⁽²⁾ | 42,478,593 | 44,381,401 | 47,960,477 |
| Percent of Levy Collected | 97.10% | 98.89% | 95.19% |
| Delinquent Tax Collections | <u>1,144,286</u> | <u>1,061,019</u> | <u>1,185,137</u> |
| Total Tax Collections | 43,622,879 | 45,442,420 | 49,145,614 |
| Percent of Total Tax Collections To Tax Levy | 99.72% | 101.25% | 97.54% |
| Accumulated Outstanding Delinquent Taxes ⁽³⁾ | 1,713,996 | 2,103,823 | 1,388,513 |
| Percentage of Accumulated Delinquent Taxes to Total Tax Levy | 3.92% | 4.69% | 2.76% |

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

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

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

Source: Montgomery County Auditor's Office

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

Kettering City School District

| 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| \$46,987,959 | \$53,779,128 | \$51,960,333 | \$62,230,176 | \$59,374,793 | \$55,461,256 | \$56,386,305 |
| 45,336,209 | 50,574,089 | 51,053,894 | 61,263,297 | 57,609,301 | 55,134,931 | 57,501,661 |
| 96.48% | 94.04% | 98.26% | 98.45% | 97.03% | 99.41% | 101.98% |
| 1,321,662 | 454,935 | 1,081,944 | 3,489,527 | 3,273,718 | 1,608,958 | 1,480,106 |
| 46,657,871 | 51,029,024 | 52,135,838 | 64,752,824 | 60,883,019 | 56,743,889 | 58,981,767 |
| 99.30% | 94.89% | 100.34% | 104.05% | 102.54% | 102.31% | 104.60% |
| 1,576,839 | 2,632,801 | 4,372,384 | 3,579,271 | 2,426,623 | 2,386,797 | 2,464,561 |
| 3.36% | 4.90% | 8.41% | 5.75% | 4.09% | 4.30% | 4.37% |

Kettering City School District

Ratio of Outstanding Debt By Type Last Ten Years

| | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---------------------|---------------------|---------------------|----------------------|----------------------|
| Governmental Activities ⁽¹⁾ | | | | | |
| Long-Term Notes Payable | \$30,000 | \$15,000 | \$0 | \$0 | \$0 |
| General Obligation Bonds Payable | 15,270,240 | 15,935,000 | 15,425,667 | 102,344,955 | 111,916,285 |
| Capital Leases | 90,493 | 0 | 365,849 | 249,605 | 781,270 |
| Total Primary Government | <u>\$15,390,733</u> | <u>\$15,950,000</u> | <u>\$15,791,516</u> | <u>\$102,594,560</u> | <u>\$112,697,555</u> |
| Population ⁽²⁾ | | | | | |
| Cities of Kettering and Moraine | 64,399 | 64,399 | 64,399 | 64,399 | 64,399 |
| Outstanding Debt Per Capita | 239 | 248 | 245 | 1,593 | 1,750 |
| Income ⁽³⁾ | | | | | |
| Personal (in thousands) | 1,864,222 | 1,921,215 | 1,959,146 | 1,973,572 | 2,001,135 |
| Percentage of Personal Income | 0.83% | 0.83% | 0.81% | 5.20% | 5.63% |

Sources:

(1) District Treasurer's Office

(2) US Bureau of Census of Population

(3) US Department of Commerce, Bureau of Economic Analysis

(a) Per Capita Income is only available by County, Total Personal Income is a calculation

N/A = Not available

Kettering City School District

| 2005 | 2006 | 2007 | 2008 | 2009 |
|----------------------|----------------------|----------------------|----------------------|---------------------|
| \$0 | \$0 | \$0 | \$0 | \$0 |
| 109,054,488 | 107,049,421 | 104,310,889 | 100,918,729 | 98,147,737 |
| 567,133 | 678,136 | 1,646,041 | 1,573,354 | 1,115,843 |
| <u>\$109,621,621</u> | <u>\$107,727,557</u> | <u>\$105,956,930</u> | <u>\$102,492,083</u> | <u>\$99,263,580</u> |
| 64,399 | 64,399 | 64,399 | 64,399 | 64,399 |
| 1,702 | 1,673 | 1,645 | 1,592 | 1,541 |
| 2,069,333 | 2,155,692 | 2,012,242 | 2,063,213 | N/A |
| 5.30% | 5.00% | 5.27% | 4.97% | N/A |

Kettering City School District

Ratios of General Bonded Debt Outstanding Last Ten Years

| Year | 2000 | 2001 | 2002 | 2003 |
|--|---------------|---------------|---------------|---------------|
| Population ⁽¹⁾ | 64,399 | 64,399 | 64,399 | 64,399 |
| Assessed Value ⁽²⁾ | 1,326,065,588 | 1,359,934,703 | 1,288,193,960 | 1,377,995,416 |
| General Bonded Debt ⁽³⁾ | | | | |
| General Obligation Bonds | 15,270,240 | 15,935,000 | 15,425,667 | 102,344,955 |
| Resources Available to Pay Principal ⁽⁴⁾ | 978,825 | 809,347 | 1,123,191 | 5,233,203 |
| Net General Bonded Debt | 14,291,415 | 15,125,653 | 14,302,476 | 97,111,752 |
| Ratio of Net Bonded Debt to Assessed Value | 1.08% | 1.11% | 1.11% | 7.05% |
| Net Bonded Debt per Capita | 222 | 235 | 222 | 1,508 |

Source:

