

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2020



Kettering City School District
Montgomery County, Ohio

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**Comprehensive Annual
Financial Report**

of the

Kettering City School District

Montgomery County, Ohio

for the

Fiscal Year Ended June 30, 2020

Prepared by:
Mr. Daniel Schall
Treasurer

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

Introductory Section

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KETTERING CITY SCHOOL DISTRICT

580 Lincoln Park Boulevard, Suite 105, Kettering Ohio 45429
www.ketteringschools.org



January 29, 2021

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

We are pleased to present the twenty-sixth Comprehensive Annual Financial Report (CAFR) of the Kettering City School District (the District) for the fiscal year ended June 30, 2020. This report was prepared by the Treasurer's Office, and includes the unmodified opinion of our independent auditors, the Ohio Auditor of State. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. The CAFR conforms to generally accepted accounting principles (GAAP) applicable to government entities.

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

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

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

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

HISTORY AND BACKGROUND

The 2020 school year marked the 179th 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.

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

LETTER OF TRANSMITTAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

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

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

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

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

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 61,325 and covers 21.3 square miles. The City of Moraine has 6,307 residents and encompasses 9.22 square miles of which approximately 2.9 are within the Kettering City School District.

The official opening enrollment of the District was 7,417 enrolled in eight elementary schools, two middle schools and one high school during the 2019-20 school year; enrollment increased to 7,839 students during fiscal year 2020. The District projects enrollment to remain stable. The District's school buildings range in age from 13 years to 71 years old. Other facilities operated by the District include a maintenance building, a transportation building, and the Central Office Building that had been a high school and junior high school previously. The Central Office Building also houses the District's alternative high school program. At the end of fiscal year 2019, central office functions moved to a leased space and the District is planning to vacate and ultimately demolish the Central Office Building due to the excessive cost of upkeep and renovation.

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

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

LETTER OF TRANSMITTAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020 were as follows:

Toby Henderson
Jennifer Kane
Julie A. Gilmore
Lori E. Parks
James T. Ambrose

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

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

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 2019.

According to the City of Kettering, although the City has been negatively impacted by the decline in employment in the area, the overall effect was diminished due to the diversity of the employment base. Kettering's business base ranges from some major employers headquartered in Kettering to many midsize companies specializing in technology or professional services and smaller, family-owned businesses. Kettering's largest employers include Kettering Medical Center (KMC), Synchrony Financial, and Reynolds & Reynolds Co. KMC employs 3,570 people and recently completed construction on a new \$49 million state of the art comprehensive cancer care center on vacant land across the street from the main campus. Reynolds & Reynolds Co., a Fortune 1000 company based in Dayton since 1866, continues to employ 1,350 people at its Miami Valley Research Park campus. Synchrony Financial employs 1,900 people and recently invested \$1.5 million for improvements in their facility at the Kettering Business Park (KBP).

In the area of new employment, in late 2017, the City completed the purchase of nearly 300 acres of unimproved land. The City plans to aggressively market the land remaining for development and work with existing tenants to explore expansion opportunities. Community Tissue Services (CTS) broke ground in 2018 for a 132,000 square foot expansion at its Miami Valley Research Park facility. The completed project in 2020 will create an additional 200 jobs. Tenneco plans to consolidate two national plants in its Kettering location and make significant reinvestment in the property bringing hundreds of new high paying jobs to the facility. In 2019, the City sold 14 acres of land and a largely vacant warehouse at the Kettering Business Park to a developer. The developer demolished the warehouse and constructed a 100,000 square foot distribution center for Amazon. The distribution center employs approximately 400 part-time employees. Finally, the City continues to implement the plan developed by the Wilmington Pike Improvement Committee to regenerate investment and spur economic development along the Wilmington Pike corridor.

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

LETTER OF TRANSMITTAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Economic Condition and Outlook (Moraine)

According to the City of Moraine, the City's local economy has shown improvement over the past several years.

During 2019, new investments totaling approximately \$70 million were made, primarily by Fuyao, Winsupply, Dmax and Fidelity

Looking ahead to 2020, Tyler Technologies expects to complete significant investment along Tyler Way, between Dryden and Interstate 75. The Tyler facility will double in size, from 40,000 square feet, to 80,000 square feet and is projected to add 225 new jobs over the next three years.

The City of Moraine expects to see continued growth along the Dryden Road and Springboro Pike corridors. These two areas have been among the fastest growing revitalization quadrants in the entire Dayton Metropolitan area.

EMPLOYEE RELATIONS

The Board employs 1,128 full-time and part-time employees (including non-teaching personnel). Of the Board's current employees, 639 are certificated by the Ohio Department of Education serving as classroom teachers, education specialists and administrators, all of whom have at least a bachelor's degree.

Five hundred eighty-two (582) of the Board's certificated teachers and educational specialists are members of the Kettering Education Association ("KEA"), which is a labor organization affiliated with the Ohio Education Association. The current contract between the Board and the Association became effective on July 1, 2017 and expires on June 30, 2020.

Three hundred and eight (308) of the Board's classified employees are members of the Ohio Association of Public School Employees ("OAPSE") which is a labor organization affiliated with the American Federation of State, County and Municipal Employees ("AFSME"). The current contract between the Board and OAPSE became effective on August 1, 2017 and expires on July 31, 2020.

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

MAJOR INITIATIVES

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

Our mission, in partnership with the family and community, is to guarantee a superior educational learning experience for all students by providing a positive and innovative learning environment, while responsibly utilizing resources.

The District remains diligently focused on implementation of its strategic plan. Despite challenges of location and interaction brought on by COVID-19, the District continues initiatives designed to meet our primary strategic initiatives:

- Enhance Academic Performance (RTI, PBIS & Quality Core Instruction).
- Portrait of a Kettering Graduate – Develop skills in Critical Thinking – Lifelong Learning – Communication – Global Citizenship – engaging collaboration.
- Integrate Facilities that will support optimal learning.
- Create a Social Emotional plan for the District.
- Continue to implement legislation from the government, while keeping the whole child at the forefront.

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

LETTER OF TRANSMITTAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

LONG-TERM FINANCIAL PLANNING

The Ohio Department of Education requires school districts to submit a five-year forecast in October and May each year. The forecast provides three years of historical financial data and five years of revenue and expenditure estimates. The forecast is a benchmark used by administrators and the Board of Education to determine the current and future costs of existing educational programs and sustainability of proposed educational initiatives.

The need for general permanent improvements is at the forefront of concerns. The recent passage of a new permanent improvement levy will allow the District to plan for the necessary repairs to its buildings and grounds. Building administrators are working closely together to prioritize and develop preventative maintenance plans and refresh schedules so resources are allocated appropriately. During fiscal year 2019 construction was completed on a new high school performing arts auditorium. During fiscal year 2020, construction continued on elementary classroom additions.

FINANCIAL POLICIES IMPACTING THE FINANCIAL STATEMENTS

During fiscal year 2019, the District issued a total of \$15,620,000 in certificates of participation (COPS). During fiscal year 2020, the District used the proceeds from these COPS for construction of a new high school addition, elementary classroom additions, and the addition of maintenance and warehouse space District-wide.

FINANCIAL INFORMATION

Internal Controls

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

Budgetary Controls

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

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

LETTER OF TRANSMITTAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Independent Audit

The State of Ohio requires an annual audit by either the Auditor of State or by an independent public accounting firm. The Auditor of State performed the audit for the fiscal year ended June 30, 2020. The audit has been conducted in accordance with generally accepted auditing standards, generally accepted government auditing standards, and includes a review of internal controls and tests of compliance with Federal and State laws and regulations. The auditor's report on the District's basic financial statements, combining statements, and individual fund statements and schedules is included in the financial section of this Comprehensive Annual Financial Report.

In addition to the financial audit, a single audit was performed as required by the Single Audit Act Amendments of 1996 and the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The single audit report is not included in the CAFR.

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, 2019. This was the twenty-fifth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The Association of School Business Officials (ASBO) of the United States and Canada awarded a Certificate of Excellence in Financial Reporting to the Kettering City School District for its comprehensive annual financial report for the year ended June 30, 2019. 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 twenty-five consecutive years. We believe our current report continues to meet the Certificate of Excellence Program's requirements, and we are submitting it to ASBO to determine its eligibility for another certificate.

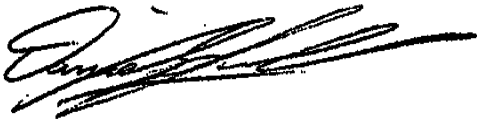
**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

LETTER OF TRANSMITTAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Acknowledgments

The preparation of this twenty-sixth Comprehensive Annual Financial Report would not have been possible without the cooperation and support of the entire staff of the Treasurer's Office. A special thanks to the administration and staff who help make our District sustainable and vibrant, the Montgomery County Auditor's Office, the Kettering City Finance Department, the Moraine City Finance Department, and the State Auditor's Office for their special support. Also, special thanks to Julian & Grube, Inc. and staff for assistance in the preparation of this financial report.

Sincerely,



Mr. Daniel Schall, CFO
Treasurer



Mr. L. Scott Inskeep
Superintendent

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

**PRINCIPAL OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Elected Officials

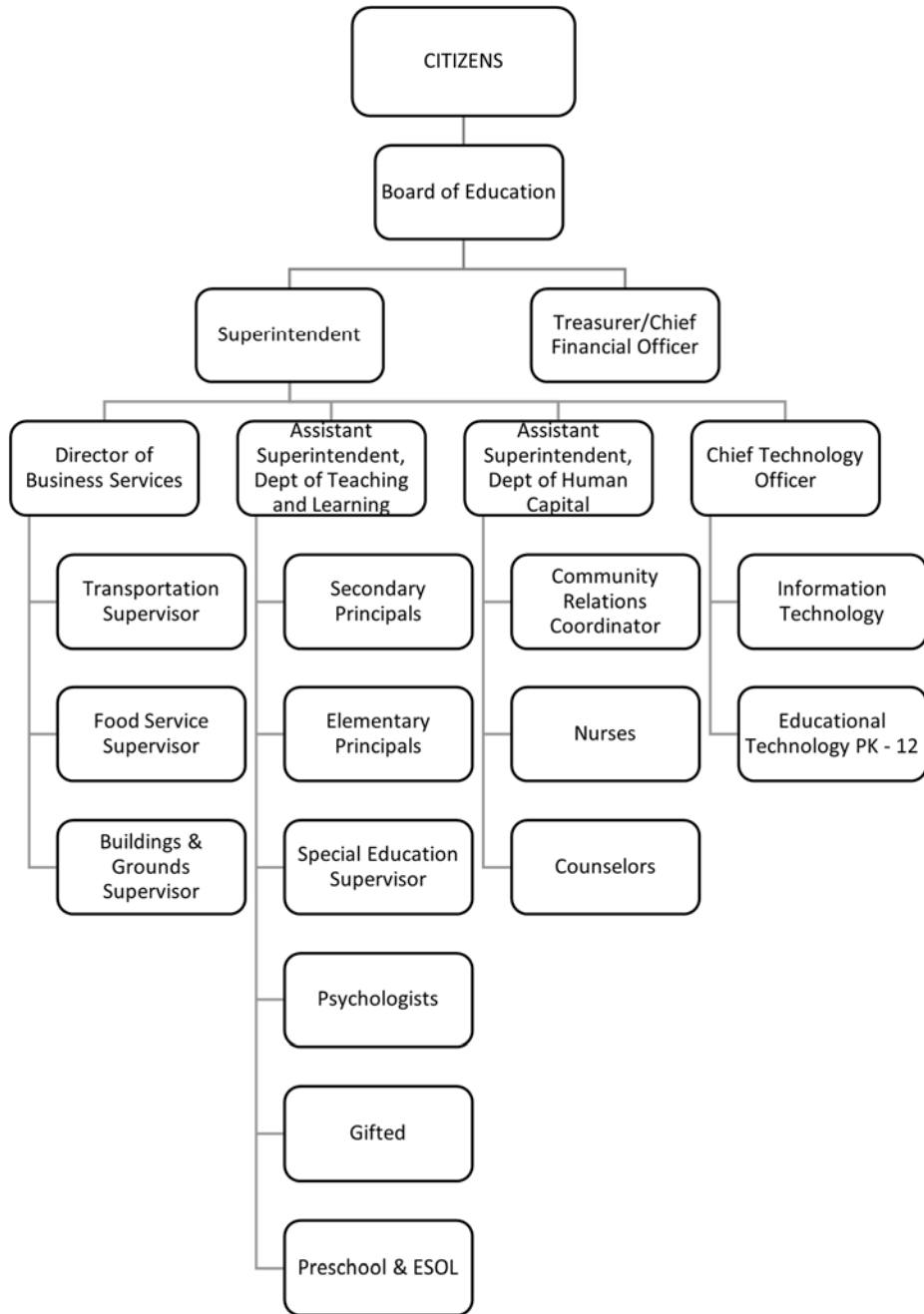
President - Board of Education..... Mr. James T. Ambrose
Vice President - Board of Education Mr. Toby Henderson
Board of Education MemberMs. Lori E. Parks
Board of Education Member Ms. Julie A. Gilmore
Board of Education MemberMs. Jennifer Kane

Appointed Officials

Superintendent..... Mr. L. Scott Inskeep
Treasurer/Chief Financial Officer..... Mr. Daniel Schall
Assistant Superintendent of Teaching & Learning..... Mr. Dan Von Handorf
Assistant Superintendent of Human Capital..... Mr. Ken Miller
Director - Business Services.....Mr. Kenneth Lackey
Chief Technology Officer..... Mr. Chris Merritt

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

ORGANIZATIONAL CHART
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

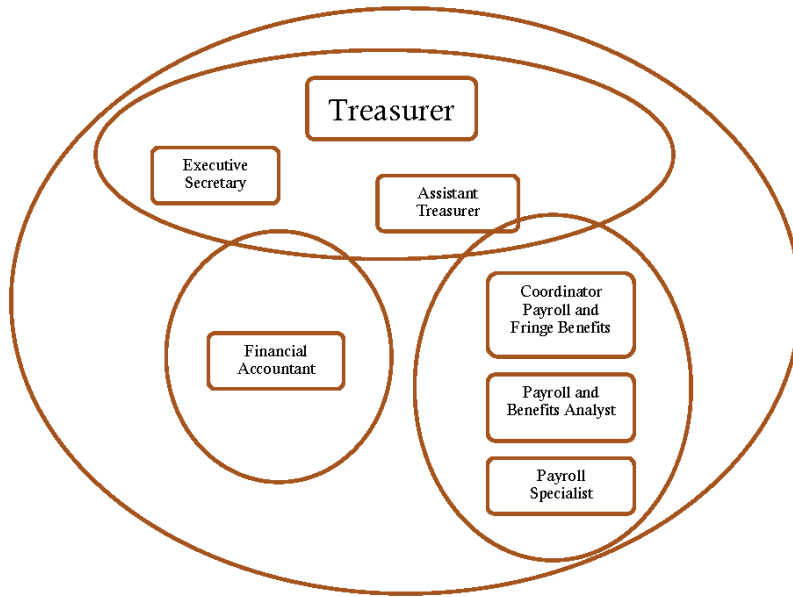


**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

OFFICE OF THE TREASURER
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Team Organization

Treasurer/Chief Financial Officer..... Daniel Schall
Assistant Treasurer Amy Moore
Coordinator - Payroll and Fringe Benefits.....Jill E. Lopez
Payroll and Benefits AnalystDenise Lay
Executive Secretary Carol S. Trospen
Payroll Specialist Jean Mueller
Financial Accountant..... Lisa Kelsey





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Kettering City School District
Ohio**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The 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, 2019.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink that reads 'Claire Hertz'.

Claire Hertz, SFO
President

A handwritten signature in black ink that reads 'David J. Lewis'.

David J. Lewis
Executive Director

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

Financial Section

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OHIO AUDITOR OF STATE KEITH FABER



One First National Plaza
130 West Second Street, Suite 2040
Dayton, Ohio 45402-1502
(937) 285-6677 or (800) 443-9274
WestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Kettering City School District
Montgomery County
580 Lincoln Park Boulevard
Kettering, Ohio 45429

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kettering City School District, Montgomery County, Ohio (the District), as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during fiscal year 2020, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Additionally, as discussed in Note 3 to the financial statements, the District restated the June 30, 2019 General Fund balance to properly report the dental insurance fund. Further, as discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

January 29, 2021

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

The management's discussion and analysis of the Kettering City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2020 are as follows:

- The District's net position of governmental activities decreased \$13,323,685 which represents a 22.06% decrease from 2019's restated net position.
- General revenues accounted for \$104,766,124 in revenue or 85.24% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$18,142,402 or 14.76% of total revenues of \$122,908,526.
- The District had \$136,232,211 in expenses related to governmental activities; \$18,142,402 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$104,766,124 were not adequate to provide for these programs.
- The District's three major governmental funds are the general fund, bond retirement fund and permanent improvement fund. The general fund had \$99,772,670 in revenues and \$107,022,774 in expenditures and other financing uses. During fiscal year 2020, the general fund's fund balance decreased \$7,245,946 from a restated balance of \$8,864,432 to \$1,618,486.
- The bond retirement fund had \$7,443,788 in revenues and \$6,922,172 in expenditures. During fiscal year 2020, the bond retirement fund's fund balance increased by \$521,616 from a balance of \$4,354,714 to a balance of \$4,876,330.
- The permanent improvement fund had \$4,492,585 in revenues and \$16,194,313 in expenditures. During fiscal year 2020, the permanent improvement fund's fund balance decreased by \$11,701,728 from a balance of \$16,303,648 to a balance of \$4,601,920.

Using these Basic Financial Statements

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this report contains the large number of funds utilized by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did the District perform financially during 2020?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses, regardless of when cash is received or paid.

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Fiduciary Funds

The District acts in a trustee capacity as an agent for individuals and other entities. These activities are reported in custodial funds. All of the District's fiduciary activities are reported in a separate statement of changes in fiduciary net position. These activities are excluded from the District's other financial statements because the assets of fiduciary funds cannot be utilized by the District to finance its operations.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability/asset.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for June 30, 2020 and June 30, 2019. Amounts for fiscal year 2019 have been restated due to the implementation of GASB Statement No. 84.

	Net Position	
	Governmental Activities 2020	Restated Governmental Activities 2019
<u>Assets</u>		
Current and other assets	\$ 112,285,682	\$ 119,083,755
Net OPEB asset	6,939,171	6,664,209
Capital assets, net	129,595,647	120,623,292
Total assets	<u>248,820,500</u>	<u>246,371,256</u>
<u>Deferred outflows of resources</u>		
Unamortized deferred charges on debt refunding	202,120	207,102
Pensions	25,431,535	34,282,397
OPEB	3,285,053	2,467,205
Total deferred outflows of resources	<u>28,918,708</u>	<u>36,956,704</u>
<u>Liabilities</u>		
Current liabilities	17,339,505	15,726,438
Long-term liabilities:		
Due within one year	6,976,546	6,755,253
Due in more than one year:		
Net pension liability	122,218,397	118,880,990
Net OPEB liability	12,748,907	13,649,512
Other amounts	94,664,247	100,326,742
Total liabilities	<u>253,947,602</u>	<u>255,338,935</u>
<u>Deferred inflows of resources</u>		
Property taxes levied for next fiscal year	79,723,160	69,367,628
Payments in lieu of taxes		
levied for next fiscal year	375,570	372,033
Pensions	5,332,931	6,961,557
OPEB	12,085,837	11,690,014
Total deferred inflows of resources	<u>97,517,498</u>	<u>88,391,232</u>
<u>Net position</u>		
Net investment in capital assets	39,455,395	39,107,298
Restricted	10,700,309	6,698,968
Unrestricted (deficit)	<u>(123,881,596)</u>	<u>(106,208,473)</u>
Total net position	<u>\$ (73,725,892)</u>	<u>\$ (60,402,207)</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

In accordance with GASB 68 and GASB 75, the District’s statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan’s *change* in net pension liability and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

Analysis of Net Position

Over time, net position can serve as a useful indicator of a government’s financial position. At June 30, 2020, the District’s liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$73,725,892.

Deferred outflows related to pension decreased primarily due to changes in assumptions by the State Teachers Retirement System (STRS).

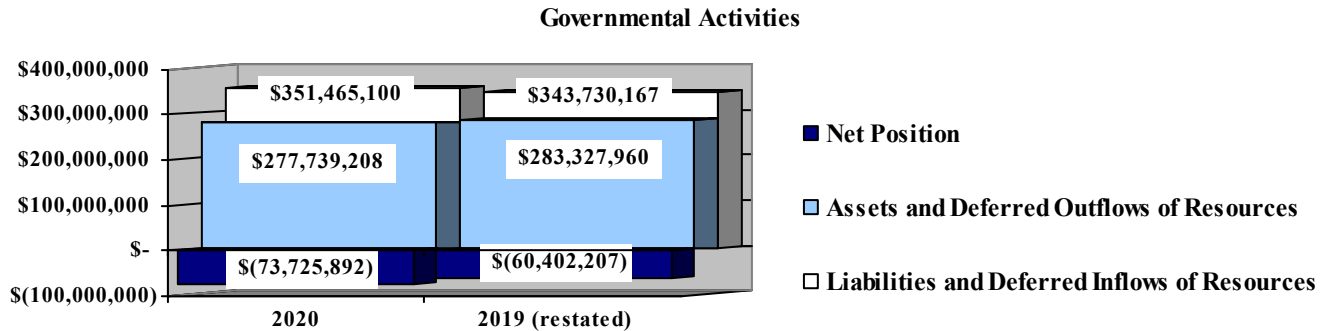
Total assets include a net OPEB asset reported by STRS.

At year-end, capital assets represented 52.08% of total assets. Capital assets include land, construction in progress, buildings and improvements, furniture, fixtures and equipment, and vehicles. The District’s net investment in capital assets at June 30, 2020 was \$39,455,395. These capital assets are used to provide services to students and community members and are not available for future spending. Although the District’s net investment in capital assets is reported net of debt related to the acquisition of these assets, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

The net pension liability increased during fiscal year 2020, while the net OPEB liability slightly decreased. These liabilities are outside of the control of the District. The District contributes its statutorily required contributions to the pension systems; however, it’s the pension systems that collect, hold and distribute pensions and OPEB to District employees, not the District.

A portion of the District’s net position, \$10,700,309, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position was a deficit of \$123,881,596.

The graph below illustrates the District’s governmental activities assets plus deferred outflows, liabilities plus deferred inflows and net position at June 30, 2020 and 2019. Amounts at June 30, 2019 have been restated due to the implementation of GASB Statement No. 84.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

Governmental Activities

The table below shows the change in net position of the governmental activities for fiscal year 2020 and 2019. Amounts for fiscal year 2019 have been restated due to the implementation of GASB Statement No. 84.