- (1) U.S. Bureau of Census of Population
- (2) Montgomery County Auditor
- (3) Includes all general obligation bonded debt supported by property taxes
- (4) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

Kettering City School District

| 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 64,399 | 64,399 | 64,399 | 64,399 | 64,399 | 64,399 |
| 1,348,012,850 | 1,365,795,325 | 1,422,942,327 | 1,403,351,735 | 1,396,394,393 | 1,360,471,120 |
| 111,916,285 | 109,054,488 | 107,049,421 | 104,310,889 | 100,918,729 | 98,147,737 |
| 2,291,869 | 2,243,653 | 2,752,772 | 4,557,437 | 3,297,658 | 2,728,232 |
| 109,624,416 | 106,810,835 | 104,296,649 | 99,753,452 | 97,621,071 | 95,419,505 |
| 8.13% | 7.82% | 7.33% | 7.11% | 6.99% | 7.01% |
| 1,702 | 1,659 | 1,620 | 1,549 | 1,516 | 1,482 |



Kettering City School District

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
June 30, 2009*

| Jurisdiction | Gross Debt Outstanding | Percentage Applicable to Kettering City School District | Amount Applicable to Kettering City School District |
|--------------------------------|-----------------------------------|--|--|
| Direct: | | | |
| Kettering City School District | \$98,147,737 | 100.00% | \$98,147,737 |
| Overlapping: | | | |
| Montgomery County | 44,137,933 | 12.66% | 5,587,862 |
| City of Kettering | 6,309,241 | 82.21% | 5,186,827 |
| City of Moraine | 5,957,829 | 17.79% | 1,059,898 |
| | | Subtotal | 11,834,587 |
| | | Total | \$109,982,324 |

Source: Montgomery County Auditor

Kettering City School District

*Debt Limitations
Last Ten Years*

| | 2000 | 2001 | 2002 | 2003 |
|---|----------------------|----------------------|----------------------|---------------------|
| Net Assessed Valuation | \$1,326,065,588 | \$1,359,934,703 | \$1,288,193,960 | \$1,377,995,416 |
| Overall Direct Debt Limitation | | | | |
| Legal Debt Limitation (%) (1) | 9.00% | 9.00% | 9.00% | 9.00% |
| Legal Debt Limitation (\$) (1) | 119,345,903 | 122,394,123 | 115,937,456 | 124,019,587 |
| Applicable District Debt Outstanding | 13,810,000 | 13,580,000 | 13,330,000 | 100,465,000 |
| Less: Applicable Debt Service Fund Amounts (2) | (978,825) | (809,347) | (1,123,191) | (5,233,203) |
| Net Indebtedness Subject to Limitation | <u>12,831,175</u> | <u>12,770,653</u> | <u>12,206,809</u> | <u>95,231,797</u> |
| Overall Legal Debt Margin | <u>\$106,514,728</u> | <u>\$109,623,470</u> | <u>\$103,730,647</u> | <u>\$28,787,790</u> |
| Unvoted Direct Debt Limitation | | | | |
| Legal Debt Limitation (%) (1) | 0.10% | 0.10% | 0.10% | 0.10% |
| Legal Debt Limitation (\$) (1) | 1,326,066 | 1,359,935 | 1,288,194 | 1,377,995 |
| Applicable District Debt Outstanding | 0 | 0 | 0 | 0 |
| Unvoted Legal Debt Margin | <u>\$1,326,066</u> | <u>\$1,359,935</u> | <u>\$1,288,194</u> | <u>\$1,377,995</u> |
| Energy Conservation Bond Limitation | | | | |
| Legal Debt Limitation (%) (1) | 0.90% | 0.90% | 0.90% | 0.90% |
| Legal Debt Limitation (\$) (1) | 11,934,590 | 12,239,412 | 11,593,746 | 12,401,959 |
| Authorized by the Board | (1,330,000) | (2,355,000) | (2,095,667) | (1,879,955) |
| Unvoted Energy Conservation Bond Legal Debt Margin | <u>\$10,604,590</u> | <u>\$9,884,412</u> | <u>\$9,498,079</u> | <u>\$10,522,004</u> |

(1) Ohio Bond Law sets a limit of 9% for overall debt, 1/10 of 1% for unvoted debt, and 9/10 of 1% for energy conservation debt.

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

Kettering City School District

| 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$1,348,012,850 | \$1,365,795,325 | \$1,422,942,327 | \$1,403,351,735 | \$1,396,394,393 | \$1,360,471,120 |
| 9.00% | 9.00% | 9.00% | 9.00% | 9.00% | 9.00% |
| 121,321,157 | 122,921,579 | 128,064,809 | 126,301,656 | 125,675,495 | 122,442,401 |
| 110,355,000 | 107,619,989 | 105,844,989 | 103,339,979 | 100,184,979 | 97,489,979 |
| (2,291,869) | (2,243,653) | (2,752,772) | (4,557,437) | (3,297,658) | (2,728,232) |
| <u>108,063,131</u> | <u>105,376,336</u> | <u>103,092,217</u> | <u>98,782,542</u> | <u>96,887,321</u> | <u>94,761,747</u> |
| <u>\$13,258,026</u> | <u>\$17,545,243</u> | <u>\$24,972,592</u> | <u>\$27,519,114</u> | <u>\$28,788,174</u> | <u>\$27,680,654</u> |
| 0.10% | 0.10% | 0.10% | 0.10% | 0.10% | 0.10% |
| 1,348,013 | 1,365,795 | 1,422,942 | 1,403,352 | 1,396,394 | 1,360,471 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>\$1,348,013</u> | <u>\$1,365,795</u> | <u>\$1,422,942</u> | <u>\$1,403,352</u> | <u>\$1,396,394</u> | <u>\$1,360,471</u> |
| 0.90% | 0.90% | 0.90% | 0.90% | 0.90% | 0.90% |
| 12,132,116 | 12,292,158 | 12,806,481 | 12,630,166 | 12,567,550 | 12,244,240 |
| (1,661,285) | (1,434,499) | (1,204,432) | (970,910) | (733,750) | (657,758) |
| <u>\$10,470,831</u> | <u>\$10,857,659</u> | <u>\$11,602,049</u> | <u>\$11,659,256</u> | <u>\$11,833,800</u> | <u>\$11,586,482</u> |