	Changes in Net Position - Governmental Activities		
	<u>2020</u>	<u>Restated 2019</u>	<u>Increase (Decrease)</u>
<u>Revenues</u>			
Program revenues:			
Charges for services and sales	\$ 5,045,508	\$ 5,522,576	\$ (477,068)
Operating grants and contributions	13,096,894	12,430,826	666,068
General revenues:			
Property taxes	81,747,046	75,869,324	5,877,722
Payment in lieu of taxes	332,258	126,593	205,665
Grants and entitlements	21,242,214	23,014,065	(1,771,851)
Investment earnings	719,427	923,131	(203,704)
Miscellaneous	725,179	1,254,470	(529,291)
Total revenues	<u>122,908,526</u>	<u>119,140,985</u>	<u>\$ 3,767,541</u>
<u>Expenses</u>			
Program expenses:			
Instruction:			
Regular	50,454,304	38,967,265	\$ 11,487,039
Special	18,656,664	14,160,516	4,496,148
Vocational	3,257,367	2,772,251	485,116
Adult/continuing	1,139	114,734	(113,595)
Other	6,481,742	5,359,312	1,122,430
Support services:			
Pupil	10,964,179	9,135,588	1,828,591
Instructional staff	5,540,436	4,362,791	1,177,645
Board of education	65,153	127,633	(62,480)
Administration	8,164,194	6,640,852	1,523,342
Fiscal	3,011,199	2,536,345	474,854
Business	971,662	536,991	434,671
Operations and maintenance	10,041,325	8,011,879	2,029,446
Pupil transportation	5,323,731	4,951,953	371,778
Central	1,449,512	1,082,724	366,788
Operation of non-instructional services	6,700,173	5,829,228	870,945
Extracurricular activities	2,149,912	1,939,346	210,566
Debt service:			
Interest and fiscal charges	2,999,519	2,959,085	40,434
Total expenses	<u>136,232,211</u>	<u>109,488,493</u>	<u>\$ 26,743,718</u>
Change in net position	(13,323,685)	9,652,492	
Net position at beginning of year (restated)	<u>(60,402,207)</u>	<u>(70,054,699)</u>	
Net position at end of year	<u>\$ (73,725,892)</u>	<u>\$ (60,402,207)</u>	

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

Net position of the District’s governmental activities decreased \$13,323,685. Total governmental expenses of \$136,232,211 were offset by program revenues of \$18,142,402 and general revenues of \$104,766,124. Program revenues supported 13.32% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from taxes, and grants and entitlements. These revenue sources represent 83.79% of total governmental revenue.

Overall, revenues of the governmental activities increased 3.16%. The largest components of this increase resulted from property taxes.

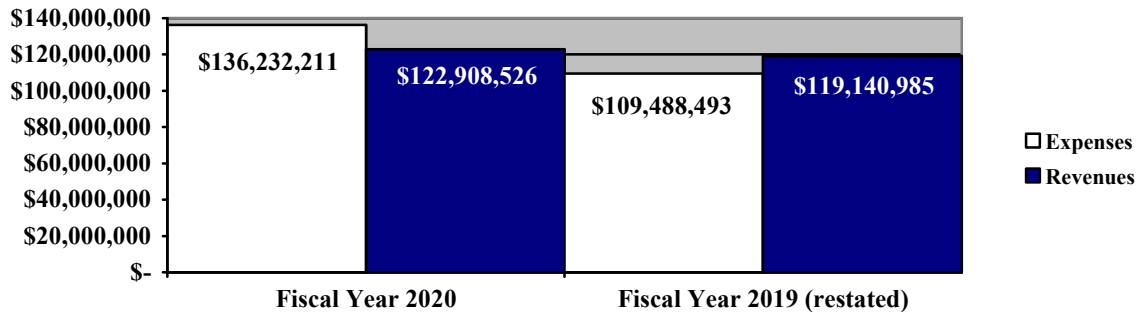
Overall, expenses of the governmental activities increased \$26,743,718 or 24.43%. This increase is primarily the result of increases to pension expense and OPEB expense.

On an accrual basis, the District reported \$20,124,883 and \$12,778,848 in pension expense for fiscal year 2020 and 2019, respectively. In addition, the District reported (\$1,342,104) and (\$13,470,346) in OPEB expense for fiscal year 2020 and 2019, respectively. The increase in both the net pension expense and the OPEB expense from fiscal year 2019 to fiscal year 2020 was \$19,474,277. This increase is primarily the result of the benefit changes by the retirement systems. Fluctuations in the pension and OPEB expense makes it difficult to compare financial information between years. Pension and OPEB expense are components of program expenses reported on the statement of activities.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$78,851,216 or 57.88% of total governmental expenses for fiscal year 2020.

The graph below presents the District’s governmental activities revenues and expenses for fiscal year 2020 and 2019. Amounts for fiscal year 2019 have been restated due to the implementation of GASB Statement No. 84.

Governmental Activities - Revenues and Expenses



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

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

Governmental Activities

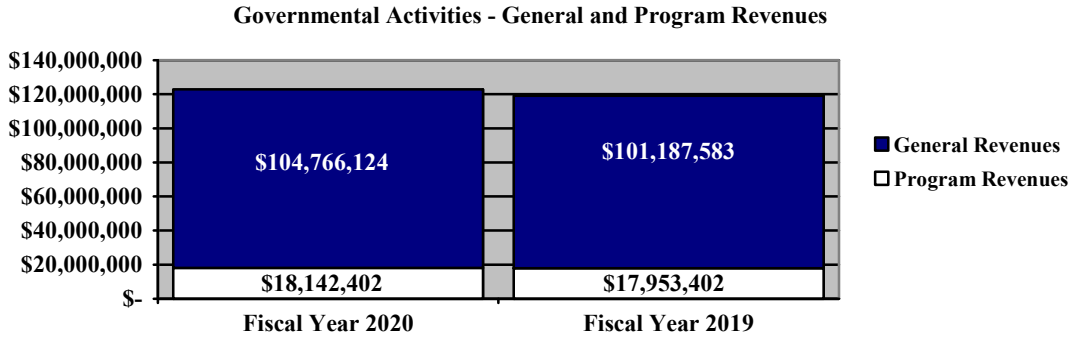
	Total Cost of Services 2020	Net Cost of Services 2020	Restated Total Cost of Services 2019	Restated Net Cost of Services 2019
<u>Program expenses</u>				
Instruction:				
Regular	\$ 50,454,304	\$ 48,666,270	\$ 38,967,265	\$ 37,493,302
Special	18,656,664	12,659,947	14,160,516	8,823,692
Vocational	3,257,367	2,192,245	2,772,251	1,638,804
Adult/continuing	1,139	1,139	114,734	(48,412)
Other	6,481,742	6,481,742	5,359,312	5,283,472
Support services:				
Pupil	10,964,179	9,074,906	9,135,588	7,858,891
Instructional staff	5,540,436	4,792,045	4,362,791	3,478,801
Board of education	65,153	65,153	127,633	127,633
Administration	8,164,194	7,817,818	6,640,852	6,183,168
Fiscal	3,011,199	3,011,199	2,536,345	2,536,345
Business	971,662	971,662	536,991	536,991
Operations and maintenance	10,041,325	9,994,403	8,011,879	7,910,585
Pupil transportation	5,323,731	4,988,663	4,951,953	4,574,465
Central	1,449,512	1,427,326	1,082,724	1,032,924
Operations of non-instructional services	6,700,173	1,327,415	5,829,228	(143,447)
Extracurricular activities	2,149,912	1,618,357	1,939,346	1,288,792
Debt service:				
Interest and fiscal charges	2,999,519	2,999,519	2,959,085	2,959,085
Total expenses	<u>\$ 136,232,211</u>	<u>\$ 118,089,809</u>	<u>\$ 109,488,493</u>	<u>\$ 91,535,091</u>

The District's dependence upon tax and other general revenues for governmental activities is apparent, as 88.78% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 86.68%. The District's taxpayers and grants and entitlements received from the State of Ohio that are not restricted in use are by far the primary support for District's students.

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

The graph below presents the District’s governmental activities revenue for fiscal year 2020 and 2019. Amounts for fiscal year 2019 have been restated due to the implementation of GASB Statement No. 84.



The District’s Funds

The District’s governmental funds reported a combined fund balance of \$11,532,109, which is less than last year’s restated total of \$30,194,665. The schedule below shows fund balances at June 30, 2020 and June 30, 2019 and the net changes in fund balances during fiscal year 2020.

	Fund Balance June 30, 2020	Restated Fund Balance June 30, 2019	Increase (Decrease)	Percentage Change
General fund	\$ 1,618,486	\$ 8,864,432	\$ (7,245,946)	(81.74) %
Bond retirement fund	4,876,330	4,354,714	521,616	11.98 %
Permanent improvement fund	4,601,920	16,303,648	(11,701,728)	(71.77) %
Nonmajor governmental funds	435,373	671,871	(236,498)	(35.20) %
Total	\$ 11,532,109	\$ 30,194,665	\$ (18,662,556)	(61.81) %

The bond retirement fund’s fund balance is restricted for future payments of principal and interest on the District’s general obligation bonds. The permanent improvement fund’s fund balance is restricted for capital projects.

General Fund

Overall, revenues in the general fund increased 3.18%. The largest components of this increase was in taxes, which increased approximately \$5.5 million. Taxes increased due the passage of an additional 5.99 mill levy in November 2018. Fiscal year 2020 was the first full fiscal year with collections on this levy. Intergovernmental revenue decreased approximately \$2.3 million during fiscal year 2020. This reason for this decrease is a reduction in State Foundation revenue. The State of Ohio made cuts to this program due to the COVID-19 pandemic.

The table that follows shows the revenues of the general fund for fiscal years 2020 and 2019. Amounts for fiscal year 2019 have been restated due to the implementation of GASB Statement No. 84.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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(UNAUDITED)**

<u>Revenues</u>	2020 Amount	Restated 2019 Amount	Increase/ (Decrease)	Percentage Change
Taxes	\$ 71,198,110	\$ 65,728,241	\$ 5,469,869	8.32 %
Payment in lieu of taxes	332,258	126,593	205,665	162.46 %
Tuition	1,752,276	1,336,074	416,202	31.15 %
Earnings on investments	518,847	708,834	(189,987)	(26.80) %
Extracurricular activities	213,515	261,003	(47,488)	(18.19) %
Intergovernmental	23,674,950	26,023,166	(2,348,216)	(9.02) %
Other	2,082,714	2,509,507	(426,793)	(17.01) %
Total	<u>\$ 99,772,670</u>	<u>\$ 96,693,418</u>	<u>\$ 3,079,252</u>	3.18 %

The table that follows displays the expenditures of the general fund for fiscal years 2020 and 2019. Amounts for fiscal year 2019 have been restated due to the implementation of GASB Statement No. 84.

<u>Expenditures</u>	2020 Amount	Restated 2019 Amount	Increase/ (Decrease)	Percentage Change
Instruction:				
Regular	\$ 42,863,746	\$ 40,763,261	\$ 2,100,485	5.15 %
Special	14,578,885	13,701,944	876,941	6.40 %
Vocational	2,805,804	2,893,662	(87,858)	(3.04) %
Other	6,482,106	5,303,305	1,178,801	22.23 %
Supporting services:				
Pupil	9,030,539	8,914,732	115,807	1.30 %
Instruction staff	4,004,899	3,897,247	107,652	2.76 %
Board of education	65,153	127,633	(62,480)	(48.95) %
Administration	6,720,474	6,307,192	413,282	6.55 %
Fiscal	2,812,337	2,469,727	342,610	13.87 %
Business	886,330	521,711	364,619	69.89 %
Operations and maintenance	8,665,060	7,852,206	812,854	10.35 %
Pupil transportation	4,500,786	4,654,381	(153,595)	(3.30) %
Central	1,265,311	1,108,898	156,413	14.11 %
Operation of non-instructional services	586,658	687,797	(101,139)	(14.70) %
Extracurricular activities	1,347,708	1,323,923	23,785	1.80 %
Facilities acquisition and construction	5,057	591	4,466	755.67 %
Debt service:				
Principal retirement	306,122	289,157	16,965	5.87 %
Interest & fiscal charges	77,299	92,033	(14,734)	(16.01) %
Total	<u>\$ 107,004,274</u>	<u>\$ 100,909,400</u>	<u>\$ 6,094,874</u>	6.04 %

Expenditures of the general fund increased \$6,094,874 or 6.04%. The main reason for this increase was due to some staffing increases and the rising cost wages and benefits.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

Bond Retirement Fund

In total, the bond retirement fund recognized \$7,443,788 in revenues and \$6,922,172 in expenditures during fiscal year 2020. During fiscal year 2020, the bond retirement fund's fund balance increased by \$521,616 from a balance of \$4,354,714 to a balance of \$4,876,330.

Permanent Improvement Fund

In total, the permanent improvement fund recognized \$4,492,585 in revenues and \$16,194,313 in expenditures during fiscal year 2020. The majority of capital expenditures in 2020 were for the construction of a new career tech building at Kettering Fairmont High School, and renovations at several elementary buildings. During fiscal year 2020, the permanent improvement fund's fund balance decreased by \$11,701,728 from a balance of \$16,303,648 to a balance of \$4,601,920.

General Fund Budgeting Highlights

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

For the general fund, original budgeted revenues and other financing sources were \$98,012,199. Final budgeted revenues and other financing sources were reduced to \$93,620,612 from the original. Actual revenues and other financing sources for fiscal year 2020 were \$101,054,367; this represents a \$7,433,755 increase over final budgeted revenues.

General fund original appropriations and other financing uses totaled \$108,858,766. Final appropriations and other financing uses were unchanged from the original. The actual budget basis expenditures and other financing uses for fiscal year 2020 totaled \$107,780,562, which is less than the final budget appropriations by \$1,078,204.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2020, the District had \$129,595,647 invested in land, construction in progress, buildings and improvements, furniture, fixtures and equipment, and vehicles. This entire amount is reported in the District's governmental activities. The following table shows the District's net capital asset balances for 2020 and 2019.

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

	2020	2019
Land	\$ 461,616	\$ 461,616
Construction in progress	10,979,347	950,230
Building and improvements	113,367,111	114,584,051
Furniture, fixtures, and equipment	1,162,769	1,210,803
Vehicles	3,624,804	3,416,592
Total	\$ 129,595,647	\$ 120,623,292

The overall increase in capital assets of \$8,972,355 is due to capital asset additions of \$11,621,684 exceeding depreciation expense of \$2,584,308 and disposals (net of accumulated depreciation) of \$65,021. See Note 10 to the basic financial statements for additional information on the District's capital assets.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

Debt Administration

The following table summarizes the District's long-term debt outstanding at June 30, 2020 and 2019.

Outstanding Debt at June 30 - Governmental Activities

	<u>2020</u>	<u>2019</u>
General obligation bonds	\$ 55,250,000	\$ 59,513,783
Tax anticipation notes	2,865,000	3,605,000
Certificates of participation	26,630,000	26,860,000
Capital lease	169,080	325,202
Unamortized premiums	<u>6,383,960</u>	<u>7,252,144</u>
Total	<u>\$ 91,298,040</u>	<u>\$ 97,556,129</u>

At June 30, 2020, the District had \$55,250,000 in general obligation bonds outstanding, including current interest bonds, capital appreciation bonds, and accreted interest. The District also had \$2,865,000 in tax anticipation notes outstanding, \$26,630,000 in certificates of participation outstanding, and \$169,080 in capital lease obligations outstanding. Of these obligations, \$5,759,080 is due within one year and \$79,155,000 is due in greater than one year. See Note 12 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

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

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Daniel Schall, Treasurer, 580 Lincoln Park Blvd., Suite 105, Kettering, Ohio 45429.

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

STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 25,640,132
Cash with fiscal agent	848,781
Receivables:	
Property taxes	83,396,339
Payment in lieu of taxes	375,570
Accounts	61,627
Accrued interest	15,494
Intergovernmental	1,617,852
Prepayments	198,710
Materials and supplies inventory	86,899
Inventory held for resale	44,278
Net OPEB asset	6,939,171
Capital assets:	
Nondepreciable capital assets	11,440,963
Depreciable capital assets, net	118,154,684
Capital assets, net	129,595,647
Total assets	248,820,500
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	202,120
Pension	25,431,535
OPEB	3,285,053
Total deferred outflows of resources	28,918,708
Liabilities:	
Accounts payable	882,865
Contracts payable	594,930
Accrued wages and benefits payable	12,982,156
Intergovernmental payable	729,451
Pension and postemployment obligation payable	1,817,990
Accrued interest payable	314,137
Matured bonds payable	17,976
Long-term liabilities:	
Due within one year	6,976,546
Due in more than one year:	
Net pension liability	122,218,397
Net OPEB liability	12,748,907
Other amounts due in more than one year	94,664,247
Total liabilities	253,947,602
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	79,723,160
Payment in lieu of taxes levied for the next fiscal year	375,570
Pension	5,332,931
OPEB	12,085,837
Total deferred inflows of resources	97,517,498
Net position:	
Net investment in capital assets	39,455,395
Restricted for:	
Capital projects	4,067,152
Permanent fund - expendable	1,865
Permanent fund - nonexpendable	44,251
Debt service	4,395,697
State funded programs	1,184,894
Federally funded programs	71,952
Food service	306,882
Student activities	569,095
Other purposes	58,521
Unrestricted (deficit)	(123,881,596)
Total net position	\$ (73,725,892)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 50,454,304	\$ 1,385,655	\$ 402,379	\$ (48,666,270)
Special	18,656,664	539,166	5,457,551	(12,659,947)
Vocational	3,257,367	85,403	979,719	(2,192,245)
Adult/continuing.	1,139	-	-	(1,139)
Other	6,481,742	-	-	(6,481,742)
Support services:				
Pupil.	10,964,179	446,301	1,442,972	(9,074,906)
Instructional staff	5,540,436	146,190	602,201	(4,792,045)
Board of education	65,153	-	-	(65,153)
Administration.	8,164,194	9,713	336,663	(7,817,818)
Fiscal.	3,011,199	-	-	(3,011,199)
Business.	971,662	-	-	(971,662)
Operations and maintenance	10,041,325	46,922	-	(9,994,403)
Pupil transportation.	5,323,731	2,390	332,678	(4,988,663)
Central	1,449,512	2,386	19,800	(1,427,326)
Other non-instructional services	6,700,173	1,866,119	3,506,639	(1,327,415)
Extracurricular activities.	2,149,912	515,263	16,292	(1,618,357)
Debt service:				
Interest and fiscal charges	2,999,519	-	-	(2,999,519)
Total governmental activities	\$ 136,232,211	\$ 5,045,508	\$ 13,096,894	(118,089,809)
General revenues:				
Property taxes levied for:				
General purposes				71,217,381
Debt service.				6,384,309
Capital outlay.				4,145,356
Payments in lieu of taxes.				332,258
Grants and entitlements not restricted				
to specific programs				21,242,214
Investment earnings				719,427
Miscellaneous.				725,179
Total general revenues.				104,766,124
Change in net position				(13,323,685)
Net position at beginning of year (restated).				(60,402,207)
Net position at end of year				\$ (73,725,892)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and investments	\$ 13,760,606	\$ 4,759,854	\$ 4,473,065	\$ 2,646,607	\$ 25,640,132
Cash with fiscal agent	-	17,976	830,805	-	848,781
Receivables:					
Property taxes	73,546,008	5,771,074	4,079,257	-	83,396,339
Payment in lieu of taxes	375,570	-	-	-	375,570
Accounts	61,347	-	-	280	61,627
Accrued interest	6,203	-	9,291	-	15,494
Interfund loans	1,136,838	-	-	-	1,136,838
Intergovernmental	202,574	-	-	1,415,278	1,617,852
Prepayments	182,256	-	-	16,454	198,710
Materials and supplies inventory	86,899	-	-	-	86,899
Inventory held for resale	-	-	-	44,278	44,278
Due from other funds	433,799	-	-	-	433,799
Total assets	<u>\$ 89,792,100</u>	<u>\$ 10,548,904</u>	<u>\$ 9,392,418</u>	<u>\$ 4,122,897</u>	<u>\$ 113,856,319</u>
Liabilities:					
Accounts payable	\$ 535,812	\$ -	\$ 187,744	\$ 159,309	\$ 882,865
Contracts payable	-	-	594,930	-	594,930
Accrued wages and benefits payable	12,142,859	-	-	839,297	12,982,156
Compensated absences payable	340,732	-	-	-	340,732
Intergovernmental payable	718,691	-	-	10,760	729,451
Pension and postemployment obligation payable	1,674,222	-	-	143,768	1,817,990
Interfund loans payable	-	-	-	1,136,838	1,136,838
Due to other funds	-	-	-	433,799	433,799
Matured bonds payable	-	17,976	-	-	17,976
Total liabilities	<u>15,412,316</u>	<u>17,976</u>	<u>782,674</u>	<u>2,723,771</u>	<u>18,936,737</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	70,310,750	5,499,568	3,912,842	-	79,723,160
Payment in lieu of taxes levied for the next fiscal year	375,570	-	-	-	375,570
Delinquent property tax revenue not available	1,934,465	155,030	94,982	-	2,184,477
Intergovernmental revenue not available	140,513	-	-	963,753	1,104,266
Total deferred inflows of resources	<u>72,761,298</u>	<u>5,654,598</u>	<u>4,007,824</u>	<u>963,753</u>	<u>83,387,473</u>
Fund balances:					
Nonspendable	269,155	-	-	60,705	329,860
Restricted	-	4,876,330	4,601,920	2,168,911	11,647,161
Committed	-	-	-	12	12
Assigned	1,721,789	-	-	-	1,721,789
Unassigned (deficit)	<u>(372,458)</u>	<u>-</u>	<u>-</u>	<u>(1,794,255)</u>	<u>(2,166,713)</u>
Total fund balances	<u>1,618,486</u>	<u>4,876,330</u>	<u>4,601,920</u>	<u>435,373</u>	<u>11,532,109</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 89,792,100</u>	<u>\$ 10,548,904</u>	<u>\$ 9,392,418</u>	<u>\$ 4,122,897</u>	<u>\$ 113,856,319</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2020

Total governmental fund balances		\$	11,532,109
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			129,595,647
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	2,184,477	
Intergovernmental		1,104,266	
Total		<u>3,288,743</u>	3,288,743
Unamortized premiums on bonds issued are not recognized in the funds.			(6,383,960)
Unamortized amounts on refundings are not recognized in the funds.			202,120
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(314,137)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets & liabilities and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		25,431,535	
Deferred inflows - pension		(5,332,931)	
Net pension liability		(122,218,397)	
Deferred outflows - OPEB		3,285,053	
Deferred inflows - OPEB		(12,085,837)	
Net OPEB asset		6,939,171	
Net OPEB liability		<u>(12,748,907)</u>	
Total			(116,730,313)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(55,250,000)	
Capital lease obligations		(169,080)	
Tax anticipation notes		(2,865,000)	
Certificates of participation		(26,630,000)	
Compensated absences		<u>(10,002,021)</u>	
Total			<u>(94,916,101)</u>
Net position of governmental activities		<u>\$</u>	<u>(73,725,892)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
From local sources:					
Property taxes	\$ 71,198,110	\$ 6,390,691	\$ 4,146,391	\$ -	\$ 81,735,192
Payment in lieu of taxes	332,258	-	-	-	332,258
Tuition	1,752,276	-	-	516,100	2,268,376
Transportation fees	2,390	-	-	-	2,390
Earnings on investments	518,847	-	230,469	18,310	767,626
Charges for services	-	-	-	1,235,928	1,235,928
Extracurricular	213,515	-	-	441,864	655,379
Classroom materials and fees	209,465	-	-	43	209,508
Rental income	46,922	-	-	-	46,922
Contributions and donations	58,435	-	-	16,148	74,583
Contract services	530,254	-	-	-	530,254
Other local revenues	1,235,248	-	-	93,218	1,328,466
Intergovernmental - state	23,674,950	1,053,097	115,725	2,583,654	27,427,426
Intergovernmental - federal	-	-	-	6,110,208	6,110,208
Total revenues	<u>99,772,670</u>	<u>7,443,788</u>	<u>4,492,585</u>	<u>11,015,473</u>	<u>122,724,516</u>
Expenditures:					
Current:					
Instruction:					
Regular	42,863,746	-	1,583,482	181,463	44,628,691
Special	14,578,885	-	-	2,451,279	17,030,164
Vocational	2,805,804	-	49,894	148,576	3,004,274
Other	6,482,106	-	-	-	6,482,106
Support services:					
Pupil	9,030,539	-	-	1,066,526	10,097,065
Instructional staff	4,004,899	-	29,370	886,403	4,920,672
Board of education	65,153	-	-	-	65,153
Administration	6,720,474	-	321,448	332,737	7,374,659
Fiscal	2,812,337	100,047	61,258	-	2,973,642
Business	886,330	-	-	-	886,330
Operations and maintenance	8,665,060	-	1,362,591	35,051	10,062,702
Pupil transportation	4,500,786	-	592,399	-	5,093,185
Central	1,265,311	-	69,718	22,391	1,357,420
Other non-instructional services	586,658	-	-	5,646,276	6,232,934
Extracurricular activities	1,347,708	-	-	449,802	1,797,510
Facilities acquisition and construction	5,057	-	10,013,789	-	10,018,846
Debt service:					
Principal retirement	306,122	4,260,000	970,000	-	5,536,122
Interest and fiscal charges	77,299	2,562,125	1,140,364	-	3,779,788
Total expenditures	<u>107,004,274</u>	<u>6,922,172</u>	<u>16,194,313</u>	<u>11,220,504</u>	<u>141,341,263</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,231,604)</u>	<u>521,616</u>	<u>(11,701,728)</u>	<u>(205,031)</u>	<u>(18,616,747)</u>
Other financing sources (uses):					
Transfers in	-	-	-	18,500	18,500
Transfers (out)	(18,500)	-	-	-	(18,500)
Total other financing sources (uses)	<u>(18,500)</u>	<u>-</u>	<u>-</u>	<u>18,500</u>	<u>-</u>
Net change in fund balances	(7,250,104)	521,616	(11,701,728)	(186,531)	(18,616,747)
Fund balances at beginning of year (restated)	8,864,432	4,354,714	16,303,648	671,871	30,194,665
Increase (decrease) in reserve for inventory	4,158	-	-	(49,967)	(45,809)
Fund balances at end of year	<u>\$ 1,618,486</u>	<u>\$ 4,876,330</u>	<u>\$ 4,601,920</u>	<u>\$ 435,373</u>	<u>\$ 11,532,109</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds	\$	(18,616,747)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense		
Capital asset additions	\$ 11,621,684	
Current year depreciation	<u>(2,584,308)</u>	
Total		9,037,376
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		(65,021)
Governmental funds report expenditures for inventory when purchased; however, in the statement of activities, they are reported as an expense when consumed.		(45,809)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	11,854	
Earnings on investments	(29,889)	
Intergovernmental	<u>(20,845)</u>	
Total		(38,880)
Repayment of bond, note, lease and COP principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		5,536,122
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in less interest being reported in the statement of activities:		
Decrease in accrued interest payable	63,284	
Accreted interest on capital appreciation bonds	(146,217)	
Amortization of bond premiums	868,184	
Amortization of deferred charges	<u>(4,982)</u>	
Total		780,269
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(948,944)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	9,565,240	
OPEB	<u>255,488</u>	
Total		9,820,728
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities		
Pension	(20,124,883)	
OPEB	<u>1,342,104</u>	
Total		<u>(18,782,779)</u>
Change in net position of governmental activities	\$	<u>(13,323,685)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 70,265,609	\$ 67,117,251	\$ 71,829,806	\$ 4,712,555
Payment in lieu of taxes.	325,022	310,459	332,258	21,799
Tuition.	1,884,978	1,800,519	1,926,940	126,421
Transportation fees.	5,614	5,362	5,738	376
Earnings on investments	514,214	491,174	525,661	34,487
Extracurricular.	56,939	54,388	58,207	3,819
Classroom materials and fees	3,388	3,236	3,463	227
Rental income	48,694	46,512	49,778	3,266
Contributions and donations	1,565	1,495	1,600	105
Other local revenues	1,212,478	1,158,151	1,239,469	81,318
Intergovernmental - state	23,351,608	22,305,303	23,871,442	1,566,139
Total revenues	<u>97,670,109</u>	<u>93,293,850</u>	<u>99,844,362</u>	<u>6,550,512</u>
Expenditures:				
Current:				
Instruction:				
Regular	41,975,449	41,975,449	42,871,233	(895,784)
Special.	12,968,661	12,968,661	14,517,380	(1,548,719)
Vocational.	3,324,886	3,324,886	2,871,197	453,689
Other.	6,529,891	6,529,891	6,569,725	(39,834)
Support services:				
Pupil.	9,396,256	9,396,256	8,929,756	466,500
Instructional staff	3,663,279	3,663,279	4,157,331	(494,052)
Board of education	97,159	97,159	77,340	19,819
Administration.	6,947,656	6,947,656	6,598,107	349,549
Fiscal	3,606,216	3,606,216	3,305,149	301,067
Business	1,034,511	1,034,511	894,758	139,753
Operations and maintenance.	9,390,009	9,390,009	8,337,551	1,052,458
Pupil transportation	4,385,922	4,385,922	4,554,431	(168,509)
Central.	3,833,943	3,833,943	1,362,560	2,471,383
Other non-instructional services	175,361	175,361	86,760	88,601
Extracurricular activities.	1,207,134	1,207,134	1,283,718	(76,584)
Facilities acquisition and construction	8,000	8,000	1,303	6,697
Debt service:				
Principal retirement	150,000	150,000	150,000	-
Interest and fiscal charges.	145,933	145,933	56,925	89,008
Total expenditures.	<u>108,840,266</u>	<u>108,840,266</u>	<u>106,625,224</u>	<u>2,215,042</u>
Excess of expenditures over revenues.	<u>(11,170,157)</u>	<u>(15,546,416)</u>	<u>(6,780,862)</u>	<u>8,765,554</u>
Other financing sources (uses):				
Refund of prior year's expenditures	341,155	325,869	348,749	22,880
Transfers (out).	(18,500)	(18,500)	(18,500)	-
Advances in.	-	-	860,300	860,300
Advances (out)	-	-	(1,136,838)	(1,136,838)
Sale of capital assets	935	893	956	63
Total other financing sources (uses)	<u>323,590</u>	<u>308,262</u>	<u>54,667</u>	<u>(253,595)</u>
Net change in fund balance	(10,846,567)	(15,238,154)	(6,726,195)	8,511,959
Fund balance at beginning of year	16,368,958	16,368,958	16,368,958	-
Prior year encumbrances appropriated	1,330,914	1,330,914	1,330,914	-
Fund balance at end of year	<u>\$ 6,853,305</u>	<u>\$ 2,461,718</u>	<u>\$ 10,973,677</u>	<u>\$ 8,511,959</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Custodial
Additions:	
Extracurricular collections for OHSAA.	\$ 24,200
Total additions.	24,200
 Deductions:	
Extracurricular distributions to OHSAA.	24,200
Total deductions	24,200
 Change in net position	 -
Net position at beginning of year (restated)	-
 Net position at end of year	 \$ -

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District operates under a locally elected five-member Board form of government and provides educational services in accordance with the constitution and laws of the State of Ohio and as required by federal agencies. This Board controls the District's instructional and support facilities staffed by 475 classified personnel and 623 certificated teaching and administrative personnel to provide services to students and other community members. The District currently operates one early education center, eight elementary schools, two middle schools (grades 6-8), and one comprehensive high school (grades 9-12).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association (META) Solutions - The District is a participant in META Solutions which is a computer consortium that resulted from the mergers between Tri-Rivers Educational Computer Association (TRECA), Metropolitan Educational Council (MEC), Metropolitan Dayton Educational Cooperative Association (MDECA), Southeastern Ohio Valley Voluntary Education Cooperative (SEOVEC), and South Central Ohio Computer Association (SCOCA). META Solutions develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eleven of the member districts. During fiscal year 2020, the District paid META Solutions \$248,043 for services. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

Shared Resources Center Regional Council of Governments - The District participates in the Shared Resources Center Regional Council of Governments (Council), a jointly governed organization consisting of educational entities within Montgomery County. The purpose of the Council is to provide cost effective services to its members and to other entities, enhance and facilitate relationships between stakeholders in the public and private sector, and collaborate on research and development for innovations in education and local government. The Council is governed by a Governing Board, consisting of one individual from each of the seven original members, including the District. The degree of control exercised by any participating educational entity is limited to its representation on the Governing Board. During fiscal year 2020, the District paid the Shared Resources Center \$547,385 for services. Financial information can be obtained from the Montgomery County Educational Service Center, 200 South Keowee Street, Dayton, Ohio 45402.

PUBLIC ENTITY RISK POOLS

Southwestern Ohio Educational Purchasing Council - The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing council made up of over 139 schools in 18 counties. The purpose of the council is to obtain prices for quality merchandise and services commonly used by schools. All members are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the members. Any member withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. During fiscal year 2020, the District made no payments to the SOEPC for membership. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, Director, 303 Corporate Center Drive Suite 208, Vandalia, Ohio 45377.

Southwestern Ohio Educational Purchasing Cooperative Employee Benefit Plan - The EPC Benefit Plan Trust (the Plan) is a group purchasing pool consisting of public school districts who are members of the Southwestern Ohio Educational Purchasing Cooperative. The purpose of a group purchasing pool is for members to pool funds or resources to purchase group insurance products to provide health benefits to participants at a lower rate than if the individual districts acted independently. Each district pays a monthly premium to the Trust fund for insurance coverage which is provided by Anthem Blue Cross or United Healthcare. Districts may also contribute monthly to the Trust fund for dental benefits provided through a self-funded dental plan administered by CoreSource. The Plan is governed by a Board of Trustees elected in accordance with the Trust Agreement and voted on by participating EPC member districts. Financial information can be obtained from Doug Merkle, who serves as administrator, at EPC Benefits Office, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

Permanent improvement fund - This fund is used to account for all transactions related to the acquiring, constructing, or improving of such permanent improvements as authorized by Chapter 5705 of the Ohio Revised Code

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

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations or other governments and therefore not available to support the District's own programs. The District has no trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's custodial fund accounts for Ohio High School Athletic Association (OHSAA) tournament monies.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

C. Basis of Presentation and Measurement Focus

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Interfund services provided and used are not eliminated in the process of consolidation.

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

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

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by fund type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. 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. With this measurement focus, only current assets, deferred outflows of resources, liabilities, and deferred inflows of resources generally are included on the governmental funds balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationships between the government-wide statements and the governmental fund financial statements.

Fiduciary funds are reported using the economic resources measurement focus. Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds.

D. Basis of Accounting

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Notes 14 and 15 for deferred outflows of resources related the District's net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 14 and 15 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

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

E. Budgetary Process

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

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

1. Tax Budget - Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the County Budget Commission for rate determination. Montgomery County has waived this requirement for the District.
2. Estimated Resources - Prior to April 1, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported as the final budgeted amount on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2020.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

3. Appropriations - A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 through September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 through June 30. The appropriation resolution establishes spending controls at the fund level except for the general fund which is budgeted at the object level. The appropriation resolution may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by management. During the year, several supplemental appropriations were necessary to budget the use of contingency funds. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the statement of revenues, expenditures, and changes in fund balance - budget and actual are provided on the financial statement basis to provide a comparison of actual results to the final budget, including all amendments and modifications.
4. Encumbrances - As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities.
5. Lapsing of Appropriations - At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be re-appropriated.
6. Budgetary Basis of Accounting - The District's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. Encumbrances are recorded as the equivalent of expenditures (budgetary basis) as opposed to a restricted, committed, or assigned designation of fund balance (GAAP basis).

F. Cash and Investments

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

During fiscal year 2020, the District's investments included, federal agency securities, commercial paper, U.S. Treasury notes, U.S. Treasury bills, U.S. government money market mutual funds, and the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for non-participating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

For fiscal year 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2020 totaled \$518,847, which includes \$143,983 assigned from other District funds.

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

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

G. Inventory

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

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

H. Capital Assets

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

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

I. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds; however, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, notes, certificates of participation and capital leases are recognized as a liability on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

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

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

On the government-wide financial statements, bond and note premiums and discounts are amortized over the term of the bonds and notes using the straight-line method, which approximates the effective interest method. Premiums are presented as an addition to the face amount of the bonds, notes and certificates of participation and discounts are presented as a reduction to the face amount of the bonds, notes and certificates of participation. On the governmental fund financial statements, premiums and discounts are recognized in the period in which these items are incurred. The reconciliation between the face value of bonds, notes and certificates of participation and the amount reported on the statement of net position is presented in Note 12.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

K. Compensated Absences

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if (a) the employees' rights to payment are attributable to services already rendered; and (b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2020, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave for employees expected to become eligible to retire in the future, all employees with at least 5 years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2020 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

L. Fund Balance

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

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

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

M. Net Position

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

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

N. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

O. Prepayments

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

P. Interfund Balances

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

Q. Interfund Activity

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

R. Private/Parochial Schools

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

S. Estimates

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

T. Extraordinary and Special items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2020.

U. Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2020, the District has implemented GASB Statement No. 84, “*Fiduciary Activities*” and GASB Statement No. 90, “*Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61*”.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds. The District reviewed its agency funds and certain funds will be reported in the new fiduciary classification of custodial funds while other funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the District’s financial statements.

GASB Statement No. 90 improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the District.

B. Restatement of Net Position and Fund Balances

The District is restating fund balance at June 30, 2019 to properly report the dental insurance fund. This fund was previously reported as an internal service fund. The District was self-insured for dental insurance through December 31, 2015. During fiscal year 2020 it was determined that all run out claims had been paid and the dental insurance fund should be reported as part of the general fund.

The implementation of GASB Statement No. 84 and the reclassification of the dental insurance fund had the following effect on fund balance as reported at June 30, 2019:

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Fund Balance as previously reported	\$ 8,214,578	\$ 4,354,714	\$ 16,303,648	\$ 602,087	\$ 29,475,027
Dental insurance fund reclassification	531,906	-	-	-	531,906
GASB Statement No. 84	<u>117,948</u>	<u>-</u>	<u>-</u>	<u>69,784</u>	<u>187,732</u>
Restated Fund Balance, at June 30, 2019	<u>\$ 8,864,432</u>	<u>\$ 4,354,714</u>	<u>\$ 16,303,648</u>	<u>\$ 671,871</u>	<u>\$ 30,194,665</u>

**KETTERING CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

The implementation of GASB Statement No. 84 had the following effect on the net position as reported at June 30, 2019:

	Governmental Activities
Net position as previously reported	\$ (60,589,939)
GASB Statement No. 84	187,732
Restated net position at June 30, 2019	\$ (60,402,207)

Due to the implementation of GASB Statement No. 84, the new classification of custodial funds is reporting a beginning net position of \$0. Also, related to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds. At June 30, 2019, agency funds reported assets and liabilities of \$195,156.

C. Deficit Fund Balances

Fund balances at June 30, 2020 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Pathfinder/preschool	\$ 1,186,299
Public school preschool	16,846
IDEA Part B	255,049
Bilingual education	5,169
Title I	244,683
Preschool grant	47,214
Improving teacher quality	15,721
Other federal programs	13,917

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made on through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and
8. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days and two hundred seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time if training requirements have been met.

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

Protection of the deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash with Fiscal Agent

At June 30, 2020, \$17,976 was on deposit in the District’s debt service clearing account. This amount is not part of the District’s internal investment pool and has been excluded from the total amount of deposits reported below. The balance of this account is reported on the financial statements as “cash with fiscal agent”.

At June 30, 2020, \$830,805 was on deposit in the District’s Certificates of Participation (COPS) payment accounts. This amount is not part of the District’s internal investment pool and has been excluded from the total amount of deposits reported below. The balances of these accounts are reported on the financial statements as “cash with fiscal agent”.

B. Deposits with Financial Institutions

At June 30, 2020, the carrying amount of all District deposits was \$1,988,463. Based on the criteria described in GASB Statement No. 40, “*Deposits and Investment Risk Disclosures*”, as of June 30, 2020, \$3,490,739 of the District’s bank balance of \$3,740,739 was exposed to custodial risk as discussed below, while \$250,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District’s and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2020, the District’s financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

C. Investments

The District’s investments at June 30, 2020, were as follows:

Measurement/ Investment type	Measurement value	Investment maturity		
		6 months or less	7 to 12 months	13 to 18 months
<i>Fair value:</i>				
FHLB	\$ 1,001,675	\$ 1,001,675	\$ -	\$ -
U.S. Treasury bills	3,183,355	2,184,858	998,497	-
U.S. Treasury notes	2,318,928	110,645	-	2,208,283
Commercial paper	1,554,360	1,554,360	-	-
U.S. Government money market funds	8,834,430	8,834,430	-	-
<i>Net Asset Value per Share:</i>				
STAR Ohio	6,758,321	6,758,321	-	-
Total	<u>\$ 23,651,069</u>	<u>\$ 20,444,289</u>	<u>\$ 998,497</u>	<u>\$ 2,208,283</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

At June 30, 2020, the weighted average yield to maturity of the District's investments is 0.17 years.

The District's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in federal agency securities, commercial paper and U.S. Treasury notes and bills are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

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

Credit Risk: STAR Ohio and the U.S. government money market carry ratings of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's federal agency securities and U.S. Treasury notes were rated Aaa by Moody's Investor Services and AA+ by Standard and Poor's. The District's investments in commercial paper and U.S. Treasury bills were rated P-1 by Moody's Investor Services and A-1 or A-1+ by Standard and Poor's. The District has no investment policy that would further limit its investment choices.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's federal agency securities, commercial paper, and U.S. Treasury notes and bills are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent, but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirements of State statute.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2020:

<u>Measurement/ Investment type</u>	<u>Measurement value</u>	<u>% of total</u>
<i>Fair value:</i>		
FHLB	\$ 1,001,675	4.24
U.S. Treasury bills	3,183,355	13.46
U.S. Treasury notes	2,318,928	9.80
Commercial paper	1,554,360	6.57
U.S. Government money market funds	8,834,430	37.35
<i>Net Asset Value per Share:</i>		
STAR Ohio	<u>6,758,321</u>	<u>28.58</u>
Total	<u>\$ 23,651,069</u>	<u>100.00</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2020:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 1,988,463
Investments	23,651,069
Cash with fiscal agent	848,781
Cash on hand	600
Total	<u>\$ 26,488,913</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	<u>\$ 26,488,913</u>

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2020 represent the collection of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed values as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2020 represent the collection of calendar year 2019 taxes. Public utility real and personal property taxes received in calendar year 2020 became a lien on December 31, 2018, were levied after April 1, 2019, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Montgomery and Greene Counties. The County Auditors periodically advance to the District their portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2020 operations. The amount available as an advance at June 30, 2020 was \$1,300,793 in the general fund, \$116,476 in the bond retirement fund and \$71,433 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2019 was \$1,932,489 in the general fund, \$180,546 in the bond retirement fund and \$106,602 in the permanent improvement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2020 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 5 - PROPERTY TAXES - (Continued)

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

The assessed values upon which the fiscal year 2020 taxes were collected are:

	2019 Second Half Collections		2020 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 1,202,733,770	90.28	\$ 1,209,787,720	89.35
Public utility personal	<u>129,461,040</u>	<u>9.72</u>	<u>144,268,050</u>	<u>10.65</u>
Total	<u>\$ 1,332,194,810</u>	<u>100.00</u>	<u>\$ 1,354,055,770</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 91.25		\$ 91.03	

NOTE 6 - PAYMENT IN LIEU OF TAXES

The District has entered into tax incremental financing agreements with local companies. These companies were granted reductions or exemptions from property tax obligations to encourage economic development in the area; however, as part of these agreements, the companies make payments in lieu of taxes to the District to compensate the District for its portion of the reduction in property tax receipts. On the governmental fund financial statements, payment in lieu of taxes receipts totaled \$332,258 in the general fund during fiscal year 2020.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2020 consisted of property taxes, payments in lieu of taxes, accounts, accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Property taxes	\$ 83,396,339
Payments in lieu of taxes	375,570
Accounts	61,627
Accrued interest	15,494
Intergovernmental	<u>1,617,852</u>
Total	<u>\$ 85,466,882</u>

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8 - INTERFUND TRANSFERS

Following is a summary of transfers in and out for all funds at June 30, 2020:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
General fund	\$ -	\$ 18,500
Nonmajor governmental funds	18,500	-
Total	<u>\$ 18,500</u>	<u>\$ 18,500</u>

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

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

NOTE 9 - INTERFUND BALANCES

- A.** Interfund balances at June 30, 2020, as reported on the fund statements, consist of the following due to/from other funds:

<u>Due to</u>	<u>Due from</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 433,799</u>

The primary purpose of the interfund loans due to the general fund is to cover negative cash balances in the public school preschool fund, the vocational education enhancement fund, the IDEA Part B fund, bilingual educational fund, Title I fund, preschool grant fund, improving teacher quality fund and other Federal programs fund, all nonmajor governmental funds. These negative cash balances are allowable under Ohio Revised Code Section 3315.20. The interfund balance will be repaid once the anticipated revenues are received.