Kettering City School District

Demographic and Economic Statistics Last Ten Years

| Calendar Year | 1999 | 2000 | 2001 | 2002 |
|---------------------------------|--------------|--------------|--------------|--------------|
| Population (1) | | | | |
| Cities of Kettering and Moraine | 64,399 | 64,399 | 64,399 | 64,399 |
| Montgomery County | 565,866 | 559,062 | 554,232 | 554,470 |
| Income (2) (a) | | | | |
| Total Personal (in thousands) | 1,770,135 | 1,864,222 | 1,921,215 | 1,959,146 |
| Per Capita | 27,487 | 28,948 | 29,833 | 30,422 |
| Unemployment Rate (3) | | | | |
| Federal | 4.2% | 3.8% | 4.8% | 5.8% |
| State | 4.3% | 3.7% | 4.3% | 5.7% |
| Montgomery County | 3.8% | 3.8% | 4.3% | 5.6% |
| | | | | |
| Fiscal Year | 2000 | 2001 | 2002 | 2003 |
| School Enrollment (4) | | | | |
| Grades K - 5 | 3,617 | 3,510 | 3,449 | 3,274 |
| Grades 6 - 8 | 1,903 | 1,916 | 1,882 | 1,809 |
| Grades 9 - 12 | 2,456 | 2,485 | 2,471 | 2,439 |
| Non-Grade | 12 | 9 | 6 | 6 |
| Total | <u>7,988</u> | <u>7,920</u> | <u>7,808</u> | <u>7,528</u> |

Sources:

- (1) US Bureau of Census of Population
- (2) US Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available by County, Total Personal Income is a calculation
- (3) State Department of Labor Statistics
- (4) District Treasurer's Office

Kettering City School District

| 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|--------------|--------------|--------------|--------------|--------------|--------------|
| 64,399 | 64,399 | 64,399 | 64,399 | 64,399 | 64,399 |
| 552,187 | 550,063 | 547,435 | 542,237 | 538,104 | 534,626 |
| 1,973,572 | 2,001,135 | 2,069,333 | 2,155,692 | 2,123,235 | 2,187,119 |
| 30,646 | 31,074 | 32,133 | 33,474 | 32,970 | 33,962 |
| 6.0% | 5.5% | 5.0% | 4.6% | 4.6% | 5.8% |
| 6.1% | 6.0% | 5.9% | 5.5% | 5.6% | 6.6% |
| 6.3% | 6.6% | 6.4% | 6.0% | 7.3% | 7.4% |
| 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| 3,297 | 3,240 | 3,292 | 3,331 | 3,353 | 3,321 |
| 1,813 | 1,770 | 1,720 | 1,685 | 1,676 | 1,677 |
| 2,468 | 2,425 | 2,466 | 2,451 | 2,398 | 2,378 |
| 6 | 0 | 0 | 0 | 0 | 0 |
| <u>7,584</u> | <u>7,435</u> | <u>7,478</u> | <u>7,467</u> | <u>7,427</u> | <u>7,376</u> |



Kettering City School District

Principal Employers Current Year and Nine Years Ago

| | | 2008 | |
|--------------------------------|---------------------------------|---------------------|------|
| Employer | Nature of Business | Number of Employees | Rank |
| Kettering Medical Center | Hospital | 3,100 | 1 |
| GE Money | Financial Services | 1,700 | 2 |
| Reynolds & Reynolds Co. | Fortune 1000 | 1,500 | 3 |
| Kettering City School District | Education | 1,026 | 4 |
| Intimate Brands Inc. | A Catalog Order Center | 1,000 | 5 |
| City of Kettering | Municipality | 900 | 6 |
| Kodak Versamark | Manufacturer of Digital Printer | 700 | 7 |
| Meijer | Retail Sales | 550 | 8 |
| Tenneco | Manufacturer | 300 | 9 |
| Victoria Secret Catalogue | Retail Sales | 300 | 10 |
| Total | | <u>11,076</u> | |
| | | 1999 | |
| Employer | Nature of Business | Number of Employees | Rank |
| Kettering Medical Center | Hospital | 2,900 | 1 |
| Delphi Automotive | Auto Parts Plant | 1,768 | 2 |
| Reynolds & Reynolds Co. | Fortune 1000 | 1,500 | 3 |
| Intimate Brands | Clothing Store | 1,500 | 4 |
| Victoria Secret Catalog | Retail Sales | 1,255 | 5 |
| Elder Beerman Corporation | Retail Sales | 900 | 6 |
| Kettering City School District | Education | 800 | 7 |
| Meijer | Retail Sales | 750 | 8 |
| Scitex Digital Printing Inc. | Digital Printing | 600 | 9 |
| City of Ketteirng | Municipality | 555 | 10 |
| Total | | <u>12,528</u> | |

Sources: City of Kettering CAFR, and Kettering City School District CAFR, Kettering Chamber of Commerce.

Note: Total District employment is not available. Presented on a Calendar Year basis.

Kettering City School District

School District Employees by Type Last Ten Years

| | 2000 | 2001 | 2002 | 2003 |
|--|--------|--------|--------|--------|
| Supervisory | | | | |
| Noninstructional Administrators | 22.00 | 22.00 | 22.00 | 23.00 |
| Consultants/Supervisors of Instruction | 7.00 | 7.00 | 11.00 | 11.00 |
| Principals | 12.00 | 12.00 | 12.00 | 12.00 |
| Assistant Principals | 8.00 | 8.00 | 8.00 | 8.00 |
| Instruction | | | | |
| Classroom Teachers | | | | |
| Elementary | 172.00 | 175.00 | 179.00 | 168.00 |
| Middle | 115.00 | 116.00 | 115.00 | 116.00 |
| High | 146.00 | 159.00 | 154.00 | 161.00 |
| Student Services | | | | |
| Guidance Counselors | 20.00 | 20.00 | 21.00 | 21.00 |
| Social Workers | 1.00 | 1.00 | 1.00 | 1.00 |
| Psychologists | 5.00 | 6.00 | 7.00 | 7.00 |
| Librarians | 4.00 | 4.00 | 4.00 | 4.00 |
| Technicians | 3.00 | 3.00 | 3.00 | 3.00 |
| Other Professionals (noninstructional) | 17.00 | 17.00 | 18.00 | 19.00 |
| Support Services | | | | |
| Clerical/Secretaries | 68.00 | 69.00 | 72.00 | 72.00 |
| Tutors/Aides | 119.00 | 158.00 | 170.00 | 174.00 |
| Food Service | 51.00 | 51.00 | 52.00 | 51.00 |
| Maintenance/Grounds | 64.00 | 67.00 | 69.00 | 73.00 |
| Transportation | 62.00 | 62.00 | 66.00 | 67.00 |
| <i>Total Employees</i> | 896.00 | 957.00 | 984.00 | 991.00 |

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

Source: District Treasurer's Office

Kettering City School District

| 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|-----------------|---------------|---------------|---------------|-----------------|-----------------|
| 23.00 | 23.00 | 22.00 | 22.00 | 22.00 | 21.00 |
| 11.00 | 12.00 | 12.00 | 12.00 | 11.00 | 9.00 |
| 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 |
| 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 |
| 164.00 | 159.00 | 156.00 | 156.00 | 210.00 | 153.00 |
| 117.00 | 114.00 | 118.00 | 109.00 | 120.00 | 118.00 |
| 160.00 | 164.00 | 171.00 | 172.00 | 174.00 | 171.00 |
| 22.00 | 22.00 | 22.00 | 22.00 | 21.00 | 24.00 |
| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 7.00 | 6.00 | 6.00 | 5.00 | 5.00 | 5.00 |
| 4.00 | 4.00 | 4.00 | 3.00 | 2.00 | 3.00 |
| 3.00 | 3.00 | 3.00 | 1.00 | 1.00 | 2.00 |
| 18.00 | 18.00 | 17.00 | 18.00 | 27.00 | 17.00 |
| 71.00 | 72.00 | 71.00 | 67.00 | 64.00 | 62.00 |
| 200.00 | 186.00 | 186.00 | 187.00 | 208.00 | 295.00 |
| 51.00 | 50.00 | 51.00 | 52.00 | 51.00 | 31.00 |
| 72.00 | 71.00 | 70.00 | 67.00 | 67.00 | 66.00 |
| 63.00 | 65.00 | 67.00 | 65.00 | 71.00 | 71.00 |
| <u>1,006.00</u> | <u>989.00</u> | <u>996.00</u> | <u>978.00</u> | <u>1,074.00</u> | <u>1,068.00</u> |

Kettering City School District

Operating Indicators - Cost per Pupil Last Ten Years

| Fiscal Year | 2000 | 2001 | 2002 | 2003 | 2004 |
|------------------------|------------|------------|--------------|------------|------------|
| Enrollment | 7,988 | 7,920 | 7,808 | 7,528 | 7,584 |
| Modified Accrual Basis | | | | | |
| Operating Expenditures | 54,230,532 | 52,565,040 | 58,095,256 | 68,502,915 | 72,501,534 |
| Cost per Pupil | 6,789 | 6,637 | 7,440 | 9,100 | 9,560 |
| Percentage of Change | 3.0% | (2.2%) | 12.1% | 22.3% | 5.1% |
| Accrual Basis | | | | | |
| Expenses | N/A | N/A | \$58,095,256 | 68,775,411 | 76,593,197 |
| Cost per Pupil | N/A | N/A | 7,440 | 9,136 | 10,099 |
| Percentage of Change | N/A | N/A | N/A | 22.8% | 10.5% |
| Teaching Staff | 550 | 567 | 592 | 617 | 615 |
| Pupil to Teacher Ratio | | | | | |
| Kettering | 14.5 | 14.0 | 13.2 | 12.2 | 12.3 |
| State Average | 18.1 | 18.0 | 16.9 | 16.9 | 18.5 |