- B.** Interfund balances at June 30, 2020, as reported on the fund statements, consist of the following individual short-term interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 1,136,838</u>

The primary purpose of the interfund balance is to cover costs in various funds where revenues were not received by June 30. The interfund balance will be repaid once the anticipated revenues are received. The interfund balance is expected to be repaid within one year.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 10 - CAPITAL ASSETS

Capital asset activity for fiscal year 2020 is as follows:

Governmental activities:	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
<i>Capital assets not being depreciated:</i>				
Land	\$ 461,616	\$ -	\$ -	\$ 461,616
Construction in progress	<u>950,230</u>	<u>10,675,579</u>	<u>(646,462)</u>	<u>10,979,347</u>
Total capital assets not being depreciated	<u>1,411,846</u>	<u>10,675,579</u>	<u>(646,462)</u>	<u>11,440,963</u>
<i>Capital assets being depreciated:</i>				
Building and improvements	156,095,984	741,282	-	156,837,266
Furniture, fixtures, and equipment	5,988,385	277,967	-	6,266,352
Vehicles	<u>6,076,490</u>	<u>573,318</u>	<u>(522,356)</u>	<u>6,127,452</u>
Total capital assets being depreciated	<u>168,160,859</u>	<u>1,592,567</u>	<u>(522,356)</u>	<u>169,231,070</u>
<i>Less: accumulated depreciation:</i>				
Building and improvements	(41,511,933)	(1,958,222)	-	(43,470,155)
Furniture, fixtures, and equipment	(4,777,582)	(326,001)	-	(5,103,583)
Vehicles	<u>(2,659,898)</u>	<u>(300,085)</u>	<u>457,335</u>	<u>(2,502,648)</u>
Total accumulated depreciation	<u>(48,949,413)</u>	<u>(2,584,308)</u>	<u>457,335</u>	<u>(51,076,386)</u>
Governmental activities capital assets, net	<u>\$ 120,623,292</u>	<u>\$ 9,683,838</u>	<u>\$ (711,483)</u>	<u>\$ 129,595,647</u>

Depreciation expense was charged to governmental functions as follows:

<i>Instruction:</i>	
Regular	\$ 1,269,618
Special	43,176
Vocational	102,964
<i>Support services:</i>	
Pupil	6,060
Instructional staff	70,505
Administration	321,739
Fiscal	525
Business	3,238
Operations and maintenance	112,715
Pupil transportation	281,848
Central	2,072
Operation of non-instructional services	158,382
Extracurricular activities	<u>211,466</u>
Total depreciation expense	<u>\$ 2,584,308</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 11 - CAPITAL LEASES - LESSEE DISCLOSURE

During fiscal year 2017, the District entered into a capitalized lease for copier equipment. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized in the amount of \$729,093. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2020 totaled \$156,122 paid by the general fund. Accumulated depreciation as of June 30, 2020 was \$583,274 leaving a current book value of \$145,819. The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2020.

Fiscal Year Ending June 30,	Amount
2021	\$ 176,496
Total minimum lease payments	176,496
Less: amount representing interest	(7,416)
Total	\$ 169,080

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - LONG-TERM OBLIGATIONS

A. The activity of the long-term obligations of the District's governmental activities for the fiscal year ended June 30, 2020, is as follows:

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020	Amount Due Within One Year
Governmental activities:					
General obligation bonds:					
2007 school improvement refunding	\$ 16,205,000	\$ -	\$ -	\$ 16,205,000	\$ -
2012 school improvement refunding	5,005,000	-	(360,000)	4,645,000	120,000
2012 taxable school improvement refunding	3,433,783	146,217	(1,000,000)	2,580,000	1,040,000
2013 energy conservation	1,700,000	-	(150,000)	1,550,000	150,000
2016 school improvement refunding	8,255,000	-	-	8,255,000	-
2017 school improvement refunding	24,915,000	-	(2,900,000)	22,015,000	3,285,000
Total general obligation bonds	<u>59,513,783</u>	<u>146,217</u>	<u>(4,410,000)</u>	<u>55,250,000</u>	<u>4,595,000</u>
Tax anticipation notes:					
2016A tax anticipation note	1,540,000	-	(505,000)	1,035,000	515,000
2016B tax anticipation note	2,065,000	-	(235,000)	1,830,000	240,000
Total tax anticipation notes	<u>3,605,000</u>	<u>-</u>	<u>(740,000)</u>	<u>2,865,000</u>	<u>755,000</u>
Certificates of participation:					
2017 certificates of participation	11,240,000	-	(230,000)	11,010,000	240,000
2019 certificates of participation	15,620,000	-	-	15,620,000	-
Total certificates of participation	<u>26,860,000</u>	<u>-</u>	<u>(230,000)</u>	<u>26,630,000</u>	<u>240,000</u>
Compensated absences	9,525,866	2,054,763	(1,237,876)	10,342,753	1,217,466
Capital lease obligation	325,202	-	(156,122)	169,080	169,080
Net pension liability	118,880,990	3,337,407	-	122,218,397	-
Net OPEB liability	13,649,512	-	(900,605)	12,748,907	-
Total governmental activities long-term debt	<u>\$ 232,360,353</u>	<u>\$ 5,538,387</u>	<u>\$ (7,674,603)</u>	230,224,137	<u>\$ 6,976,546</u>
Add: Unamortized premiums				6,383,960	
Total long-term liabilities reported on the statement of net position				<u>\$ 236,608,097</u>	

B. Compensated Absences

Compensated absences will be paid from the fund from which employees' salaries are paid. These include the general fund and the following nonmajor governmental funds: the food service fund, the pathfinder/preschool fund, the auxiliary services fund, the IDEA Part B fund, the public school preschool fund, other Federal programs fund, and the Title I fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

C. Net Pension Liability

The District's net pension liability is described in Note 14. The District pays obligations related to employee compensation from the fund benefitting from their service, which, for the District, is primarily the general fund.

D. Net OPEB Liability/Asset

The District's net OPEB liability/asset is described in Note 15. The District pays obligations related to employee compensation from the fund benefitting from their service, which, for the District, is primarily the general fund.

E. Capital Lease Obligation

The District's capital lease obligation is described in Note 11.

F. Tax Anticipation Notes

2016A tax anticipation notes - On August 17, 2016, the District issued \$2,500,000 in 2016A tax anticipation notes to finance various permanent improvements. The notes are payable only from the receipts of the 3.4 mill permanent improvement property tax levy approved by District voters on March 15, 2016. The notes bear interest rates ranging from 1.25% to 3.00% with interest payments due on June 1 and December 1 of each year until final maturity at December 1, 2021. Debt service payments are made from the permanent improvement fund.

2016B tax anticipation notes - On August 17, 2016, the District issued \$2,500,000 in 2016B tax anticipation notes to finance various permanent improvements. The notes are payable only from the receipts of the 3.4 mill permanent improvement property tax levy approved by District voters on March 15, 2016. The notes bear interest rates ranging from 1.25% to 4.00% with interest payments due on June 1 and December 1 of each year until final maturity at December 1, 2026. Debt service payments are made from the permanent improvement fund.

G. Certificates of Participation

2017 certificates of participation - On August 15, 2017, the District issued \$11,530,000 in certificates of participation (COPs) for the purpose of construction, renovating and improving District facilities, including, but not limited to, the demolition of existing auditorium space and the construction of a new 950 seat auditorium at Kettering Fairmont High School. The COPs were issued for a thirty-year period with final maturity in fiscal year 2047. The COPs were issued through a series of lease agreements and trust indentures in accordance with Ohio Revised Code Section 3313.375. In accordance with the lease terms, the project assets are leased to the Ohio School Building Leasing Corporation, and then subleased back to the District. The COPs were issued through a series of annual leases with the initial lease beginning on August 15, 2017 and expiring on June 30, 2018. The lease may be renewed for successive one-year terms each beginning on July 1 and terminating on June 30, except that the final renewal period will terminate on December 1, 2046. Renewals of the lease are subject to annual appropriations. To satisfy the trustee agreements, the District is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component of 2.00-4.00 percent. The District has the option to purchase the renovations on any lease payment date by paying the amount necessary to defease the indenture. The COPs will be paid from property taxes from the permanent improvement fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

2019 certificates of participation - On April 16, 2019, the District issued \$15,620,000 in certificates of participation (COPs) for the purpose of construction, renovating and improving District facilities, including, but not limited to, elementary classroom additions, an addition at Kettering Fairmont High School, and the addition of maintenance and warehouse space. The COPs were issued for a thirty-year period with final maturity in fiscal year 2049. The COPs were issued through a series of lease agreements and trust indentures in accordance with Ohio Revised Code Section 3313.375. In accordance with the lease terms, the project assets are leased to the Ohio School Building Leasing Corporation, and then subleased back to the District. The COPs were issued through a series of annual leases with the initial lease beginning on April 16, 2019 and expiring on June 30, 2019. The lease may be renewed for successive one-year terms each beginning on July 1 and terminating on June 30, except that the final renewal period will terminate on December 1, 2048. Renewals of the lease are subject to annual appropriations. To satisfy the trustee agreements, the District is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component of 3.125-5.00 percent. The District has the option to purchase the renovations on any lease payment date by paying the amount necessary to defease the indenture. The COPs will be paid from property taxes from the permanent improvement fund. At June 30, 2020, \$1,110,584 of COPs proceeds remains unspent.

H. General Obligation Bonds

At June 30, 2020, the District had six outstanding general obligation bond issuances. These bonds were used to finance the construction and/or renovation of the District's buildings, to finance renovations to reduce the District's energy consumption, and to advance refund previous issuances. These general obligation bonds are direct obligations of the District for which its full faith, credit, and resources are pledged and payable from taxes levied on all taxable property in the District. Payments of principal and interest related to these bonds are recorded as expenditures of the bond retirement fund, except for the 2013 energy conservation bonds, which are paid from the general fund.

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

	Balance 6/30/19	Additions	Reductions	Balance 6/30/20
General obligation bonds:				
2007 school improvement refunding				
Current interest bonds	\$ 16,205,000	\$ -	\$ -	\$ 16,205,000
2012 school improvement refunding				
Current interest bonds	5,005,000	-	(360,000)	4,645,000
2012 taxable school improvement refunding				
Current interest bonds	3,040,000	-	(1,000,000)	2,040,000
Capital appreciation bonds	99,986	-	-	99,986
Accreted interest	293,797	146,217	-	440,014
Total 2012 taxable school improvement refunding	3,433,783	146,217	(1,000,000)	2,580,000
2013 energy conservation bonds				
Current interest bonds	1,700,000	-	(150,000)	1,550,000
2016 school improvement refunding				
Current interest bonds	8,255,000	-	-	8,255,000
2017 school improvement refunding				
Current interest bonds	24,915,000	-	(2,900,000)	22,015,000
Total general obligation bonds	\$ 59,513,783	\$ 146,217	\$ (4,410,000)	\$ 55,250,000

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

2007 school improvement refunding - On March 8, 2007, the District issued 2007 school improvement refunding general obligation bonds to advance refund a portion of the District's 2003 school improvement general obligation bonds (principal \$45,960,000) and a portion of the District's 2004 school improvement general obligation bonds (principal \$11,400,000). The issuance proceeds of \$57,359,996 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt, the outstanding balance of which totaled \$42,295,000 at June 30, 2020, is considered defeased (in-substance) and, accordingly, has been removed from the statement of net position.

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

The capital appreciation refunding bonds matured on December 1, 2014 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date at a stated approximate yield to maturity of 4.05%. The accreted value at maturity for the capital appreciation bonds was \$460,000.

On March 7, 2017, the District issued \$30,815,000 (2017 school improvement refunding) to advance refund the callable portion of the bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

2012 school improvement refunding - On October 10, 2012, the District issued 2012 school improvement refunding general obligation bonds to advance refund an \$8,095,000 portion of the District's 2003 school improvement general obligation bonds. The issuance proceeds of \$8,094,954 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt, the outstanding balance of which totaled \$4,630,000 at June 30, 2020, is considered defeased (in-substance) and, accordingly, has been removed from the statement of net position.

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

The capital appreciation refunding bonds matured on December 1, 2014 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date at a stated approximate yield to maturity of 0.83%. The accreted value at maturity for the capital appreciation bonds was \$550,000.

The reacquisition price exceeded the net carrying amount of the old debt by \$63,192. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

2012 taxable school improvement refunding - On November 27, 2012, the District issued 2012 taxable school improvement refunding general obligation bonds to advance refund a \$6,885,000 portion of the District's 2005 school improvement refunding general obligation bonds. The issuance proceeds of \$6,884,986 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt, the balance of which totaled \$2,610,000, at June 30, 2020, is considered defeased (in-substance) and, accordingly, has been removed from the statement of net position.

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

The capital appreciation refunding bonds mature on December 1, 2020 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date at a stated approximate yield to maturity of 2.7%. The accreted value at maturity for the capital appreciation bonds is \$540,000. Total accreted interest of \$440,014 has been included in the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$535,868. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt.

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

2016 school improvement refunding - On September 6, 2016, the District issued 2016 school improvement refunding general obligation bonds to advance refund the District's 2006 school improvement general obligation bonds. The issuance proceeds of \$9,487,185 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt, the outstanding balance of which totaled \$9,240,000 at June 30, 2020, is considered defeased (in-substance) and, accordingly, has been removed from the statement of net position.

The issue is comprised of current interest refunding bonds, par value \$8,375,000. The interest rate on the current interest refunding bonds is 4.0% with interest payments due on June 1 and December 1 of each year until final maturity at December 1, 2030. Debt service payments are made from the bond retirement fund.

The reacquisition price exceeded the net carrying amount of the old debt by \$917,774. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt.

2017 school improvement refunding - On March 7, 2017, the District issued 2017 school improvement refunding general obligation bonds to advance refund a portion of the District's 2007 school improvement general obligation bonds. The issuance proceeds of \$35,197,862 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt, the outstanding balance of which totaled \$24,870,000 at June 30, 2020, is considered defeased (in-substance) and, accordingly, has been removed from the statement of net position.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

The issue is comprised of current interest refunding bonds, par value \$30,815,000. Interest rates on the current interest refunding bonds range from 4.25% to 5.00% with interest payments due on June 1 and December 1 of each year until final maturity at December 1, 2025. Debt service payments are made from the bond retirement fund.

The net carrying amount of the old debt exceeded the reacquisition price by \$1,029,847. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt.

I. Debt Service Requirements

The following is a summary of the future debt service requirements to maturity for the District's general obligation bonds, certificates of participation and tax anticipation notes:

Year Ended	Current Interest Serial/Term Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 4,055,000	\$ 2,432,138	\$ 6,487,138	\$ 99,986	\$ 440,014	\$ 540,000
2022	4,795,000	2,232,637	7,027,637	-	-	-
2023	4,380,000	2,026,981	6,406,981	-	-	-
2024	4,085,000	1,832,550	5,917,550	-	-	-
2025	4,285,000	1,632,450	5,917,450	-	-	-
2026 - 2030	26,360,000	4,565,994	30,925,994	-	-	-
2031 - 2032	6,750,000	205,988	6,955,988	-	-	-
Total	<u>\$ 54,710,000</u>	<u>\$ 14,928,738</u>	<u>\$ 69,638,738</u>	<u>\$ 99,986</u>	<u>\$ 440,014</u>	<u>\$ 540,000</u>

Year Ended	Certificates of Participation			Tax Anticipation Notes		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 240,000	\$ 1,011,694	\$ 1,251,694	\$ 755,000	\$ 53,913	\$ 808,913
2022	250,000	1,001,894	1,251,894	770,000	35,700	805,700
2023	570,000	985,493	1,555,493	260,000	23,875	283,875
2024	595,000	962,194	1,557,194	260,000	19,000	279,000
2025	630,000	935,944	1,565,944	265,000	13,750	278,750
2026 - 2030	3,545,000	4,218,468	7,763,468	555,000	11,150	566,150
2031 - 2035	4,430,000	3,339,304	7,769,304	-	-	-
2036 - 2040	5,345,000	2,411,443	7,756,443	-	-	-
2041 - 2045	6,375,000	1,377,477	7,752,477	-	-	-
2046 - 2049	4,650,000	279,096	4,929,096	-	-	-
Total	<u>\$ 26,630,000</u>	<u>\$ 16,523,007</u>	<u>\$ 43,153,007</u>	<u>\$ 2,865,000</u>	<u>\$ 157,388</u>	<u>\$ 3,022,388</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

J. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2020, are a voted debt margin of \$73,481,363 (including available funds of \$4,876,330), an unvoted debt margin of \$1,354,056, and an energy conservation debt margin of \$10,636,502.

NOTE 13 - RISK MANAGEMENT

A. Property and Liability Insurance

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2020, 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 also has a \$10,000,000 limit umbrella policy with Ohio Casualty through Brower Insurance Agency.

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

B. Workers' Compensation

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

C. Employee Benefits

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

Effective January 1, 2016, the District joined the Southwestern Ohio Educational Purchasing Cooperative Employee Benefit Plan to provide health and dental benefits to employees.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the District’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the District’s obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in pension and postemployment obligation payable on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description - The District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Age 65 with 5 years of services credit; or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017 will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the state of a COLA for future retirees.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0%.

The District's contractually required contribution to SERS was \$2,399,786 for fiscal year 2020. Of this amount, \$366,430 is reported as pension and postemployment obligation payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 30 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. 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 DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC Plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability 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 - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2020, plan members were required to contribute 14% of their annual covered salary. The District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2020 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$7,165,454 for fiscal year 2020. Of this amount, \$1,196,072 is reported as pension and postemployment obligation payable.

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MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.48352280%	0.41472513%	
Proportion of the net pension liability current measurement date	<u>0.49414210%</u>	<u>0.41897141%</u>	
Change in proportionate share	<u>0.01061930%</u>	<u>0.00424628%</u>	
Proportionate share of the net pension liability	\$ 29,565,388	\$ 92,653,009	\$ 122,218,397
Pension expense	\$ 5,359,122	\$ 14,765,761	\$ 20,124,883

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 749,715	\$ 754,349	\$ 1,504,064
Changes of assumptions	-	10,883,884	10,883,884
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	683,430	2,794,917	3,478,347
Contributions subsequent to the measurement date	<u>2,399,786</u>	<u>7,165,454</u>	<u>9,565,240</u>
Total deferred outflows of resources	<u>\$ 3,832,931</u>	<u>\$ 21,598,604</u>	<u>\$ 25,431,535</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 401,078	\$ 401,078
Net difference between projected and actual earnings on pension plan investments	379,508	4,528,378	4,907,886
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>23,967</u>	<u>-</u>	<u>23,967</u>
Total deferred inflows of resources	<u>\$ 403,475</u>	<u>\$ 4,929,456</u>	<u>\$ 5,332,931</u>

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FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

\$9,565,240 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2021	\$ 1,395,086	\$ 7,060,413	\$ 8,455,499
2022	(555,387)	1,882,777	1,327,390
2023	(25,255)	(103,931)	(129,186)
2024	215,226	664,435	879,661
Total	\$ 1,029,670	\$ 9,503,694	\$ 10,533,364

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2019, are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%
Investment rate of return	7.50% net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

**KETTERING CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

For 2019, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 41,431,679	\$ 29,565,388	\$ 19,614,019

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation are presented below:

	July 1, 2019
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.00%

For the July 1, 2019, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS Ohio's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**KETTERING CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45%) or one-percentage-point higher (8.45%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 135,402,051	\$ 92,653,009	\$ 56,463,756

NOTE 15 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

The net OPEB liability/asset reported on the statement of net position represents a liability/asset to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability/asset represents the District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

The Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which OPEB are financed; however, the District does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/asset. Resulting adjustments to the net OPEB liability/asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

The proportionate share of each plan's unfunded/funded benefits is presented as a long-term *net OPEB liability* or *net OPEB asset* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in pension and postemployment obligation payable on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the District's surcharge obligation was \$255,488.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$255,488 for fiscal year 2020. Of this amount, \$255,488 is reported as pension and postemployment obligation payable.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability/asset was measured as of June 30, 2019, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.49200370%	0.41472513%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.50695720%</u>	<u>0.41897141%</u>	
Change in proportionate share	<u>0.01495350%</u>	<u>0.00424628%</u>	
Proportionate share of the net OPEB liability	\$ 12,748,907	\$ -	\$ 12,748,907
Proportionate share of the net OPEB asset	\$ -	\$ 6,939,171	\$ 6,939,171
OPEB expense	\$ 672,057	\$ (2,014,161)	\$ (1,342,104)

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 187,144	\$ 629,090	\$ 816,234
Net difference between projected and actual earnings on OPEB plan investments	30,602	-	30,602
Changes of assumptions	931,163	145,859	1,077,022
Difference between employer contributions and proportionate share of contributions/change in proportionate share	537,698	568,009	1,105,707
Contributions subsequent to the measurement date	<u>255,488</u>	<u>-</u>	<u>255,488</u>
Total deferred outflows of resources	<u>\$ 1,942,095</u>	<u>\$ 1,342,958</u>	<u>\$ 3,285,053</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 2,800,848	\$ 353,040	\$ 3,153,888
Net difference between projected and actual earnings on pension plan investments	-	435,827	435,827
Changes of assumptions	714,410	7,607,997	8,322,407
Difference between employer contributions and proportionate share of contributions/change in proportionate share	<u>173,715</u>	<u>-</u>	<u>173,715</u>
Total deferred inflows of resources	<u>\$ 3,688,973</u>	<u>\$ 8,396,864</u>	<u>\$ 12,085,837</u>

\$255,488 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the year ending June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2021	\$ (527,598)	\$ (1,546,099)	\$ (2,073,697)
2022	(350,419)	(1,546,099)	(1,896,518)
2023	(341,438)	(1,371,426)	(1,712,864)
2024	(342,898)	(1,310,152)	(1,653,050)
2025	(307,726)	(1,304,154)	(1,611,880)
Thereafter	<u>(132,287)</u>	<u>24,024</u>	<u>(108,263)</u>
Total	<u>\$ (2,002,366)</u>	<u>\$ (7,053,906)</u>	<u>\$ (9,056,272)</u>

**KETTERING CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019 are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.13%
Prior measurement date	3.62%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.22%
Prior measurement date	3.70%
Medical trend assumption:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
Medicare	5.375 to 4.75%
Pre-Medicare	7.25 to 4.75%

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120% of male rates and 110% of female rates. RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13%, as of June 30, 2019 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.62% was used as of June 30, 2018. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 15,474,756	\$ 12,748,907	\$ 10,581,539

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 10,214,457	\$ 12,748,907	\$ 16,111,509

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation, compared with July 1, 2018, are presented below:

	July 1, 2019		July 1, 2018	
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discounted rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	5.87%	4.00%	6.00%	4.00%
Medicare	4.93%	4.00%	5.00%	4.00%
Prescription Drug				
Pre-Medicare	7.73%	4.00%	8.00%	4.00%
Medicare	9.62%	4.00%	-5.23%	4.00%

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Assumption Changes Since the Prior Measurement Date - There were no changes in assumptions since the prior measurement date of June 30, 2018.