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

N/A = Not available

Kettering City School District

| 2005 | 2006 | 2007 | 2008 | 2009 |
|------------|------------|------------|------------|------------|
| 7,435 | 7,478 | 7,467 | 7,427 | 7,376 |
| 78,304,032 | 81,740,159 | 85,518,747 | 86,751,045 | 88,045,712 |
| 10,532 | 10,931 | 11,453 | 11,680 | 11,937 |
| 10.2% | 3.8% | 4.8% | 2.0% | 2.2% |
| 79,355,641 | 79,245,374 | 88,265,326 | 88,976,154 | 90,830,341 |
| 10,673 | 10,597 | 11,821 | 11,980 | 12,314 |
| 5.7% | (0.7%) | 11.5% | 1.3% | 2.8% |
| 620 | 621 | 624 | 556 | 574 |
| 12.0 | 12.0 | 12.0 | 13.4 | 12.9 |
| 18.5 | 18.6 | 19.6 | 18.6 | 18.6 |

Kettering City School District

Operating Indicators by Function Last Ten Years

| | 2000 | 2001 | 2002 | 2003 |
|--|-----------|-----------|-----------|-----------|
| Governmental Activities | | | | |
| Instruction | | | | |
| Regular | 418 | 418 | 418 | 418 |
| Special | 85 | 85 | 85 | 85 |
| Support Services | | | | |
| Pupils | | | | |
| Enrollment | 7,988 | 7,920 | 7,808 | 7,528 |
| Graduates | 504 | 501 | 485 | 521 |
| Percent of Students with Disabilities | 10% | 11% | 12% | 14% |
| Board of Education | | | | |
| Members | 5 | 5 | 5 | 5 |
| Regular Meetings per Year | 12 | 12 | 12 | 12 |
| Administration | | | | |
| School Attendance Rate | 94.3% | 94.5% | 94.5% | 94.2% |
| Fiscal Services | | | | |
| Purchase Orders Processed | 9,640 | 8,820 | 8,567 | 8,063 |
| Checks Issued (non payroll) | 8,720 | 8,900 | 9,895 | 7,934 |
| Operation and Maintenance of Plant | | | | |
| District Square Footage Maintained | 1,276,080 | 1,276,080 | 1,346,597 | 1,346,597 |
| District Square Acreage Maintained | 254 | 254 | 254 | 254 |
| Pupil Transportation | | | | |
| Average Daily Students Transported | 4,522 | 4,201 | 3,979 | 3,947 |
| Average Daily Bus Fleet Miles | 1,722 | 2,132 | 2,072 | 2,412 |
| Number of Buses | 55 | 55 | 50 | 50 |
| Operation of Noninstructional Services | | | | |
| Food Service | | | | |
| Student Meals Served Yearly | N/A | N/A | 601,381 | 594,202 |
| Free/Reduced Price Meals Daily | N/A | N/A | 3,422 | 3,449 |
| Uniform School Supplies | 3 | 3 | 3 | 3 |
| Extracurricular Activities | | | | |
| High School Varsity Teams | 23 | 23 | 23 | 23 |

Source: District Treasurer's Office

N/A = Not available

Kettering City School District

| 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|-----------|-----------|-----------|-----------|-----------|-----------|
| 415 | 414 | 468 | 446 | 467 | 480 |
| 88 | 85 | 93 | 92 | 94 | 94 |
| 7,584 | 7,435 | 7,478 | 7,467 | 7,427 | 7,376 |
| 512 | 523 | 568 | 533 | 539 | 575 |
| 14% | 16% | 16% | 14% | 16% | 16% |
| 5 | 5 | 5 | 5 | 5 | 5 |
| 12 | 12 | 12 | 12 | 12 | 12 |
| 94.4% | 94.6% | 94.9% | 94.9% | 95.1% | 95.1% |
| 7,839 | 7,572 | 6,950 | 6,443 | 5,841 | 5,705 |
| 8,221 | 8,341 | 7,418 | 7,445 | 7,033 | 6,384 |
| 1,346,597 | 1,346,597 | 1,346,597 | 1,346,597 | 1,346,597 | 1,346,597 |
| 254 | 254 | 254 | 254 | 254 | 254 |
| 3,998 | 3,740 | 3,562 | 3,413 | 3,257 | 3,225 |
| 2,787 | 3,042 | 2,826 | 2,923 | 2,936 | 3,144 |
| 60 | 59 | 59 | 61 | 61 | 66 |
| 587,332 | 621,894 | 646,932 | 668,413 | 700,592 | 689,048 |
| 3,370 | 3,528 | 3,693 | 1,540 | 1,604 | 1,748 |
| 3 | 3 | 3 | 3 | 3 | 3 |
| 23 | 23 | 23 | 23 | 23 | 23 |

Kettering City School District

*Operating Indicators - Teacher Base Salaries
Last Ten Years*

| Fiscal Year | 2000 | 2001 | 2002 | 2003 | 2004 |
|-------------------------|--------|--------|--------|--------|--------|
| Minimum Salary | 25,401 | 26,290 | 27,079 | 27,891 | 29,286 |
| Maximum Salary | 65,027 | 67,302 | 69,322 | 71,401 | 74,971 |
| District Average Salary | 44,532 | 45,717 | 47,137 | 48,221 | 51,042 |
| County Average Salary | 42,481 | 43,467 | 44,676 | 45,542 | 45,048 |
| State Average Salary | 41,713 | 42,892 | 44,266 | 45,515 | 47,495 |

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

*Operating Indicators - Teacher by Education
Last Ten Years*

| Fiscal Year | 2000 | 2001 | 2002 | 2003 | 2004 |
|----------------------|------|------|------|------|------|
| Bachelor's Degree | 192 | 192 | 192 | 192 | 192 |
| Master's Degree + 15 | 311 | 311 | 311 | 311 | 311 |
| Total | 503 | 503 | 503 | 503 | 503 |

Source: District Treasurer's Office

Kettering City School District

| 2005 | 2006 | 2007 | 2008 | 2009 |
|--------|--------|--------|--------|--------|
| 30,604 | 31,828 | 32,465 | 33,439 | 34,442 |
| 78,346 | 81,480 | 83,110 | 85,604 | 88,172 |
| 42,799 | 57,211 | 59,194 | 61,770 | 52,159 |
| 40,545 | 50,787 | 51,971 | N/A | N/A |
| 49,438 | 50,772 | 53,536 | 53,410 | 54,656 |

| 2005 | 2006 | 2007 | 2008 | 2009 |
|------|------|------|------|------|
| 173 | 191 | 164 | 178 | 178 |
| 326 | 370 | 397 | 397 | 396 |
| 499 | 561 | 561 | 575 | 574 |

Kettering City School District

Capital Asset Statistics by Building Last Ten Years

| | 2000 | 2001 | 2002 | 2003 |
|-----------------------------------|---------|---------|---------|---------|
| Secondary | | | | |
| Kettering Fairmont High School | | | | |
| Square Footage | 350,000 | 350,000 | 420,517 | 420,517 |
| Capacity (students) | 3,725 | 3,725 | 3,725 | 3,725 |
| Enrollment | 2,468 | 2,494 | 2,475 | 2,520 |
| Middle | | | | |
| Kettering Middle School | | | | |
| Square Footage | 245,522 | 245,522 | 245,522 | 245,522 |
| Capacity (students) | 2,250 | 2,250 | 2,250 | 2,250 |
| Enrollment | 1,152 | 1,176 | 1,150 | 1,122 |
| Van Buren Middle School | | | | |
| Square Footage | 103,184 | 103,184 | 103,184 | 103,184 |
| Capacity (students) | 960 | 960 | 960 | 960 |
| Enrollment | 751 | 740 | 731 | 739 |
| Elementary | | | | |
| Beavertown Elementary School | | | | |
| Square Footage | 47,347 | 47,347 | 47,347 | 47,347 |
| Capacity (students) | 530 | 530 | 530 | 530 |
| Enrollment | 406 | 398 | 395 | 348 |
| Greenmont Elementary School | | | | |
| Square Footage | 45,633 | 45,633 | 45,633 | 45,633 |
| Capacity (students) | 720 | 720 | 720 | 720 |
| Enrollment | 383 | 375 | 371 | 329 |
| Indian Riffle Elementary School | | | | |
| Square Footage | 102,000 | 102,000 | 102,000 | 102,000 |
| Capacity (students) | 1,300 | 1,300 | 1,300 | 1,300 |
| Enrollment | 492 | 482 | 455 | 469 |
| J.F.Kennedy Elementary School | | | | |
| Square Footage | 106,000 | 106,000 | 106,000 | 106,000 |
| Capacity (students) | 1,000 | 1,000 | 1,000 | 1,000 |
| Enrollment | 582 | 558 | 555 | 552 |
| Moraine Meadows Elementary School | | | | |
| Square Footage | 26,732 | 26,732 | 26,732 | 26,732 |
| Capacity (students) | 418 | 418 | 418 | 418 |
| Enrollment | 187 | 190 | 197 | 159 |

Kettering City School District

| 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|---------|---------|---------|---------|---------|---------|
| 420,517 | 420,517 | 420,517 | 420,517 | 420,517 | 420,517 |
| 3,725 | 3,725 | 3,725 | 3,725 | 3,725 | 3,725 |
| 2,479 | 2,454 | 2,485 | 2,451 | 2,451 | 2,378 |
| 245,522 | 245,522 | 245,522 | 245,522 | 245,522 | 245,522 |
| 2,250 | 2,250 | 2,250 | 2,250 | 2,250 | 2,250 |
| 1,079 | 1,099 | 1,041 | 996 | 996 | 972 |
| 103,184 | 103,184 | 103,184 | 103,184 | 103,184 | 103,184 |
| 960 | 960 | 960 | 960 | 960 | 960 |
| 740 | 676 | 680 | 689 | 689 | 705 |
| 47,347 | 47,347 | 47,347 | 47,347 | 47,347 | 47,347 |
| 530 | 530 | 530 | 530 | 530 | 530 |
| 359 | 354 | 353 | 387 | 387 | 383 |
| 45,633 | 45,633 | 45,633 | 45,633 | 45,633 | 45,633 |
| 720 | 720 | 720 | 720 | 720 | 720 |
| 324 | 346 | 336 | 326 | 326 | 313 |
| 102,000 | 102,000 | 102,000 | 102,000 | 102,000 | 102,000 |
| 1,300 | 1,300 | 1,300 | 1,300 | 1,300 | 1,300 |
| 471 | 435 | 444 | 448 | 448 | 421 |
| 106,000 | 106,000 | 106,000 | 106,000 | 106,000 | 106,000 |
| 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| 539 | 537 | 554 | 534 | 534 | 567 |
| 26,732 | 26,732 | 26,732 | 26,732 | 26,732 | 26,732 |
| 418 | 418 | 418 | 418 | 418 | 418 |
| 160 | 152 | 155 | 153 | 153 | 151 |