Benefit Term Changes Since the Prior Measurement Date - There was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

* Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total OPEB asset was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2019.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
	District's proportionate share of the net OPEB asset	\$ 5,921,201	\$ 6,939,171

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 7,868,702	\$ 6,939,171	\$ 5,800,722

NOTE 16 - CONTINGENCIES

A. Grants

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, any such disallowed claims will not have a material, adverse effect on the overall financial condition of the District at June 30, 2020.

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, 2020.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 17 - FUND BALANCE

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

<u>Fund balance</u>	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:					
Materials and supplies inventory	\$ 86,899	\$ -	\$ -	\$ -	\$ 86,899
Prepayments	182,256	-	-	16,454	198,710
Endowments	-	-	-	44,251	44,251
Total nonspendable	<u>269,155</u>	<u>-</u>	<u>-</u>	<u>60,705</u>	<u>329,860</u>
Restricted:					
Food service operations	-	-	-	401,451	401,451
Endowments	-	-	-	1,865	1,865
Capital improvements	-	-	4,601,920	-	4,601,920
Non-public schools	-	-	-	121,858	121,858
Student wellness and success	-	-	-	951,874	951,874
Vocational education	-	-	-	31,689	31,689
Extracurricular activities	-	-	-	581,376	581,376
Debt service	-	4,876,330	-	-	4,876,330
Other purposes	-	-	-	78,798	78,798
Total restricted	<u>-</u>	<u>4,876,330</u>	<u>4,601,920</u>	<u>2,168,911</u>	<u>11,647,161</u>
Committed:					
Capital improvements	-	-	-	12	12
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>12</u>
Assigned:					
Student and staff support	357,621	-	-	-	357,621
School supplies	198,540	-	-	-	198,540
Other purposes	1,165,628	-	-	-	1,165,628
Total assigned	<u>1,721,789</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,721,789</u>
Unassigned (deficit)	<u>(372,458)</u>	<u>-</u>	<u>-</u>	<u>(1,794,255)</u>	<u>(2,166,713)</u>
Total fund balances	<u>\$ 1,618,486</u>	<u>\$ 4,876,330</u>	<u>\$ 4,601,920</u>	<u>\$ 435,373</u>	<u>\$ 11,532,109</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 18 - BUDGETARY BASIS OF ACCOUNTING

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

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

Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to an assigned or committed portion of available fund balance for outstanding encumbrances not already recognized as an account payable (GAAP basis);

Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,

Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (6,726,195)
Net adjustment for revenue accruals	(1,039,239)
Net adjustment for expenditure accruals	(837,345)
Net adjustment for other sources	(73,167)
Funds budgeted elsewhere	(2,845)
Adjustment for encumbrances	<u>1,428,687</u>
GAAP basis	<u>\$ (7,250,104)</u>

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 19 - SET-ASIDES

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

During fiscal years 1998, 2003, 2014, 2017, 2018 and 2019 the District issued \$136,563,000 in capital related school improvement bonds, tax anticipation notes and certificates of participation. These proceeds may be used to reduce capital acquisition to zero in future years. The District is responsible for tracking the amount of the bond and note proceeds that may be used as an offset in future periods, which was \$136,563,000 at June 30, 2020.

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

	Capital Improvements
Set-aside balance June 30, 2019	\$ -
Current year set-aside requirement	1,303,595
Current year offsets	(4,297,285)
Total	\$ (2,993,690)
Balance carried forward to fiscal year 2021	\$ -

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

NOTE 20 - OTHER COMMITMENTS

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

Fund	Year-End Encumbrances
General fund	\$ 913,682
Bond retirement fund	229
Permanent improvement fund	1,874,228
Nonmajor governmental funds	215,745
Total	\$ 3,003,884

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 21 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

The City of Kettering and the City of Moraine provide tax abatements through two programs - Enterprise Zone Agreements and Community Reinvestment Area (CRA) Agreements. Under the agreements, various businesses receive the abatement of property taxes to bring jobs and economic development to the Cities. The agreement affects the property tax receipts collected and distributed to the District. Under the agreements, the District property taxes were reduced by \$620,440 during fiscal year 2020.

NOTE 22 - COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The District's investment portfolio and the investments of the pension and other employee benefit plan in which the District participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either Federal or state, cannot be estimated.

NOTE 23 - SUBSEQUENT EVENT

The District entered into a \$1,170,240 lease-purchase agreement in May 2020 for school buses, which was executed in October 2020. Payments for this lease-purchase agreement are being paid out of the permanent improvement fund.

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REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST SEVEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability	0.49414210%	0.48352280%	0.48805030%	0.45672770%
District's proportionate share of the net pension liability	\$ 29,565,388	\$ 27,692,246	\$ 29,159,927	\$ 33,428,253
District's covered payroll	\$ 16,468,741	\$ 16,559,852	\$ 16,069,043	\$ 14,184,264
District's proportionate share of the net pension liability as a percentage of its covered payroll	179.52%	167.23%	181.47%	235.67%
Plan fiduciary net position as a percentage of the total pension liability	70.85%	71.36%	69.50%	62.98%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.44773630%	0.44716700%	0.44716700%
\$ 25,548,267	\$ 22,630,867	\$ 26,591,586
\$ 13,479,203	\$ 12,993,795	\$ 12,799,552
189.54%	174.17%	207.75%
69.16%	71.70%	65.52%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST SEVEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability	0.41897141%	0.41472513%	0.40071326%	0.39654290%
District's proportionate share of the net pension liability	\$ 92,653,009	\$ 91,188,744	\$ 95,190,294	\$ 132,734,862
District's covered payroll	\$ 49,274,693	\$ 45,012,714	\$ 44,517,714	\$ 41,518,136
District's proportionate share of the net pension liability as a percentage of its covered payroll	188.03%	202.58%	213.83%	319.70%
Plan fiduciary net position as a percentage of the total pension liability	77.40%	77.30%	75.30%	66.80%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.38661187%	0.38412297%	0.38412297%
\$ 106,848,213	\$ 93,432,000	\$ 111,295,587
\$ 41,120,979	\$ 39,246,754	\$ 40,155,177
259.84%	238.06%	277.16%
72.10%	74.70%	69.30%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 2,399,786	\$ 2,223,280	\$ 2,235,580	\$ 2,249,666
Contributions in relation to the contractually required contribution	<u>(2,399,786)</u>	<u>(2,223,280)</u>	<u>(2,235,580)</u>	<u>(2,249,666)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 17,141,329	\$ 16,468,741	\$ 16,559,852	\$ 16,069,043
Contributions as a percentage of covered payroll	14.00%	13.50%	13.50%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 1,985,797	\$ 1,776,559	\$ 1,800,940	\$ 1,771,458	\$ 1,731,214	\$ 1,596,923
<u>(1,985,797)</u>	<u>(1,776,559)</u>	<u>(1,800,940)</u>	<u>(1,771,458)</u>	<u>(1,731,214)</u>	<u>(1,596,923)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 14,184,264	\$ 13,479,203	\$ 12,993,795	\$ 12,799,552	\$ 12,871,480	\$ 12,704,240
14.00%	13.18%	13.86%	13.84%	13.45%	12.57%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 7,165,454	\$ 6,898,457	\$ 6,301,780	\$ 6,232,480
Contributions in relation to the contractually required contribution	<u>(7,165,454)</u>	<u>(6,898,457)</u>	<u>(6,301,780)</u>	<u>(6,232,480)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 51,181,814	\$ 49,274,693	\$ 45,012,714	\$ 44,517,714
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 5,812,539	\$ 5,756,937	\$ 5,102,078	\$ 5,220,173	\$ 5,379,603	\$ 5,446,974
<u>(5,812,539)</u>	<u>(5,756,937)</u>	<u>(5,102,078)</u>	<u>(5,220,173)</u>	<u>(5,379,603)</u>	<u>(5,446,974)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 41,518,136	\$ 41,120,979	\$ 39,246,754	\$ 40,155,177	\$ 41,381,562	\$ 41,899,800
14.00%	14.00%	13.00%	13.00%	13.00%	13.00%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST FOUR FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.50695720%	0.49200370%	0.49591960%	0.46324459%
District's proportionate share of the net OPEB liability	\$ 12,748,907	\$ 13,649,512	\$ 13,309,179	\$ 13,204,184
District's covered payroll	\$ 16,468,741	\$ 16,559,852	\$ 16,069,043	\$ 14,184,264
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	77.41%	82.43%	82.82%	93.09%
Plan fiduciary net position as a percentage of the total OPEB liability	15.57%	13.57%	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/(ASSET)
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FOUR FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability/(asset)	0.41897141%	0.41472513%	0.40071326%	0.39654290%
District's proportionate share of the net OPEB liability/(asset)	\$ (6,939,171)	\$ (6,664,209)	\$ 15,634,353	\$ 21,207,217
District's covered payroll	\$ 49,274,693	\$ 45,012,714	\$ 44,517,714	\$ 41,518,136
District's proportionate share of the net OPEB liability/(asset) as a percentage of its covered payroll	-14.08%	-14.81%	35.12%	51.08%
Plan fiduciary net position as a percentage of the total OPEB liability/(asset)	174.70%	176.00%	47.10%	37.33%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 255,488	\$ 394,393	\$ 355,128	\$ 273,347
Contributions in relation to the contractually required contribution	<u>(255,488)</u>	<u>(394,393)</u>	<u>(355,128)</u>	<u>(273,347)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 17,141,329	\$ 16,468,741	\$ 16,559,852	\$ 16,069,043
Contributions as a percentage of covered payroll	1.49%	2.39%	2.14%	1.70%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 236,125	\$ 338,924	\$ 240,548	\$ 210,577	\$ 71,161	\$ 371,652
<u>(236,125)</u>	<u>(338,924)</u>	<u>(240,548)</u>	<u>(210,577)</u>	<u>(71,161)</u>	<u>(371,652)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 14,184,264	\$ 13,479,203	\$ 12,993,795	\$ 12,799,552	\$ 12,871,480	\$ 12,704,240
1.66%	2.51%	1.85%	1.65%	0.55%	2.93%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 51,181,814	\$ 49,274,693	\$ 45,012,714	\$ 44,517,714
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ -	\$ -	\$ 403,737	\$ 401,552	\$ 413,816	\$ 418,998
-	-	(403,737)	(401,552)	(413,816)	(418,998)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 41,518,136	\$ 41,120,979	\$ 39,246,754	\$ 40,155,177	\$ 41,381,562	\$ 41,899,800
0.00%	0.00%	1.00%	1.00%	1.00%	1.00%

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal years 2019-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2020.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal years 2019-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2019-2020.

(Continued)

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate. For fiscal year 2020, health care cost trend rates were changed to the following: Medical Pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; Medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; Prescription Drug Pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.

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*Combining and Individual Fund
Statements and Schedules*

The following combining statements and schedules include the major and nonmajor governmental funds.

KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO



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

FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

Major Funds

General Fund

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

Bond Retirement Fund

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

Permanent Improvement Fund

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

Nonmajor Special Revenue Funds

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

Food Service Fund

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

Special Trust Fund

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

Pathfinder/Preschool Fund

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

Athletic Fund

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

Auxiliary Services Fund

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

Public School Preschool Fund

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

Data Communications Fund

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

Other State Funds Fund

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

(Continued)

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

FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds (Continued)

Adult Basic Education Fund

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

Improving Teacher Quality Fund

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

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

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

Carl D. Perkins Fund

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

Bilingual Education Fund

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

Title I Fund

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

Preschool Grant Fund

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

Other Federal Programs Fund

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

Vocational Education Enhancement Fund

This fund accounts for funds used to expand or upgrade the District's vocational education programs.

Student Wellness and Success Fund

This fund accounts for state monies that are restricted for specific purposes related to student wellness, including mental health services, services for homeless youth, services for child welfare involved youth, community liaisons, physical health care services, mentoring programs, family engagement and support services, city connects programming, professional development regarding the provision of trauma informed care, and professional development regarding cultural competence.

Student Managed Activity Fund

This fund accounts for those student activity programs which have student participation in the activity and have students involved in the management of the program. This fund typically includes those student activities which consist of a student body, student president, student treasurer, and faculty advisor.

(Continued)

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

FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds (Continued)

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

Uniform School Supplies Fund

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

Rotary Special Services Fund

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

Public School Support Fund

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

Special Enterprise Fund

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

Rotary Fund

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

Employee Benefits Fund

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

Dental Insurance Fund

This fund accounts for the premiums and claims payments applicable to the self-insured employee dental plan which was effective until January 1, 2016. This fund is not budgeted.

Nonmajor Capital Projects Funds

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

Replacement Fund

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

Nonmajor Permanent Fund

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

Permanent Fund

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

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:				
Equity in pooled cash and investments.	\$ 2,600,479	\$ 12	\$ 46,116	\$ 2,646,607
Receivables:				
Accounts.	280	-	-	280
Intergovernmental	1,415,278	-	-	1,415,278
Prepayments	16,454	-	-	16,454
Inventory held for resale	44,278	-	-	44,278
Total assets	<u>\$ 4,076,769</u>	<u>\$ 12</u>	<u>\$ 46,116</u>	<u>\$ 4,122,897</u>
Liabilities:				
Accounts payable.	\$ 159,309	\$ -	\$ -	\$ 159,309
Accrued wages and benefits payable.	839,297	-	-	839,297
Interfund loans payable.	1,136,838	-	-	1,136,838
Intergovernmental payable.	10,760	-	-	10,760
Pension and postemployment obligation payable.	143,768	-	-	143,768
Due to other funds	433,799	-	-	433,799
Total liabilities.	<u>2,723,771</u>	<u>-</u>	<u>-</u>	<u>2,723,771</u>
Deferred inflows of resources:				
Intergovernmental revenue not available.	963,753	-	-	963,753
Total deferred inflows of resources	<u>963,753</u>	<u>-</u>	<u>-</u>	<u>963,753</u>
Fund balances:				
Nonspendable.	16,454	-	44,251	60,705
Restricted.	2,167,046	-	1,865	2,168,911
Committed	-	12	-	12
Unassigned (deficit).	(1,794,255)	-	-	(1,794,255)
Total fund balances	<u>389,245</u>	<u>12</u>	<u>46,116</u>	<u>435,373</u>
Total liabilities, deferred inflows of resources, and fund balances.	<u>\$ 4,076,769</u>	<u>\$ 12</u>	<u>\$ 46,116</u>	<u>\$ 4,122,897</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:				
From local sources:				
Tuition	\$ 516,100	\$ -	\$ -	\$ 516,100
Earnings on investments	17,415	-	895	18,310
Charges for services	1,235,928	-	-	1,235,928
Extracurricular	441,864	-	-	441,864
Classroom materials and fees	43	-	-	43
Contributions and donations	16,148	-	-	16,148
Other local revenues	93,218	-	-	93,218
Intergovernmental - state	2,583,654	-	-	2,583,654
Intergovernmental - federal	6,110,208	-	-	6,110,208
Total revenues	11,014,578	-	895	11,015,473
Expenditures:				
Current:				
Instruction:				
Regular	181,463	-	-	181,463
Special	2,451,279	-	-	2,451,279
Vocational	148,576	-	-	148,576
Support services:				
Pupil	1,066,526	-	-	1,066,526
Instructional staff	886,403	-	-	886,403
Administration	332,737	-	-	332,737
Operations and maintenance	35,051	-	-	35,051
Central	22,391	-	-	22,391
Operation of non-instructional services	5,646,276	-	-	5,646,276
Extracurricular activities	449,802	-	-	449,802
Total expenditures	11,220,504	-	-	11,220,504
Excess (deficiency) of revenues over (under) expenditures	(205,926)	-	895	(205,031)
Other financing sources:				
Transfers in	18,500	-	-	18,500
Total other financing sources	18,500	-	-	18,500
Net change in fund balances	(187,426)	-	895	(186,531)
Fund balances at beginning of year (restated)	626,638	12	45,221	671,871
(Decrease) in reserve for inventory	(49,967)	-	-	(49,967)
Fund balances at end of year	\$ 389,245	\$ 12	\$ 46,116	\$ 435,373

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	<u>Food Service</u>	<u>Special Trust</u>	<u>Pathfinder/ Preschool</u>	<u>Athletic</u>
Assets:				
Equity in pooled cash and investments.	\$ 616,880	\$ 58,521	\$ 6,847	\$ 526,986
Receivables:				
Accounts	-	-	-	280
Intergovernmental.	32,791	-	-	-
Prepayments	5,466	-	2,970	-
Inventory held for resale	44,278	-	-	-
Total assets	<u>\$ 699,415</u>	<u>\$ 58,521</u>	<u>\$ 9,817</u>	<u>\$ 527,266</u>
Liabilities:				
Accounts payable.	\$ 5,013	\$ -	\$ 16,044	\$ 12,881
Accrued wages and benefits payable	239,778	-	33,360	-
Interfund loans payable.	-	-	1,136,838	-
Intergovernmental payable	2,915	-	337	-
Pension and postemployment obligation payable.	44,792	-	9,537	-
Due to other funds	-	-	-	-
Total liabilities.	<u>292,498</u>	<u>-</u>	<u>1,196,116</u>	<u>12,881</u>
Deferred inflows of resources:				
Intergovernmental revenue not available.	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	5,466	-	2,970	-
Restricted.	401,451	58,521	-	514,385
Unassigned (deficit)	-	-	(1,189,269)	-
Total fund balances (deficit)	<u>406,917</u>	<u>58,521</u>	<u>(1,186,299)</u>	<u>514,385</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 699,415</u>	<u>\$ 58,521</u>	<u>\$ 9,817</u>	<u>\$ 527,266</u>

<u>Auxiliary Services</u>	<u>Public School Preschool</u>	<u>Data Communications</u>	<u>Other State Funds</u>	<u>Adult Basic Education</u>	<u>Improving Teacher Quality</u>
\$ 316,659	\$ -	\$ 1,773	\$ 18,504	\$ -	\$ -
-	-	-	-	-	-
-	226,940	-	-	-	110,218
1,258	480	-	-	373	110
-	-	-	-	-	-
<u>\$ 317,917</u>	<u>\$ 227,420</u>	<u>\$ 1,773</u>	<u>\$ 18,504</u>	<u>\$ 373</u>	<u>\$ 110,328</u>
\$ 59,277	\$ -	\$ -	\$ -	\$ -	\$ 107
121,001	16,236	-	-	-	2,149
-	-	-	-	-	-
1,633	223	-	-	-	25
12,890	1,757	-	-	-	2,422
-	7,227	-	-	-	85,880
<u>194,801</u>	<u>25,443</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,583</u>
-	218,823	-	-	-	35,466
-	<u>218,823</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,466</u>
1,258	480	-	-	373	110
121,858	-	1,773	18,504	-	-
-	(17,326)	-	-	-	(15,831)
<u>123,116</u>	<u>(16,846)</u>	<u>1,773</u>	<u>18,504</u>	<u>373</u>	<u>(15,721)</u>
<u>\$ 317,917</u>	<u>\$ 227,420</u>	<u>\$ 1,773</u>	<u>\$ 18,504</u>	<u>\$ 373</u>	<u>\$ 110,328</u>

(Continued)

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2020

	<u>IDEA Part B</u>	<u>Carl D. Perkins</u>	<u>Bilingual Education</u>	<u>Title I</u>
Assets:				
Equity in pooled cash and investments.	\$ -	\$ 34,915	\$ -	\$ -
Receivables:				
Accounts	-	-	-	-
Intergovernmental.	512,305	-	8,230	430,818
Prepayments	3,204	-	-	2,593
Inventory held for resale	-	-	-	-
Total assets	<u>\$ 515,509</u>	<u>\$ 34,915</u>	<u>\$ 8,230</u>	<u>\$ 433,411</u>
Liabilities:				
Accounts payable.	\$ 17,845	\$ 3,226	\$ -	\$ 28,341
Accrued wages and benefits payable	199,255	-	4,177	182,829
Interfund loans payable.	-	-	-	-
Intergovernmental payable	2,646	-	61	2,375
Pension and postemployment obligation payable.	38,507	-	930	27,987
Due to other funds	185,269	-	3,259	126,837
Total liabilities.	<u>443,522</u>	<u>3,226</u>	<u>8,427</u>	<u>368,369</u>
Deferred inflows of resources:				
Intergovernmental revenue not available.	327,036	-	4,972	309,725
Total deferred inflows of resources	<u>327,036</u>	<u>-</u>	<u>4,972</u>	<u>309,725</u>
Fund balances:				
Nonspendable	3,204	-	-	2,593
Restricted.	-	31,689	-	-
Unassigned (deficit)	(258,253)	-	(5,169)	(247,276)
Total fund balances (deficit)	<u>(255,049)</u>	<u>31,689</u>	<u>(5,169)</u>	<u>(244,683)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 515,509</u>	<u>\$ 34,915</u>	<u>\$ 8,230</u>	<u>\$ 433,411</u>