(Continued)

Kettering City School District

Capital Asset Statistics by Building Last Ten Years

| | 2000 | 2001 | 2002 | 2003 |
|---------------------------------|--------|--------|--------|--------|
| Oakview Elementary School | | | | |
| Square Footage | 49,056 | 49,056 | 49,056 | 49,056 |
| Capacity (students) | 500 | 500 | 500 | 500 |
| Enrollment | 423 | 411 | 427 | 416 |
| Orchard Park Elementary School | | | | |
| Square Footage | 34,189 | 34,189 | 34,189 | 34,189 |
| Capacity (students) | 450 | 450 | 450 | 450 |
| Enrollment | 315 | 319 | 321 | 305 |
| J.E.Prass Elementary School | | | | |
| Square Footage | 47,264 | 47,264 | 47,264 | 47,264 |
| Capacity (students) | 570 | 570 | 570 | 570 |
| Enrollment | 400 | 384 | 370 | 369 |
| Southdale Elementary School | | | | |
| Square Footage | 47,185 | 47,185 | 47,185 | 47,185 |
| Capacity (students) | 530 | 530 | 530 | 530 |
| Enrollment | 429 | 393 | 391 | 393 |
| All Other | | | | |
| Central Administration Building | | | | |
| Square Footage | 26,968 | 26,968 | 26,968 | 26,968 |
| Occupancy | 83 | 101 | 179 | 195 |
| Transportation Building | | | | |
| Square Footage | 30,000 | 30,000 | 30,000 | 30,000 |
| Maintenance Building | | | | |
| Square Footage | 15,000 | 15,000 | 15,000 | 15,000 |

Source: District Treasurer's Office

Kettering City School District

| 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|--------|--------|--------|--------|--------|--------|
| 49,056 | 49,056 | 49,056 | 49,056 | 49,056 | 49,056 |
| 500 | 500 | 500 | 500 | 500 | 500 |
| 433 | 565 | 409 | 402 | 402 | 382 |
| 34,189 | 34,189 | 34,189 | 34,189 | 34,189 | 34,189 |
| 450 | 450 | 450 | 450 | 450 | 450 |
| 291 | 290 | 304 | 306 | 306 | 291 |
| 47,264 | 47,264 | 47,264 | 47,264 | 47,264 | 47,264 |
| 570 | 570 | 570 | 570 | 570 | 570 |
| 349 | 348 | 336 | 324 | 324 | 342 |
| 47,185 | 47,185 | 47,185 | 47,185 | 47,185 | 47,185 |
| 530 | 530 | 530 | 530 | 530 | 530 |
| 363 | 384 | 407 | 451 | 451 | 471 |
| 26,968 | 26,968 | 26,968 | 26,968 | 26,968 | 26,968 |
| 178 | 195 | 153 | 153 | 153 | 153 |
| 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |

Kettering City School District

Capital Asset Statistics by Function Last Ten Years

| | 2000 | 2001 | 2002 | 2003 |
|---------------------------------------|--------------|--------------|--------------|--------------|
| Governmental Activities | | | | |
| Instruction | | | | |
| Regular | | | | |
| Buildings and Improvements | \$17,256,080 | \$17,256,080 | \$17,253,196 | \$17,253,196 |
| Furniture, Vehicles and Equipment | 2,627,837 | 2,768,675 | 573,619 | 617,035 |
| Special | | | | |
| Furniture, Vehicles and Equipment | 207,978 | 207,978 | 197,331 | 197,331 |
| Vocational | | | | |
| Furniture, Vehicles and Equipment | 454,572 | 454,572 | 431,488 | 452,988 |
| Support Services | | | | |
| Pupils | | | | |
| Furniture, Vehicles and Equipment | 72,758 | 72,758 | 58,569 | 58,569 |
| Instructional Staff | | | | |
| Furniture, Vehicles and Equipment | 269,598 | 269,598 | 250,981 | 267,702 |
| Administration | | | | |
| Buildings and Improvements | 213,000 | 213,000 | 213,000 | 213,000 |
| Furniture, Vehicles and Equipment | 297,751 | 297,751 | 232,879 | 246,198 |
| Fiscal Services | | | | |
| Furniture, Vehicles and Equipment | 65,903 | 65,903 | 65,903 | 65,903 |
| Business | | | | |
| Furniture, Vehicles and Equipment | 366,094 | 504,112 | 476,842 | 476,842 |
| Operations and Maintenance of Plant | | | | |
| Furniture, Vehicles and Equipment | 360,374 | 385,291 | 352,738 | 375,992 |
| Pupil Transportation | | | | |
| Furniture, Vehicles and Equipment | 2,866,846 | 2,967,886 | 1,502,088 | 1,588,645 |
| Central | | | | |
| Furniture, Vehicles and Equipment | 513,230 | 513,230 | 356,637 | 356,637 |
| Non-Instructional Activities | | | | |
| Furniture, Vehicles and Equipment | 277,982 | 277,982 | 406,868 | 439,441 |
| Extracurricular Activities | | | | |
| Furniture, Vehicles and Equipment | 21,206 | 21,206 | 21,206 | 21,206 |
| Facility Acquisition and Construction | | | | |
| Buildings and Improvements | 14,578,614 | 14,578,614 | 14,578,614 | 17,530,495 |