Preschool Grant	Other Federal Programs	Vocational Education Enhancement	Student Wellness and Success	Student Managed Activity	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ 951,874	\$ 67,520	\$ 2,600,479
-	-	-	-	-	280
63,012	26,941	4,023	-	-	1,415,278
-	-	-	-	-	16,454
-	-	-	-	-	44,278
<u>\$ 63,012</u>	<u>\$ 26,941</u>	<u>\$ 4,023</u>	<u>\$ 951,874</u>	<u>\$ 67,520</u>	<u>\$ 4,076,769</u>
\$ 16,046	\$ -	\$ -	\$ -	\$ 529	\$ 159,309
27,246	13,266	-	-	-	839,297
-	-	-	-	-	1,136,838
369	176	-	-	-	10,760
3,553	1,393	-	-	-	143,768
12,756	8,548	4,023	-	-	433,799
<u>59,970</u>	<u>23,383</u>	<u>4,023</u>	<u>-</u>	<u>529</u>	<u>2,723,771</u>
<u>50,256</u>	<u>17,475</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>963,753</u>
<u>50,256</u>	<u>17,475</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>963,753</u>
-	-	-	-	-	16,454
-	-	-	951,874	66,991	2,167,046
(47,214)	(13,917)	-	-	-	(1,794,255)
<u>(47,214)</u>	<u>(13,917)</u>	<u>-</u>	<u>951,874</u>	<u>66,991</u>	<u>389,245</u>
<u>\$ 63,012</u>	<u>\$ 26,941</u>	<u>\$ 4,023</u>	<u>\$ 951,874</u>	<u>\$ 67,520</u>	<u>\$ 4,076,769</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Food Service</u>	<u>Special Trust</u>	<u>Pathfinder/ Preschool</u>	<u>Athletic</u>
Revenues:				
From local sources:				
Tuition	\$ -	\$ -	\$ 516,100	\$ -
Earnings on investments	16,255	1,160	-	-
Charges for services	1,235,928	-	-	-
Extracurricular	-	1,329	-	352,294
Classroom materials and fees	43	-	-	-
Contributions and donations	-	-	-	14,251
Other local revenues	37,840	3,904	50,177	1,000
Intergovernmental - state	28,209	-	-	-
Intergovernmental - federal	1,755,209	-	6,670	-
Total revenues	<u>3,073,484</u>	<u>6,393</u>	<u>572,947</u>	<u>367,545</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	-	3,934	-
Special	-	-	-	-
Vocational	-	-	-	-
Support services:				
Pupil	-	-	540,451	-
Instructional staff	-	6,750	255,504	-
Administration	-	-	-	-
Operations and maintenance	35,051	-	-	-
Central	-	-	4,364	-
Operation of non-instructional services	3,537,013	303	231,330	-
Extracurricular activities	-	1,000	-	355,871
Total expenditures	<u>3,572,064</u>	<u>8,053</u>	<u>1,035,583</u>	<u>355,871</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(498,580)</u>	<u>(1,660)</u>	<u>(462,636)</u>	<u>11,674</u>
Other financing sources:				
Transfers in	-	-	-	18,500
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,500</u>
Net change in fund balances	(498,580)	(1,660)	(462,636)	30,174
Fund balances (deficit) at beginning of year (restated)				
	955,464	60,181	(723,663)	484,211
Decrease in reserve for inventory	<u>(49,967)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) at end of year	<u>\$ 406,917</u>	<u>\$ 58,521</u>	<u>\$ (1,186,299)</u>	<u>\$ 514,385</u>

<u>Auxiliary Services</u>	<u>Public School Preschool</u>	<u>Data Communications</u>	<u>Other State Funds</u>	<u>Adult Basic Education</u>	<u>Improving Teacher Quality</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	297	-
1,390,379	94,004	19,800	84,116	-	-
-	-	-	-	22,735	244,488
<u>1,390,379</u>	<u>94,004</u>	<u>19,800</u>	<u>84,116</u>	<u>23,032</u>	<u>244,488</u>
-	78,673	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	58,095	-	-
-	-	-	33,134	-	192,127
-	-	-	-	-	13,585
-	-	-	-	-	-
-	-	18,027	-	-	-
1,561,864	-	-	-	-	43,201
-	-	-	-	-	-
<u>1,561,864</u>	<u>78,673</u>	<u>18,027</u>	<u>91,229</u>	<u>-</u>	<u>248,913</u>
<u>(171,485)</u>	<u>15,331</u>	<u>1,773</u>	<u>(7,113)</u>	<u>23,032</u>	<u>(4,425)</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>(171,485)</u>	<u>15,331</u>	<u>1,773</u>	<u>(7,113)</u>	<u>23,032</u>	<u>(4,425)</u>
294,601	(32,177)	-	25,617	(22,659)	(11,296)
-	-	-	-	-	-
<u>\$ 123,116</u>	<u>\$ (16,846)</u>	<u>\$ 1,773</u>	<u>\$ 18,504</u>	<u>\$ 373</u>	<u>\$ (15,721)</u>

(Continued)

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>IDEA Part B</u>	<u>Carl D. Perkins</u>	<u>Bilingual Education</u>	<u>Title I</u>
Revenues:				
From local sources:				
Tuition.	\$ -	\$ -	\$ -	\$ -
Earnings on investments.	-	-	-	-
Charges for services.	-	-	-	-
Extracurricular	-	-	-	-
Classroom materials and fees	-	-	-	-
Contributions and donations.	-	-	-	-
Other local revenues.	-	-	-	-
Intergovernmental - state	-	-	-	-
Intergovernmental - federal.	2,178,461	93,319	34,266	1,565,786
Total revenues	<u>2,178,461</u>	<u>93,319</u>	<u>34,266</u>	<u>1,565,786</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	-	-	-
Special.	1,177,052	-	28,075	1,182,504
Vocational.	-	148,576	-	-
Support services:				
Pupil.	415,426	-	9,450	-
Instructional staff	212,426	-	1,617	148,242
Administration.	272,110	-	-	47,042
Operations and maintenance.	-	-	-	-
Central.	-	-	-	-
Operation of non-instructional services	116,690	-	-	147,517
Extracurricular activities.	-	-	-	-
Total expenditures.	<u>2,193,704</u>	<u>148,576</u>	<u>39,142</u>	<u>1,525,305</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,243)</u>	<u>(55,257)</u>	<u>(4,876)</u>	<u>40,481</u>
Other financing sources:				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances.	(15,243)	(55,257)	(4,876)	40,481
Fund balances (deficit) at beginning of year (restated)				
	(239,806)	86,946	(293)	(285,164)
Decrease in reserve for inventory				
	-	-	-	-
Fund balances (deficit) at end of year.	<u>\$ (255,049)</u>	<u>\$ 31,689</u>	<u>\$ (5,169)</u>	<u>\$ (244,683)</u>

<u>Preschool Grant</u>	<u>Other Federal Programs</u>	<u>Vocational Education Enhancement</u>	<u>Student Wellness and Success</u>	<u>Student Managed Activity</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 516,100
-	-	-	-	-	17,415
-	-	-	-	-	1,235,928
-	-	-	-	88,241	441,864
-	-	-	-	-	43
-	-	-	-	1,897	16,148
-	-	-	-	-	93,218
-	-	15,272	951,874	-	2,583,654
99,307	109,967	-	-	-	6,110,208
<u>99,307</u>	<u>109,967</u>	<u>15,272</u>	<u>951,874</u>	<u>90,138</u>	<u>11,014,578</u>
-	96,693	2,163	-	-	181,463
63,648	-	-	-	-	2,451,279
-	-	-	-	-	148,576
43,104	-	-	-	-	1,066,526
22,261	1,233	13,109	-	-	886,403
-	-	-	-	-	332,737
-	-	-	-	-	35,051
-	-	-	-	-	22,391
-	8,358	-	-	-	5,646,276
-	-	-	-	92,931	449,802
<u>129,013</u>	<u>106,284</u>	<u>15,272</u>	<u>-</u>	<u>92,931</u>	<u>11,220,504</u>
<u>(29,706)</u>	<u>3,683</u>	<u>-</u>	<u>951,874</u>	<u>(2,793)</u>	<u>(205,926)</u>
-	-	-	-	-	18,500
-	-	-	-	-	18,500
<u>(29,706)</u>	<u>3,683</u>	<u>-</u>	<u>951,874</u>	<u>(2,793)</u>	<u>(187,426)</u>
(17,508)	(17,600)	-	-	69,784	626,638
-	-	-	-	-	(49,967)
<u>\$ (47,214)</u>	<u>\$ (13,917)</u>	<u>\$ -</u>	<u>\$ 951,874</u>	<u>\$ 66,991</u>	<u>\$ 389,245</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MAJOR FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

GENERAL FUND

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Property taxes	\$ 70,265,609	\$ 67,117,251	\$ 71,829,806	\$ 4,712,555
Payment in lieu of taxes.	325,022	310,459	332,258	21,799
Tuition.	1,884,978	1,800,519	1,926,940	126,421
Transportation fees.	5,614	5,362	5,738	376
Earnings on investments	514,214	491,174	525,661	34,487
Extracurricular.	56,939	54,388	58,207	3,819
Classroom materials and fees	3,388	3,236	3,463	227
Rental income	48,694	46,512	49,778	3,266
Contributions and donations	1,565	1,495	1,600	105
Other local revenues	1,212,478	1,158,151	1,239,469	81,318
Intergovernmental - state	23,351,608	22,305,303	23,871,442	1,566,139
Total revenues	<u>97,670,109</u>	<u>93,293,850</u>	<u>99,844,362</u>	<u>6,550,512</u>
Expenditures:				
Current:				
Salaries and wages.	64,072,761	63,200,000	62,596,071	603,929
Fringe benefits.	27,396,629	27,209,594	27,094,000	115,594
Purchased services.	12,798,289	12,994,275	12,263,888	730,387
Supplies and materials	2,557,575	2,557,575	2,156,049	401,526
Other expenditures.	1,040,858	1,904,668	1,765,021	139,647
Capital outlay	678,221	678,221	543,270	134,951
Debt service:				
Principal	150,000	150,000	150,000	-
Interest and fiscal charges.	145,933	145,933	56,925	89,008
Total expenditures	<u>108,840,266</u>	<u>108,840,266</u>	<u>106,625,224</u>	<u>2,215,042</u>
Excess of expenditures over revenues.	<u>(11,170,157)</u>	<u>(15,546,416)</u>	<u>(6,780,862)</u>	<u>8,765,554</u>
Other financing sources (uses):				
Refund of prior year's expenditures	341,155	325,869	348,749	22,880
Transfers (out).	(18,500)	(18,500)	(18,500)	-
Advances in.	-	-	860,300	860,300
Advances (out)	-	-	(1,136,838)	(1,136,838)
Sale of capital assets	935	893	956	63
Total other financing sources (uses)	<u>323,590</u>	<u>308,262</u>	<u>54,667</u>	<u>(253,595)</u>
Net change in fund balance	(10,846,567)	(15,238,154)	(6,726,195)	8,511,959
Fund balance at beginning of year	16,368,958	16,368,958	16,368,958	-
Prior year encumbrances appropriated	1,330,914	1,330,914	1,330,914	-
Fund balance at end of year	<u>\$ 6,853,305</u>	<u>\$ 2,461,718</u>	<u>\$ 10,973,677</u>	<u>\$ 8,511,959</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MAJOR FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

BOND RETIREMENT FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 6,853,140	\$ 7,507,858	\$ 654,718
Total expenditures and other financing uses.	<u>7,726,838</u>	<u>6,922,401</u>	<u>804,437</u>
Net change in fund balance	(873,698)	585,457	1,459,155
Fund balance at beginning of year.	3,447,330	3,447,330	-
Prior year encumbrances appropriated	<u>726,838</u>	<u>726,838</u>	-
Fund balance at end of year	<u>\$ 3,300,470</u>	<u>\$ 4,759,625</u>	<u>\$ 1,459,155</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MAJOR FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

PERMANENT IMPROVEMENT FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 4,000,000	\$ 4,507,892	\$ 507,892
Total expenditures and other financing uses.	<u>18,667,841</u>	<u>18,578,953</u>	<u>88,888</u>
Net change in fund balance	(14,667,841)	(14,071,061)	596,780
Fund balance at beginning of year	14,079,680	14,079,680	-
Prior year encumbrances appropriated	<u>1,775,689</u>	<u>1,775,689</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 1,187,528</u>	<u>\$ 1,784,308</u>	<u>\$ 596,780</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

FOOD SERVICE FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 3,292,000	\$ 2,880,914	\$ (411,086)
Total expenditures and other financing uses.	<u>3,505,530</u>	<u>3,494,515</u>	<u>11,015</u>
Net change in fund balance	(213,530)	(613,601)	(400,071)
Fund balance at beginning of year.	1,067,450	1,067,450	-
Prior year encumbrances appropriated.	20,530	20,530	-
Fund balance at end of year	<u>\$ 874,450</u>	<u>\$ 474,379</u>	<u>\$ (400,071)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SPECIAL TRUST FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 15,000	\$ 6,393	\$ (8,607)
Total expenditures and other financing uses.	<u>68,090</u>	<u>9,493</u>	<u>58,597</u>
Net change in fund balance	(53,090)	(3,100)	49,990
Fund balance at beginning of year.	61,044	61,044	-
Prior year encumbrances appropriated.	137	137	-
Fund balance at end of year	<u>\$ 8,091</u>	<u>\$ 58,081</u>	<u>\$ 49,990</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

PATHFINDER/PRESCHOOL FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 1,500,100	\$ 1,709,785	\$ 209,685
Total expenditures and other financing uses.	<u>1,322,062</u>	<u>1,830,982</u>	<u>(508,920)</u>
Net change in fund balance	178,038	(121,197)	(299,235)
Fund balance at beginning of year.	55,243	55,243	-
Prior year encumbrances appropriated.	65,954	65,954	-
Fund balance at end of year	<u>\$ 299,235</u>	<u>\$ -</u>	<u>\$ (299,235)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

ATHLETIC FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 420,180	\$ 360,984	\$ (59,196)
Total expenditures and other financing uses.	719,078	337,418	381,660
Net change in fund balance	(298,898)	23,566	322,464
Fund balance at beginning of year.	485,386	485,386	-
Prior year encumbrances appropriated.	4,003	4,003	-
Fund balance at end of year	\$ 190,491	\$ 512,955	\$ 322,464

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

AUXILIARY SERVICES FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 1,500,000	\$ 1,390,379	\$ (109,621)
Total expenditures and other financing uses.	<u>1,781,375</u>	<u>1,659,275</u>	<u>122,100</u>
Net change in fund balance	(281,375)	(268,896)	12,479
Fund balance at beginning of year.	356,763	356,763	-
Prior year encumbrances appropriated.	<u>121,375</u>	<u>121,375</u>	<u>-</u>
Fund balance at end of year	<u>\$ 196,763</u>	<u>\$ 209,242</u>	<u>\$ 12,479</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

PUBLIC SCHOOL PRESCHOOL FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 354,106	\$ 85,887	\$ (268,219)
Total expenditures and other financing uses.	328,828	102,004	226,824
Net change in fund balance	25,278	(16,117)	(41,395)
Fund balance at beginning of year.	8,890	8,890	-
Fund balance (deficit) at end of year.	\$ 34,168	\$ (7,227)	\$ (41,395)

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

DATA COMMUNICATIONS FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 19,800	\$ 19,800	\$ -
Total expenditures and other financing uses.	<u>19,800</u>	<u>19,373</u>	<u>427</u>
Net change in fund balance	-	427	427
Fund balance at beginning of year.	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 427</u>	<u>\$ 427</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

OTHER STATE FUNDS FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 70,500	\$ 84,116	\$ 13,616
Total expenditures and other financing uses.	91,366	103,337	(11,971)
Net change in fund balance	(20,866)	(19,221)	1,645
Fund balance at beginning of year.	37,707	37,707	-
Prior year encumbrances appropriated	18	18	-
Fund balance at end of year	<u>\$ 16,859</u>	<u>\$ 18,504</u>	<u>\$ 1,645</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

ADULT BASIC EDUCATION FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 22,800	\$ 22,735	\$ (65)
Total expenditures and other financing uses.	<u>30,000</u>	<u>30,537</u>	<u>(537)</u>
Net change in fund balance	(7,200)	(7,802)	(602)
Fund balance at beginning of year.	90	90	-
Prior year encumbrances appropriated.	<u>7,712</u>	<u>7,712</u>	-
Fund balance at end of year	<u>\$ 602</u>	<u>\$ -</u>	<u>\$ (602)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IMPROVING TEACHER QUALITY FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 273,000	\$ 169,736	\$ (103,264)
Total expenditures and other financing uses.	<u>306,352</u>	<u>306,614</u>	<u>(262)</u>
Net change in fund balance	(33,352)	(136,878)	(103,526)
Fund balance at beginning of year.	822	822	-
Prior year encumbrances appropriated.	<u>48,852</u>	<u>48,852</u>	-
Fund balance (deficit) at end of year.	<u>\$ 16,322</u>	<u>\$ (87,204)</u>	<u>\$ (103,526)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

IDEA PART B FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 2,554,000	\$ 1,993,192	\$ (560,808)
Total expenditures and other financing uses.	<u>2,592,114</u>	<u>2,256,422</u>	<u>335,692</u>
Net change in fund balance	(38,114)	(263,230)	(225,116)
Fund balance at beginning of year.	36,088	36,088	-
Prior year encumbrances appropriated.	<u>23,142</u>	<u>23,142</u>	<u>-</u>
Fund balance (deficit) at end of year.	<u>\$ 21,116</u>	<u>\$ (204,000)</u>	<u>\$ (225,116)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

CARL D. PERKINS FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 98,000	\$ 93,319	\$ (4,681)
Total expenditures and other financing uses.	<u>181,096</u>	<u>155,849</u>	<u>25,247</u>
Net change in fund balance	(83,096)	(62,530)	20,566
Fund balance at beginning of year.	68,170	68,170	-
Prior year encumbrances appropriated.	<u>21,096</u>	<u>21,096</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 6,170</u>	<u>\$ 26,736</u>	<u>\$ 20,566</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

BILINGUAL EDUCATION FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 42,000	\$ 31,008	\$ (10,992)
Total expenditures and other financing uses.	<u>41,904</u>	<u>36,267</u>	<u>5,637</u>
Net change in fund balance	96	(5,259)	(5,355)
Fund balance at beginning of year.	96	96	-
Prior year encumbrances appropriated.	<u>1,904</u>	<u>1,904</u>	<u>-</u>
Fund balance (deficit) at end of year.	<u>\$ 2,096</u>	<u>\$ (3,259)</u>	<u>\$ (5,355)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

TITLE I FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 1,946,000	\$ 1,444,693	\$ (501,307)
Total expenditures and other financing uses.	<u>1,989,242</u>	<u>1,754,005</u>	<u>235,237</u>
Net change in fund balance	(43,242)	(309,312)	(266,070)
Fund balance at beginning of year.	454	454	-
Prior year encumbrances appropriated.	<u>151,242</u>	<u>151,242</u>	<u>-</u>
Fund balance (deficit) at end of year.	<u>\$ 108,454</u>	<u>\$ (157,616)</u>	<u>\$ (266,070)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

PRESCHOOL GRANT FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 192,000	\$ 86,551	\$ (105,449)
Total expenditures and other financing uses.	<u>194,477</u>	<u>118,881</u>	<u>75,596</u>
Net change in fund balance	(2,477)	(32,330)	(29,853)
Fund balance at beginning of year.	1,218	1,218	-
Prior year encumbrances appropriated.	<u>1,877</u>	<u>1,877</u>	-
Fund balance (deficit) at end of year.	<u>\$ 618</u>	<u>\$ (29,235)</u>	<u>\$ (29,853)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

OTHER FEDERAL PROGRAMS FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 130,000	\$ 100,501	\$ (29,499)
Total expenditures and other financing uses.	130,972	124,956	6,016
Net change in fund balance	(972)	(24,455)	(23,483)
Fund balance at beginning of year.	2,877	2,877	-
Prior year encumbrances appropriated.	10,972	10,972	-
Fund balance (deficit) at end of year.	\$ 12,877	\$ (10,606)	\$ (23,483)

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

VOCATIONAL EDUCATION ENHANCEMENT FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 11,200	\$ 11,249	\$ 49
Total expenditures and other financing uses.	<u>15,272</u>	<u>17,472</u>	<u>(2,200)</u>
Net change in fund balance	(4,072)	(6,223)	(2,151)
Fund balance at beginning of year.	91	91	-
Prior year encumbrances appropriated.	<u>2,109</u>	<u>2,109</u>	<u>-</u>
Fund deficit at end of year.	<u>\$ (1,872)</u>	<u>\$ (4,023)</u>	<u>\$ (2,151)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

STUDENT WELLNESS AND SUCCESS FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ -	\$ 951,874	\$ 951,874
Total expenditures and other financing uses.	-	-	-
Net change in fund balance	-	951,874	951,874
Fund balance at beginning of year.	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 951,874</u>	<u>\$ 951,874</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

STUDENT MANAGED ACTIVITY FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 150,000	\$ 90,138	\$ (59,862)
Total expenditures and other financing uses.	193,889	100,226	93,663
Net change in fund balance	(43,889)	(10,088)	33,801
Fund balance at beginning of year.	76,992	76,992	-
Prior year encumbrances appropriated.	216	216	-
Fund balance at end of year	\$ 33,319	\$ 67,120	\$ 33,801

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

UNIFORM SCHOOL SUPPLIES FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 210,000	\$ 204,982	\$ (5,018)
Total expenditures and other financing uses.	<u>226,235</u>	<u>181,451</u>	<u>44,784</u>
Net change in fund balance	(16,235)	23,531	39,766
Fund balance at beginning of year.	157,686	157,686	-
Prior year encumbrances appropriated.	<u>20,135</u>	<u>20,135</u>	<u>-</u>
Fund balance at end of year	<u>\$ 161,586</u>	<u>\$ 201,352</u>	<u>\$ 39,766</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

ROTARY SPECIAL SERVICES FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 15,000	\$ 6,140	\$ (8,860)
Total expenditures and other financing uses.	<u>19,467</u>	<u>6,296</u>	<u>13,171</u>
Net change in fund balance	(4,467)	(156)	4,311
Fund balance at beginning of year.	13,377	13,377	-
Fund balance at end of year	<u>\$ 8,910</u>	<u>\$ 13,221</u>	<u>\$ 4,311</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

PUBLIC SCHOOL SUPPORT FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 270,000	\$ 230,816	\$ (39,184)
Total expenditures and other financing uses.	<u>556,730</u>	<u>246,534</u>	<u>310,196</u>
Net change in fund balance	(286,730)	(15,718)	271,012
Fund balance at beginning of year.	351,819	351,819	-
Prior year encumbrances appropriated.	<u>20,615</u>	<u>20,615</u>	<u>-</u>
Fund balance at end of year	<u>\$ 85,704</u>	<u>\$ 356,716</u>	<u>\$ 271,012</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SPECIAL ENTERPRISE FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 580,000	\$ 524,253	\$ (55,747)
Total expenditures and other financing uses.	706,055	606,472	99,583
Net change in fund balance	(126,055)	(82,219)	43,836
Fund balance at beginning of year.	567,663	567,663	-
Prior year encumbrances appropriated.	36,055	36,055	-
Fund balance at end of year	\$ 477,663	\$ 521,499	\$ 43,836

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

ROTARY FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ -	\$ 1,843	\$ 1,843
Net change in fund balance	-	1,843	1,843
Fund balance at beginning of year.	230	230	-
Fund balance at end of year	<u>\$ 230</u>	<u>\$ 2,073</u>	<u>\$ 1,843</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

EMPLOYEE BENEFITS FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 100	\$ 170	\$ 70
Total expenditures and other financing uses.	<u>117,786</u>	<u>500</u>	<u>117,286</u>
Net change in fund balance	(117,686)	(330)	117,356
Fund balance at beginning of year.	22,932	22,932	-
Prior year encumbrances appropriated.	<u>94,786</u>	<u>94,786</u>	-
Fund balance at end of year	<u>\$ 32</u>	<u>\$ 117,388</u>	<u>\$ 117,356</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

REPLACEMENT FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total expenditures and other financing uses.	\$ 9	\$ -	\$ 9
Net change in fund balance	(9)	-	9
Fund balance at beginning of year.	12	12	-
Fund balance at end of year	\$ 3	\$ 12	\$ 9

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR PERMANENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

PERMANENT FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 500	\$ 895	\$ 395
Total expenditures and other financing uses.	23,154	-	23,154
Net change in fund balance	(22,654)	895	23,549
Fund balance at beginning of year.	45,221	45,221	-
Fund balance at end of year	\$ 22,567	\$ 46,116	\$ 23,549

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

FUND DESCRIPTION - FIDUCIARY FUND

Fiduciary Fund

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

Custodial Fund

Tournament Fund

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

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

Statistical Section

KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO



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

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	142-155
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	156-163
Debt Capacity 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.	164-171
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	172-175
Operating Information These schedules contain service and operational data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	176-189

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

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

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities				
Net investment in capital assets	\$ 18,472,838	\$ 19,433,829	\$ 21,078,401	\$ 23,611,501
Restricted for:				
Capital projects	575,916	700,616	742,890	834,883
Debt service	3,014,264	3,224,803	2,880,116	2,696,993
Permanent	15,156	14,577	14,017	13,695
Locally funded programs	-	-	20,312	-
State funded programs	-	-	30,354	260,053
Federally funded programs	-	-	1,075,191	197,904
Student activities	-	-	209,881	290,476
Other purposes	574,799	725,954	747,872	839,948
Unrestricted (deficit)	4,720,582	5,461,309	(280,522)	(128,483,988)
Total governmental activities net position	<u>\$ 27,373,555</u>	<u>\$ 29,561,088</u>	<u>\$ 26,518,512</u>	<u>\$ (99,738,535)</u>

Source: District financial records.