Source: District Treasurer's Office

Kettering City School District

| 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|--------------|--------------|--------------|--------------|--------------|--------------|
| \$17,253,196 | \$17,253,196 | \$17,253,196 | \$17,253,196 | \$17,253,196 | \$17,253,196 |
| 664,622 | 542,221 | 536,731 | 554,562 | 615,582 | 647,246 |
| 197,331 | 197,331 | 200,831 | 207,636 | 210,889 | 210,889 |
| 452,988 | 452,988 | 479,353 | 479,353 | 479,353 | 479,353 |
| 58,569 | 71,273 | 71,273 | 121,164 | 139,448 | 139,448 |
| 267,702 | 267,702 | 267,702 | 267,702 | 267,702 | 267,702 |
| 213,000 | 213,000 | 213,000 | 213,000 | 213,000 | 213,000 |
| 246,198 | 246,198 | 262,998 | 262,998 | 120,461 | 120,461 |
| 65,903 | 65,903 | 65,903 | 65,903 | 65,903 | 68,798 |
| 476,842 | 476,842 | 476,842 | 476,842 | 334,305 | 334,305 |
| 373,095 | 416,879 | 416,879 | 420,479 | 420,479 | 420,479 |
| 1,754,945 | 1,991,505 | 2,404,010 | 2,404,010 | 2,265,675 | 2,697,721 |
| 356,637 | 186,821 | 193,757 | 1,383,911 | 1,389,307 | 1,392,810 |
| 474,577 | 654,250 | 722,967 | 757,108 | 857,470 | 937,888 |
| 21,206 | 21,206 | 21,206 | 21,206 | 26,405 | 26,405 |
| 40,686,440 | 97,577,740 | 118,327,885 | 119,196,986 | 119,196,986 | 119,196,986 |

Kettering City School District

Educational and Operating Statistics Last Ten Years

| | 2000 | 2001 | 2002 | 2003 | 2004 |
|-----------------------------------|--------|--------|--------|--------|--------|
| ACT Scores (Average) | | | | | |
| Kettering | 22.8 | 22.8 | 22.6 | 23.4 | 22.2 |
| Ohio | 21.4 | 21.4 | 21.4 | 21.4 | 21.4 |
| National | 21.0 | 21.0 | 20.8 | 20.8 | 20.9 |
| SAT Scores (Average) | | | | | |
| Kettering | | | | | |
| Verbal | 537 | 537 | 528 | 544 | 527 |
| Mathematical | 537 | 537 | 527 | 551 | 531 |
| Ohio | | | | | |
| Verbal | 533 | 534 | 534 | 536 | 540 |
| Mathematical | 539 | 539 | 539 | 541 | 540 |
| National | | | | | |
| Verbal | 505 | 506 | 506 | 507 | 510 |
| Mathematical | 514 | 514 | 514 | 519 | 510 |
| National Merit Scholars | | | | | |
| Finalist | 2 | 1 | 3 | 2 | 2 |
| Semi-Finalist | 2 | 1 | 3 | 2 | 2 |
| Commended Scholars | 0 | 0 | 0 | 0 | 0 |
| Cost per Student (ODE) | | | | | |
| Kettering | 6,789 | 6,937 | 7,412 | 7,726 | 8,247 |
| Ohio (Average) | 7,057 | 7,602 | 8,073 | 8,441 | 8,768 |
| Cost to Educate a Graduate | | | | | |
| Kettering | N/A | N/A | N/A | 80,238 | 83,539 |
| Ohio (Average) | 67,621 | 71,601 | 75,655 | 79,747 | 84,129 |
| Attendance Rate | | | | | |
| Kettering | 95.41% | 94.35% | 95.57% | 93.50% | 93.90% |
| Ohio (Average) | 97.20% | 94.70% | 95.00% | 94.90% | 95.30% |
| Graduation Rate | | | | | |
| Kettering | 77.70% | 90.30% | 95.00% | 97.60% | 99.30% |
| Ohio (Average) | 80.70% | 81.20% | 82.80% | 83.90% | 84.30% |

Source:

District's Student Records and Ohio Department of Education

N/A = Not available

Kettering City School District

| 2005 | 2006 | 2007 | 2008 | 2009 |
|--------|--------|---------|---------|--------|
| 22.2 | 23.2 | 22.7 | 22.7 | 23.6 |
| 21.1 | 21.5 | 21.6 | 21.7 | 21.7 |
| 20.6 | 21.1 | 21.2 | 21.1 | 21.1 |
| 524 | 541 | 525 | 517 | 540 |
| 532 | 552 | 532 | 531 | 556 |
| 539 | 535 | 536 | 534 | 537 |
| 543 | 544 | 542 | 544 | 546 |
| 508 | 503 | 502 | 502 | 501 |
| 520 | 581 | 515 | 515 | 515 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 2 | 1 |
| 3 | 4 | 6 | 1 | 3 |
| 9,434 | 10,593 | 10,998 | 11,078 | N/A |
| 9,028 | 9,356 | 9,586 | 9,939 | N/A |
| 88,059 | 93,166 | 104,163 | 115,241 | N/A |
| 88,133 | 89,779 | 99,365 | 109,304 | N/A |
| 94.10% | 95.50% | 94.90% | 95.10% | 95.10% |
| 95.20% | 94.10% | 94.10% | 94.20% | 94.30% |
| 99.40% | 98.60% | 98.70% | N/A | 97.90% |
| 85.90% | 86.20% | 86.90% | N/A | 84.60% |





Mary Taylor, CPA
Auditor of State

KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 24, 2009