(1) Amounts have been restated to reflect implementation of GASB Statement No. 84 which was implemented in 2020.

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019 (1)</u>	<u>2020</u>
\$ 26,144,415	\$ 28,744,903	\$ 28,762,216	\$ 33,481,779	\$ 39,107,298	\$ 39,455,395
1,134,197	501,355	2,607,868	2,698,313	719,743	4,067,152
2,998,825	2,824,484	3,789,810	3,704,520	4,011,958	4,395,697
13,522	13,353	13,459	13,662	45,221	46,116
-	-	-	-	-	-
1,408,671	126,319	23,807	47,626	252,786	1,184,894
1,124,813	210,672	103,399	73,849	207,043	71,952
339,644	384,726	398,866	454,732	543,927	569,095
851,755	1,085,783	1,113,761	1,033,232	918,290	365,403
(118,893,609)	(112,723,237)	(155,812,243)	(111,745,788)	(106,208,473)	(123,881,596)
<u>\$ (84,877,767)</u>	<u>\$ (78,831,642)</u>	<u>\$ (118,999,057)</u>	<u>\$ (70,238,075)</u>	<u>\$ (60,402,207)</u>	<u>\$ (73,725,892)</u>

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

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Expenses				
Governmental activities:				
Instruction:				
Regular	\$ 35,764,848	\$ 34,695,073	\$ 35,679,782	\$ 36,363,264
Special	9,096,792	9,646,917	9,745,956	12,931,044
Vocational	2,695,255	2,711,654	2,765,023	2,630,263
Adult/continuing	87,962	55,404	91,829	92,941
Other instructional	2,273,126	3,462,802	3,982,459	4,515,328
Support services:				
Pupil	7,761,518	7,599,142	7,444,865	7,399,986
Instructional staff	5,749,533	6,118,959	6,052,370	3,465,511
Board of education	62,685	66,586	53,648	78,949
Administration	5,250,963	5,870,320	5,533,408	5,684,412
Fiscal	1,785,522	1,753,709	1,740,590	1,962,857
Business	591,628	657,346	489,754	550,804
Operations and maintenance	8,877,007	8,338,608	8,183,719	8,006,649
Pupil transportation	3,531,175	3,751,327	3,803,988	3,860,361
Central	1,927,323	1,830,592	1,800,269	877,877
Operation of non-instructional services	5,473,549	5,316,205	5,781,286	5,337,227
Extracurricular activities	1,776,337	1,574,598	1,522,424	1,478,447
Debt service:				
Interest and fiscal charges	4,211,670	4,041,701	4,139,486	3,874,893
Total governmental activities expenses	<u>\$ 96,916,893</u>	<u>\$ 97,490,943</u>	<u>\$ 98,810,856</u>	<u>\$ 99,110,813</u>

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019 (1)</u>	<u>2020</u>
\$ 41,231,524	\$ 37,126,604	\$ 42,513,509	\$ 21,281,900	\$ 38,967,265	\$ 50,454,304
12,022,267	12,699,706	15,449,518	7,375,473	14,160,516	18,656,664
2,390,795	2,598,543	3,175,243	1,588,632	2,772,251	3,257,367
105,455	140,961	157,873	54,843	114,734	1,139
4,602,409	4,705,340	5,610,945	6,123,576	5,359,312	6,481,742
7,191,640	7,567,845	9,726,629	5,181,977	9,135,588	10,964,179
3,883,487	4,136,935	5,121,367	2,625,470	4,362,791	5,540,436
40,157	49,887	102,105	83,155	127,633	65,153
5,521,070	5,960,346	7,243,081	3,832,935	6,640,852	8,164,194
2,131,832	2,104,772	2,212,381	1,730,354	2,536,345	3,011,199
504,545	588,140	602,151	413,575	536,991	971,662
8,038,558	9,158,808	9,048,894	5,592,911	8,011,879	10,041,325
3,762,241	3,821,722	4,885,690	2,738,201	4,951,953	5,323,731
940,385	1,512,012	1,296,358	1,014,476	1,082,724	1,449,512
6,036,568	5,796,310	6,673,517	4,816,740	5,829,228	6,700,173
1,482,241	1,539,334	1,980,461	1,014,874	1,939,346	2,149,912
3,685,941	3,435,947	3,197,457	2,981,450	2,959,085	2,999,519
<u>\$ 103,571,115</u>	<u>\$ 102,943,212</u>	<u>\$ 118,997,179</u>	<u>\$ 68,450,542</u>	<u>\$ 109,488,493</u>	<u>\$ 136,232,211</u>

(Continued)

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

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

Program revenues	2011	2012	2013	2014
Governmental activities:				
Charges for services and sales:				
Instruction:				
Regular	\$ 491,487	\$ 766,581	\$ 963,092	\$ 833,159
Special	-	226,565	174,734	160,630
Vocational	169,574	59,929	50,520	91,964
Adult/continuing	-	-	-	-
Support services:				
Pupil	446,810	124,352	257,003	291,301
Instructional staff	255,312	155,842	182,229	179,752
Administration	-	-	29,939	13,579
Business	-	-	-	-
Operations and maintenance	-	-	151,458	55,884
Pupil transportation	36,955	45,698	42,356	42,201
Central	-	804	2,180	2,585
Operation of non-instructional services	2,040,451	2,101,177	1,977,126	1,951,446
Extracurricular activities	662,649	691,845	456,719	430,862
Operating grants and contributions:				
Instruction:				
Regular	8,377,327	370,134	130,978	185,977
Special	3,086,493	3,445,819	3,258,348	4,007,433
Vocational	293,519	294,535	303,589	423,911
Adult/continuing	97,720	56,783	83,735	96,774
Other instructional	-	-	88,603	82,781
Support services:				
Pupil	534,663	588,001	409,911	285,134
Instructional staff	963,601	830,284	963,951	295,220
Board of education	-	-	41	2,400
Administration	635,090	294,143	289,339	297,761
Operations and maintenance	684,787	41,188	16,703	23
Pupil transportation	1,269,191	30,503	253,873	270,393
Central	222,777	33,267	218,948	18,804
Operation of non-instructional services	1,696,423	3,258,352	3,191,496	3,398,721
Extracurricular activities	-	2,325	7,185	2,148
Capital grants and contributions:				
Instruction:				
Regular	-	-	-	-
Vocational	-	-	-	-
Total governmental program revenues	21,964,829	13,418,127	13,504,056	13,420,843
Net (expense)/revenue				
Governmental activities	(74,952,064)	(84,072,816)	(85,306,800)	(85,689,970)
Total primary government net expense	\$ (74,952,064)	\$ (84,072,816)	\$ (85,306,800)	\$ (85,689,970)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019 (1)</u>	<u>2020</u>
\$	484,616	\$ 935,793	\$ 737,742	\$ 1,736,040	\$ 1,152,720	\$ 1,385,655
	163,978	253,057	84,106	339,456	362,049	539,166
	86,416	20,333	104,218	174,437	144,984	85,403
	-	66,722	-	-	19,989	-
	360,981	445,199	791,383	744,148	713,418	446,301
	263,346	321,760	161,640	158,908	132,848	146,190
	17,527	19,388	15,613	11,163	10,732	9,713
	1,148	-	-	-	-	-
	47,428	75,807	54,800	57,516	94,864	46,922
	45,477	48,018	47,155	11,986	14,712	2,390
	682	496	470	30,000	-	2,386
	2,070,894	2,223,488	2,199,298	2,264,697	2,233,515	1,866,119
	433,890	437,980	474,557	455,049	642,745	515,263
	7,754,536	134,776	177,429	244,593	321,243	402,379
	4,550,043	3,666,080	4,911,836	4,865,931	4,974,775	5,457,551
	444,481	387,753	499,817	1,284,455	988,463	979,719
	121,631	133,368	148,330	135,673	143,157	-
	101,664	69,890	83,113	88,326	75,840	-
	333,734	263,071	438,611	438,289	563,279	1,442,972
	808,276	487,272	769,059	552,947	751,142	602,201
	-	-	-	-	-	-
	424,293	283,419	400,532	410,630	446,952	336,663
	222	3,341	-	-	6,430	-
	270,705	278,869	279,935	403,064	362,776	332,678
	19,835	19,818	19,800	19,800	49,800	19,800
	3,869,754	3,824,287	4,076,339	4,004,172	3,739,160	3,506,639
	8,252	3,266	6,757	8,555	7,809	16,292
	562,204	-	-	-	-	-
	-	-	121,249	-	-	-
	<u>23,246,013</u>	<u>14,403,251</u>	<u>16,603,789</u>	<u>18,439,835</u>	<u>17,953,402</u>	<u>18,142,402</u>
	<u>(80,325,102)</u>	<u>(88,539,961)</u>	<u>(102,393,390)</u>	<u>(50,010,707)</u>	<u>(91,535,091)</u>	<u>(118,089,809)</u>
\$	<u>(80,325,102)</u>	<u>(88,539,961)</u>	<u>(102,393,390)</u>	<u>(50,010,707)</u>	<u>(91,535,091)</u>	<u>(118,089,809)</u>

(Continued)

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

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General revenues and other changes in net position				
Governmental activities:				
Property taxes	\$ 61,540,434	\$ 61,048,275	\$ 57,281,151	\$ 65,014,848
Payment in lieu of taxes	-	151,425	582,655	633,323
Grants and entitlements not restricted to specific programs	18,477,287	25,145,742	23,933,755	24,145,012
Investment earnings	73,241	95,301	91,520	162,671
Net increase/(decrease) in fair value of investments	-	21,193	(140,157)	-
Miscellaneous	454,500	532,700	515,300	461,224
Total governmental activities	<u>80,545,462</u>	<u>86,994,636</u>	<u>82,264,224</u>	<u>90,417,078</u>
Change in net position				
Governmental activities	<u>\$ 5,593,398</u>	<u>\$ 2,921,820</u>	<u>\$ (3,042,576)</u>	<u>\$ 4,727,108</u>

Source: District financial records.

(1) Amounts have been restated to reflect implementation of GASB Statement No. 84 which was implemented in 2020.

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019 (1)</u>	<u>2020</u>
\$ 68,245,757	\$ 66,924,832	\$ 70,550,876	\$ 73,352,331	\$ 75,869,324	\$ 81,747,046
406,797	402,177	398,038	238,478	126,593	332,258
26,015,342	25,162,006	24,512,181	23,470,946	23,014,065	21,242,214
68,161	124,392	213,275	449,329	923,131	719,427
-	-	-	-	-	-
449,813	1,972,679	689,659	1,260,605	1,254,470	725,179
<u>95,185,870</u>	<u>94,586,086</u>	<u>96,364,029</u>	<u>98,771,689</u>	<u>101,187,583</u>	<u>104,766,124</u>
<u>\$ 14,860,768</u>	<u>\$ 6,046,125</u>	<u>\$ (6,029,361)</u>	<u>\$ 48,760,982</u>	<u>\$ 9,652,492</u>	<u>\$ (13,323,685)</u>

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

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General fund:				
Nonspendable	\$ 254,318	\$ 111,440	\$ 221,889	\$ 241,196
Assigned	655,959	755,801	2,641,974	5,325,510
Unassigned (deficit)	<u>5,245,949</u>	<u>6,233,898</u>	<u>-</u>	<u>-</u>
Total general fund	<u>6,156,226</u>	<u>7,101,139</u>	<u>2,863,863</u>	<u>5,566,706</u>
All other governmental funds:				
Nonspendable	65,747	60,665	69,292	75,208
Restricted	5,432,381	5,996,748	5,422,499	6,211,091
Committed	-	-	20,682	20,745
Unassigned (deficit)	<u>(403,080)</u>	<u>(534,876)</u>	<u>(432,084)</u>	<u>(644,271)</u>
Total all other governmental funds	<u>5,095,048</u>	<u>5,522,537</u>	<u>5,080,389</u>	<u>5,662,773</u>
Total governmental funds	<u>\$ 11,251,274</u>	<u>\$ 12,623,676</u>	<u>\$ 7,944,252</u>	<u>\$ 11,229,479</u>

Source: District financial records.

(1) Amounts have been restated to reflect implementation of GASB Statement No. 84 which was implemented in 2020.

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019 (1)</u>	<u>2020</u>
\$ 253,919	\$ 298,314	\$ 367,704	\$ 377,153	\$ 312,221	\$ 269,155
8,280,756	9,876,858	12,646,189	11,999,701	8,552,211	1,721,789
997,964	5,679,056	2,055,988	-	-	(372,458)
<u>9,532,639</u>	<u>15,854,228</u>	<u>15,069,881</u>	<u>12,376,854</u>	<u>8,864,432</u>	<u>1,618,486</u>
23,744	23,972	19,944	15,719	45,711	60,705
6,411,211	5,349,526	7,127,585	13,653,769	22,635,478	11,647,161
18,285	5,523	3,080	13	12	12
<u>(304,556)</u>	<u>(1,355,877)</u>	<u>(1,065,078)</u>	<u>(1,052,397)</u>	<u>(1,350,968)</u>	<u>(1,794,255)</u>
<u>6,148,684</u>	<u>4,023,144</u>	<u>6,085,531</u>	<u>12,617,104</u>	<u>21,330,233</u>	<u>9,913,623</u>
<u>\$ 15,681,323</u>	<u>\$ 19,877,372</u>	<u>\$ 21,155,412</u>	<u>\$ 24,993,958</u>	<u>\$ 30,194,665</u>	<u>\$ 11,532,109</u>

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

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues				
From local sources:				
Property taxes	\$ 61,900,078	\$ 61,313,023	\$ 58,566,436	\$ 64,774,216
Payment in lieu of taxes	-	151,425	582,655	633,323
Tuition	715,907	1,003,619	1,291,273	1,240,584
Transportation fees	36,955	45,698	42,356	42,201
Earnings on investments	73,241	95,301	82,560	168,717
Net increase/(decrease) in fair value of investments	-	21,193	(140,157)	-
Charges for services	1,585,503	1,579,194	1,487,003	1,430,120
Extracurricular	678,487	696,663	698,243	654,001
Classroom materials and fees	179,143	193,980	158,212	164,675
Rental income	-	-	136,758	55,433
Contributions and donations	-	-	90,545	77,654
Contract services	-	-	473,511	466,125
Other local revenues	1,361,743	1,186,339	562,405	459,448
Intergovernmental	35,689,575	34,521,364	32,495,959	34,194,621
Total revenues	<u>102,220,632</u>	<u>100,807,799</u>	<u>96,527,759</u>	<u>104,361,118</u>
Expenditures				
Current:				
Instruction:				
Regular	34,765,833	33,628,807	34,747,413	35,291,949
Special	9,056,671	9,629,379	9,838,655	12,704,073
Vocational	2,693,124	2,672,615	2,691,544	2,608,737
Adult/continuing	88,051	55,383	82,493	102,281
Other	2,275,425	3,461,507	3,983,494	4,507,303
Support services:				
Pupil	7,873,544	7,567,554	7,481,367	7,411,865
Instructional staff	5,732,142	6,115,213	6,122,031	3,415,173
Board of education	62,748	66,561	53,648	78,949
Administration	5,232,622	5,679,526	5,418,708	5,548,374
Fiscal	1,781,258	1,756,320	1,752,336	1,947,797
Business	588,832	521,438	519,095	519,969
Operations and maintenance	8,808,022	8,331,933	8,137,122	8,412,588
Pupil transportation	3,350,422	3,823,489	3,810,720	3,852,619
Central	1,866,437	1,814,594	1,780,400	937,351
Operation of non-instructional services	5,451,706	5,149,411	5,736,424	5,181,719
Extracurricular activities	1,605,143	1,408,717	1,364,531	1,272,279
Facilities acquisition and construction	126,392	34,312	209,674	2,676,433
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	3,640,783	3,436,113	3,538,464	3,738,427
Interest and fiscal charges	4,254,556	4,134,565	3,613,066	3,692,977
Issuance costs	-	-	277,689	74,812
Total expenditures	<u>\$ 99,253,711</u>	<u>\$ 99,287,437</u>	<u>\$ 101,158,874</u>	<u>\$ 103,975,675</u>

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019 (1)</u>	<u>2020</u>
\$	68,112,932	\$ 66,964,174	\$ 69,924,962	\$ 74,250,363	\$ 75,996,641	\$ 81,735,192
	406,797	402,177	398,038	238,478	126,593	332,258
	1,078,899	1,701,906	1,508,764	2,856,889	2,182,157	2,268,376
	45,477	48,018	47,155	11,986	14,712	2,390
	74,313	127,867	223,459	457,304	929,556	767,626
	-	-	-	-	-	-
	1,424,763	1,531,369	1,557,655	1,526,079	1,494,569	1,235,928
	660,066	656,823	699,400	658,592	825,524	655,379
	167,984	165,706	198,357	208,562	216,009	209,508
	47,428	75,807	54,800	57,210	94,864	46,922
	76,582	100,205	76,832	66,315	113,996	74,583
	526,147	575,937	516,903	581,756	565,335	530,254
	475,432	2,157,578	866,856	1,285,674	1,695,532	1,328,466
	43,333,152	36,168,258	36,253,357	35,909,101	35,165,390	33,537,634
	<u>116,429,972</u>	<u>110,675,825</u>	<u>112,326,538</u>	<u>118,108,309</u>	<u>119,420,878</u>	<u>122,724,516</u>
	42,869,785	36,206,615	38,543,746	40,834,222	42,158,754	44,628,691
	12,881,537	12,748,248	14,500,383	15,024,340	15,693,883	17,030,164
	2,530,733	2,532,114	2,957,987	3,033,008	3,186,859	3,004,274
	110,171	143,698	146,517	137,512	133,723	-
	4,612,838	4,707,311	5,597,739	6,223,571	5,380,849	6,482,106
	7,747,320	7,540,388	9,137,763	9,945,392	10,132,335	10,097,065
	4,027,511	4,121,704	4,782,042	4,768,828	4,809,012	4,920,672
	40,157	49,887	102,105	83,155	127,633	65,153
	5,738,086	5,859,133	6,459,545	6,711,008	7,131,807	7,374,659
	2,218,653	2,108,463	2,157,013	2,142,284	2,645,340	2,973,642
	537,359	573,723	624,573	586,946	619,090	886,330
	8,363,446	9,577,240	10,468,614	9,328,576	9,483,082	10,062,702
	3,906,427	3,937,663	5,196,585	4,677,106	5,287,144	5,093,185
	995,181	1,493,489	1,256,896	1,247,360	1,143,539	1,357,420
	6,098,387	5,705,429	6,392,027	6,532,152	6,144,151	6,232,934
	1,328,980	1,400,977	1,649,496	1,622,674	1,890,356	1,797,510
	213,335	90,270	1,193,536	4,760,994	6,812,640	10,018,846
	-	-	729,093	-	-	-
	4,178,654	4,300,158	4,004,619	5,492,109	5,379,157	5,536,122
	3,580,378	3,441,977	3,428,674	3,464,852	3,324,689	3,779,788
	-	-	611,726	265,407	285,210	-
	<u>\$ 111,978,938</u>	<u>\$ 106,538,487</u>	<u>\$ 119,940,679</u>	<u>\$ 126,881,496</u>	<u>\$ 131,769,253</u>	<u>\$ 141,341,263</u>

(Continued)

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

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Excess of revenues over (under) expenditures	\$ 2,966,921	\$ 1,520,362	\$ (4,631,115)	\$ 385,443
Other financing sources (uses)				
Issuance of general obligation bonds	-	-	-	2,823,000
Premium on general obligation bonds	-	-	-	73,122
Issuance of refunding bonds	-	-	14,979,940	-
Premium on refunding bonds	-	-	1,223,592	-
Issuance of certificates of participation	-	-	-	-
Premium on certificates of participation	-	-	-	-
Issuance of tax anticipation notes	-	-	-	-
Premium on tax anticipation notes	-	-	-	-
Payment to refunded bonds escrow agent	-	-	(16,247,473)	-
Proceeds from capital lease transaction	-	-	-	-
Sale of assets	-	-	6,000	-
Transfers in	13,500	13,500	13,500	13,500
Transfers (out)	(13,500)	(13,500)	(13,500)	(13,500)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(37,941)</u>	<u>2,896,122</u>
Net change in fund balances	<u>\$ 2,966,921</u>	<u>\$ 1,520,362</u>	<u>\$ (4,669,056)</u>	<u>\$ 3,281,565</u>
Debt service as a percentage of noncapital expenditures	7.99%	7.66%	7.11%	7.39%

Source: District financial records.

(1) Amounts have been restated to reflect implementation of GASB Statement No. 84 which was implemented in 2020.

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019 (1)</u>	<u>2020</u>
\$	4,451,034	\$ 4,137,338	\$ (7,614,141)	\$ (8,773,187)	\$ (12,348,375)	\$ (18,616,747)
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	39,190,000	-	-	-
	-	-	6,135,447	-	-	-
	-	-	-	11,530,000	15,620,000	-
	-	-	-	236,553	1,102,418	-
	-	-	5,000,000	-	-	-
	-	-	101,120	-	-	-
	-	-	(44,685,047)	-	-	-
	-	-	729,093	-	-	-
	-	-	-	225	82,571	-
	13,500	18,500	2,518,500	858,719	18,500	18,500
	(13,500)	(18,500)	(18,500)	(18,500)	(18,500)	(18,500)
	-	-	8,970,613	12,606,997	16,804,989	-
\$	<u>4,451,034</u>	<u>\$ 4,137,338</u>	<u>\$ 1,356,472</u>	<u>\$ 3,833,810</u>	<u>\$ 4,456,614</u>	<u>\$ (18,616,747)</u>
	7.01%	7.33%	6.48%	7.43%	7.07%	7.18%

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

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

Tax Collection/Calendar Year	2011	2012	2013	2014	2015
Real Property					
Assessed	\$ 1,281,069,450	\$ 1,169,058,260	\$ 1,172,169,030	\$ 1,166,011,970	\$ 1,112,021,360
Actual	3,660,198,429	3,340,166,457	3,349,054,371	3,331,462,771	3,177,203,886
Public Utility					
Assessed	78,792,780	80,829,600	102,770,980	112,802,920	114,250,870
Actual	89,537,250	91,851,818	116,785,205	128,185,136	129,830,534
Total					
Assessed	1,359,862,230	1,249,887,860	1,274,940,010	1,278,814,890	1,226,272,230
Actual	3,749,735,679	3,432,018,275	3,465,839,576	3,459,647,908	3,307,034,420
Assessed Value as a Percentage of Actual Value					
	36.27%	36.42%	36.79%	36.96%	37.08%
Total Direct Tax Rate					
	\$78.00	\$78.00	\$78.00	\$82.89	\$82.99

Source: Montgomery County Auditor, Ohio Department of Taxation

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

Note: Assessed value of real property is at 35%. Assessed value of public utility is at 88%.

2016	2017	2018	2019	2020
\$ 1,115,708,750	\$ 1,115,070,750	\$ 1,190,723,510	\$ 1,202,733,770	\$ 1,209,787,720
3,187,739,286	3,185,916,429	3,402,067,171	3,436,382,200	3,456,536,343
117,490,250	118,785,510	127,844,760	129,461,040	144,268,050
133,511,648	134,983,534	145,278,136	147,114,818	163,940,966
1,233,199,000	1,233,856,260	1,318,568,270	1,332,194,810	1,354,055,770
3,321,250,934	3,320,899,963	3,547,345,307	3,583,497,018	3,620,477,309
37.13%	37.15%	37.17%	37.18%	37.40%
\$82.99	\$85.39	\$85.26	\$91.25	\$91.03

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

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Direct district rates				
General fund	\$71.50	\$71.50	\$71.50	\$76.39
Permanent improvement fund	0.60	0.60	0.60	0.60
Bond retirement fund	5.90	5.90	5.90	5.90
Total	<u>78.00</u>	<u>78.00</u>	<u>78.00</u>	<u>82.89</u>
Overlapping rates				
City of Kettering	6.79	6.79	6.79	6.79
City of Moraine	2.50	2.50	2.50	2.50
Montgomery County	17.74	17.74	17.74	17.74
Sinclair Community College	3.20	3.20	3.20	3.20
Greene County	12.25	12.25	12.25	12.25
Dayton Metro Library	1.75	1.75	3.31	3.31
Total	<u>\$122.23</u>	<u>\$122.23</u>	<u>\$123.79</u>	<u>\$128.68</u>

Source: Montgomery County Auditor, Ohio Department of Taxation

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

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$76.39	\$76.39	\$76.39	\$76.39	\$82.38	\$82.38
0.60	0.60	3.40	3.40	3.40	3.40
6.00	6.00	5.60	5.47	5.47	5.25
<u>82.99</u>	<u>82.99</u>	<u>85.39</u>	<u>85.26</u>	<u>91.25</u>	<u>91.03</u>
6.79	6.79	6.79	6.79	6.79	6.67
2.50	2.50	2.50	2.50	2.50	2.50
18.74	18.74	18.74	18.74	18.94	18.94
3.20	4.20	4.20	4.20	4.20	4.20
12.65	14.45	14.45	13.95	14.45	14.45
3.31	3.31	3.31	3.31	3.31	3.15
<u>\$130.18</u>	<u>\$132.98</u>	<u>\$135.38</u>	<u>\$134.75</u>	<u>\$141.44</u>	<u>\$140.94</u>

KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO



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

PRINCIPAL TAXPAYERS
REAL ESTATE AND PUBLIC UTILITY PROPERTY TAXES
DECEMBER 31, 2019 AND DECEMBER 31, 2010

		December 31, 2019		
<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>Percent of Total Assessed Value</u>
Dayton Power and Light	Gas and Electric Utility	\$96,048,170	1	7.21%
Tait Electric Generating Station	Utility	26,872,510	2	2.02%
Vectren	Utility	24,376,870	3	1.83%
Reynolds and Reynolds Co.	Retail business forms	12,024,440	4	0.90%
Kettering Medical Center	Healthcare	8,704,000	5	0.65%
Huber Management Corp.	Property Management	8,250,700	6	0.62%
F1 Kettering LLC	Real Estate	6,935,420	7	0.52%
MIMG LXXXIX Van Buren Village	Property Management	5,302,550	8	0.40%
Dayton Town & Country, Inc.	Property Management	4,733,480	9	0.36%
Residenz	Nursing Home	4,580,530	10	0.34%
Total Principal Taxpayers		197,828,670		14.85%
All Others		1,134,366,140		85.15%
Total Assessed Value		<u>\$1,332,194,810</u>		<u>100.00%</u>

		December 31, 2010		
<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>Percent of Total Assessed Value</u>
Dayton Power and Light	Utility	\$73,333,100	1	5.31%
Reynolds and Reynolds Co.	Retail business forms	12,465,920	2	0.90%
F1 Kettering LLC	Real Estate	10,252,420	3	0.74%
General Motors Corporation	Automotive Manufacturer	8,245,980	4	0.60%
Vectren	Utility	7,380,920	5	0.53%
Residenz	Nursing Home	5,949,660	6	0.43%
G & E Healthcare Reit L1	Nursing	5,670,000	7	0.41%
Fifteenth Dayton LLC	Printing	5,369,960	8	0.39%
BR Kettering Towne Center	Real Estate	4,873,030	9	0.35%
Dayton Town and Country	Foundation Research	4,856,950	10	0.35%
Total Principal Taxpayers		138,397,940		10.01%
All Others		1,241,863,480		89.99%
Total Assessed Value		<u>\$1,380,261,420</u>		<u>100.00%</u>

Source: Montgomery County Auditor - Land and Buildings based on valuation of property in 2019 and 2010

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

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

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN CALENDAR YEARS

Collection Year	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Total Tax Levy (1)	\$ 58,823,873	\$ 69,552,184	\$ 67,660,920	\$ 76,121,264
Collections within the Fiscal Year of the Levy				
Current Tax Collections (2)	\$ 57,247,393	\$ 67,400,196	\$ 65,734,803	\$ 74,133,882
Percent of Levy Collected	97.32%	96.91%	97.15%	97.39%
Delinquent Tax Collections	2,385,567	940,112	2,492,740	2,482,559
Total Tax Collections	<u>\$ 59,632,960</u>	<u>\$ 68,340,308</u>	<u>\$ 68,227,543</u>	<u>\$ 76,616,441</u>
Percent of Total Tax Collections To Tax Levy	101.38%	98.26%	100.84%	100.65%
Accumulated Outstanding Delinquent Taxes(3)	\$ 2,861,478	\$ 2,842,448	\$ 2,483,646	\$ 2,478,575
Percentage of Accumulated Delinquent Taxes to Total Tax Levy	4.86%	4.09%	3.67%	3.26%

Source: Montgomery and Greene County Auditor's Offices

Notes:

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

Delinquent tax collections are available only by collection year rather than the year in which they were levied; therefore, the percentage of total tax collections collections to tax levy exceeds 100 percent in some years. The District will continue to work with the County Auditors to retrieve this information in the future.

- (1) Taxes levied and collected are presented on a cash basis.
- (2) State reimbursements of rollback and homestead exemptions are included; December 2008 settlement estimate included.
- (3) Penalties and interest are included, since by Ohio law they become part of the tax obligation as assessment occurs.

2014	2015	2016	2017	2018	2019
\$ 74,540,824	\$ 75,038,035	\$ 77,600,882	\$ 79,583,644	\$ 88,345,394	\$ 87,623,916
\$ 72,672,977	\$ 72,869,095	\$ 76,240,787	\$ 78,739,158	\$ 86,804,463	\$ 86,083,813
97.49%	97.11%	98.25%	98.94%	98.26%	98.24%
1,607,891	2,032,735	1,360,095	2,809,114	2,009,496	2,004,179
<u>\$ 74,280,868</u>	<u>\$ 74,901,830</u>	<u>\$ 77,600,882</u>	<u>\$ 81,548,272</u>	<u>\$ 88,813,959</u>	<u>\$ 88,087,992</u>
99.65%	99.82%	100.00%	102.47%	100.53%	100.53%
\$ 2,611,400	\$ 2,572,058	\$ 3,197,973	\$ 2,299,940	\$ 2,172,622	\$ 1,273,613
3.26%	3.43%	4.12%	2.89%	2.46%	1.45%

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

RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities (1)				
General obligation bonds payable*	\$ 97,096,944	\$ 93,593,522	\$ 90,714,795	\$ 89,776,084
Capital leases	172,361	-	-	-
Certificates of participation	-	-	-	-
Tax anticipation notes*	-	-	-	-
Total primary government	<u>\$ 97,269,305</u>	<u>\$ 93,593,522</u>	<u>\$ 90,714,795</u>	<u>\$ 89,776,084</u>
 Population (2)				
Cities of Kettering and Moraine	62,470	62,400	62,335	62,167
Outstanding debt per capita*	1,557	1,500	1,455	1,444
 Income (3)				
Personal (in thousands)	\$ 2,015,923	\$ 2,067,089	\$ 2,067,089	\$ 2,119,372
Percentage of personal income*	4.83%	4.53%	4.39%	4.24%

Sources:

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

N/A = Not available

*Balances of general obligation bonds, tax anticipation notes, outstanding debt per capita, and outstanding debt as a percentage of personal income include premiums, discounts, and accreted interest on bonds.

2015	2016	2017	2018	2019	2020
\$ 85,503,967	\$ 81,085,012	\$ 75,707,311	\$ 70,346,389	\$ 65,338,659	\$ 60,277,393
-	-	602,468	469,359	325,202	169,080
-	-	-	11,694,487	28,176,065	27,900,724
-	-	5,161,924	4,466,564	3,716,203	2,950,843
<u>\$ 85,503,967</u>	<u>\$ 81,085,012</u>	<u>\$ 81,471,703</u>	<u>\$ 86,976,799</u>	<u>\$ 97,556,129</u>	<u>\$ 91,298,040</u>
61,918	61,766	61,613	61,482	61,545	61,325
1,381	1,313	1,322	1,415	1,585	1,489
\$ 2,184,210	\$ 2,285,571	\$ 2,353,618	\$ 2,360,194	2,544,199	N/A
3.91%	3.55%	3.46%	3.69%	3.83%	N/A

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

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Year	2011	2012	2013	2014
Population (1)	62,470	62,400	62,335	62,167
Assessed value (in thousands) (2)	\$ 1,359,862	\$ 1,249,888	\$ 1,274,940	\$ 1,278,815
Estimated actual value (in thousands) (2)	3,749,736	3,432,018	3,465,840	3,459,648
General bonded debt (3)				
General obligation bonds*	97,096,944	93,593,522	90,714,795	89,776,084
Resources available to pay principal (4)	3,014,264	3,224,803	2,880,116	2,696,993
Net general bonded debt*	94,082,680	90,368,719	87,834,679	87,079,091
Ratio of net general bonded Debt to assessed value*	6.92%	7.23%	6.89%	6.81%
Ratio of net general bonded Debt to estimated actual value	2.51%	2.63%	2.53%	2.52%
Net general bonded debt per capita*	\$ 1,506	\$ 1,448	\$ 1,409	\$ 1,401

Source:

- (1) U.S. Bureau of Census of Population
- (2) Montgomery County Auditor
- (3) Includes all general obligation bonded debt supported by property taxes
- (4) Represents the restricted for debt service balance on the statement of net position

*Balances of general obligation bonds, ratios of net bonded debt to assessed value, and net bonded debt per capita include premiums, discounts, and accreted interest on bonds.

2015	2016	2017	2018	2019	2020
61,918	61,766	61,613	61,482	61,545	61,325
\$ 1,226,272	\$ 1,233,199	\$ 1,233,856	\$ 1,318,568	\$ 1,332,195	\$ 1,354,056
3,307,034	3,321,251	3,320,900	3,547,345	3,583,497	3,620,477
85,503,967	81,085,012	75,707,311	70,346,389	65,338,659	60,277,393
2,998,825	2,824,484	3,789,810	3,704,520	4,011,958	4,395,697
82,505,142	78,260,528	71,917,501	66,641,869	61,326,701	55,881,696
6.73%	6.35%	5.83%	5.05%	4.60%	4.13%
2.49%	2.36%	2.17%	1.88%	1.71%	1.54%
\$ 1,332	\$ 1,267	\$ 1,167	\$ 1,084	\$ 996	\$ 911

KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO



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

COMPUTATION OF DIRECT AND OVERLAPPING
DEBT ATTRIBUTABLE TO GOVERNMENTAL ACTIVITIES
JUNE 30, 2020

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to Kettering City School District</u>	<u>Amount Applicable to Kettering City School District</u>
Direct:			
Kettering City School District	\$ 91,298,040	100.00%	\$ 91,298,040
Overlapping:			
Montgomery County	15,585,271	13.75%	2,142,975
City of Kettering	21,384,591	98.64%	21,093,761
City of Moraine	14,008,995	69.47%	9,732,049
Greene County	18,612,748	0.32%	59,561
Dayton Metro Library	148,000,000	17.66%	26,136,800
Subtotal	<u>217,591,605</u>		<u>59,165,146</u>
Total	<u>\$ 308,889,645</u>		<u>\$ 150,463,186</u>

Source: Ohio Municipal Advisory Council

Notes: Overlapping percentage was calculated by dividing each overlapping subdivision's assessed valuation within the City by the subdivision's total assessed valuation.

All outstanding debt amounts for the overlapping subdivisions are as of December 31, 2019 as this is the latest information available.

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

DEBT LIMITATIONS
LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Net Assessed Valuation	\$ 1,359,862,230	\$ 1,249,887,860	\$ 1,274,940,010	\$ 1,278,814,890
Overall Direct Debt Limitation				
Legal Debt Limitation (%) (1)	9.00%	9.00%	9.00%	9.00%
Legal Debt Limitation (\$) (1)	122,387,601	112,489,907	114,744,601	115,093,340
Applicable District Debt Outstanding	91,434,979	88,524,990	85,079,930	81,852,930
Less: Applicable Debt Service Fund Amounts (2)	<u>(3,014,264)</u>	<u>(3,224,803)</u>	<u>(3,449,104)</u>	<u>(3,502,105)</u>
Net Indebtedness Subject to Limitation	<u>88,420,715</u>	<u>85,300,187</u>	<u>81,630,826</u>	<u>78,350,825</u>
Overall Legal Debt Margin	<u>\$ 33,966,886</u>	<u>\$ 27,189,720</u>	<u>\$ 33,113,775</u>	<u>\$ 36,742,515</u>
Unvoted Direct Debt Limitation				
Legal Debt Limitation (%) (1)	0.10%	0.10%	0.10%	0.10%
Legal Debt Limitation (\$) (1)	\$ 1,359,862	\$ 1,249,888	\$ 1,274,940	\$ 1,278,815
Applicable District Debt Outstanding	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unvoted Legal Debt Margin	<u>\$ 1,359,862</u>	<u>\$ 1,249,888</u>	<u>\$ 1,274,940</u>	<u>\$ 1,278,815</u>
Energy Conservation Bond Limitation				
Legal Debt Limitation (%) (1)	0.90%	0.90%	0.90%	0.90%
Legal Debt Limitation (\$) (1)	\$ 12,238,760	\$ 11,248,991	\$ 11,474,460	\$ 11,509,334
Authorized by the Board	<u>(493,455)</u>	<u>(404,703)</u>	<u>(311,239)</u>	<u>(2,622,812)</u>
Unvoted Energy Conservation Bond Legal Debt Margin	<u>\$ 11,745,305</u>	<u>\$ 10,844,288</u>	<u>\$ 11,163,221</u>	<u>\$ 8,886,522</u>
Total Net Indebtedness Subject to Limitation as a Percentage of Debt Limit	72.25%	75.83%	71.14%	68.08%

Source: Montgomery County Auditor, Ohio Department of Taxation

- (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.

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 1,226,272,230	\$ 1,233,199,000	\$ 1,233,856,260	\$ 1,318,568,270	\$ 1,332,194,810	\$ 1,354,055,770
9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
110,364,501	110,987,910	111,047,063	118,671,144	119,897,533	121,865,019
78,432,980	74,381,980	66,138,986	61,659,986	57,519,986	53,259,986
<u>(3,480,330)</u>	<u>(3,486,254)</u>	<u>(3,948,459)</u>	<u>(4,002,344)</u>	<u>(4,354,714)</u>	<u>(4,876,330)</u>
<u>74,952,650</u>	<u>70,895,726</u>	<u>62,190,527</u>	<u>57,657,642</u>	<u>53,165,272</u>	<u>48,383,656</u>
<u>\$ 35,411,851</u>	<u>\$ 40,092,184</u>	<u>\$ 48,856,536</u>	<u>\$ 61,013,502</u>	<u>\$ 66,732,261</u>	<u>\$ 73,481,363</u>
0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
\$ 1,226,272	\$ 1,233,199	\$ 1,233,856	\$ 1,318,568	\$ 1,332,195	\$ 1,354,056
-	-	-	-	-	-
<u>\$ 1,226,272</u>	<u>\$ 1,233,199</u>	<u>\$ 1,233,856</u>	<u>\$ 1,318,568</u>	<u>\$ 1,332,195</u>	<u>\$ 1,354,056</u>
0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
\$ 11,036,450	\$ 11,098,791	\$ 11,104,706	\$ 11,867,114	\$ 11,989,753	\$ 12,186,502
<u>(2,384,158)</u>	<u>(2,135,000)</u>	<u>(1,990,000)</u>	<u>(1,845,000)</u>	<u>(1,700,000)</u>	<u>(1,550,000)</u>
<u>\$ 8,652,292</u>	<u>\$ 8,963,791</u>	<u>\$ 9,114,706</u>	<u>\$ 10,022,114</u>	<u>\$ 10,289,753</u>	<u>\$ 10,636,502</u>
67.91%	63.88%	56.00%	48.59%	44.34%	39.70%

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

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Calendar Year	2010	2011	2012	2013
Population (1)				
Cities of Kettering and Moraine	62,470	62,400	62,335	62,167
Montgomery County	535,153	537,602	534,325	535,846
Income (2) (a)				
Total Personal (in thousands)	\$ 2,267,786	\$ 2,015,923	\$ 2,067,089	\$ 2,067,089
Per Capita	36,302	32,306	33,161	33,251
Unemployment Rate				
Federal (3)	9.6%	8.6%	8.1%	7.4%
State (3)	10.1%	8.9%	7.2%	7.1%
Montgomery County (4)	11.1%	8.7%	7.8%	7.5%
Fiscal Year	2011	2012	2013	2014
School Enrollment (5)				
Grades K - 5	3,219	3,191	3,445	3,424
Grades 6 - 8	1,670	1,704	1,670	1,652
Grades 9 - 12	2,352	2,233	2,150	2,167
Total	<u>7,241</u>	<u>7,128</u>	<u>7,265</u>	<u>7,243</u>

Sources:

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

2014	2015	2016	2017	2018	2019
61,918	61,766	61,613	61,482	61,545	61,325
533,116	532,258	531,239	531,542	532,331	531,687
\$ 2,119,372	\$ 2,184,210	\$ 2,285,571	\$ 2,353,618	\$ 2,360,194	\$ 2,544,199
34,229	35,363	37,096	38,281	38,349	41,487
6.2%	5.3%	4.9%	4.4%	3.9%	3.7%
5.7%	4.9%	4.9%	5.0%	4.6%	4.2%
6.0%	5.0%	4.8%	4.9%	4.5%	3.7%
2015	2016	2017	2018	2019	2020
3,444	3,500	3,523	3,473	3,428	3,719
1,624	1,635	1,657	1,712	1,756	1,810
2,205	2,234	2,225	2,276	2,233	2,310
7,273	7,369	7,405	7,461	7,417	7,839

KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO



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

PRINCIPAL EMPLOYERS
DECEMBER 31, 2019 AND DECEMBER 31, 2010

Employer	Nature of Business	December 31, 2019		
		Number of Employees	Rank	% of Total Estimated Employment
Kettering Medical Center	Private Hospital	3,570	1	12.66%
Synchrony Financial	Financial Services	1,900	2	6.74%
Reynolds and Reynolds Co.	Professional Services	1,350	3	4.79%
Kettering City School District	Education	1,208	4	4.28%
Mast Global Digital	Catalog Ordering Center	1,000	5	3.55%
City of Kettering	Government	580	6	2.06%
Meijer, Inc.	Retail Sales	550	7	1.95%
Tenneco	Manufacturing	625	8	2.22%
Spectrum	Cable/Internet Provider	500	9	1.77%
Kroger	Retail Sales	420	10	1.49%
Total Principal Employers		11,703		41.51%
Total Estimated Employment		28,200		100.00%

Employer	Nature of Business	December 31, 2010		
		Number of Employees	Rank	% of Total Estimated Employment
Kettering Medical Center	Private Hospital	3,300	1	12.99%
GE Money	Financial Services	1,400	2	5.51%
Reynolds and Reynolds Co.	Professional Services	1,300	3	5.12%
Kettering City School District	Education	1,032	4	4.06%
Intimate Brands, Inc.	Catalog Ordering Center	1,000	5	3.94%
City of Kettering	Government	900	6	3.54%
Kodak Versamark	Digital Printing	703	7	2.77%
Kroger	Retail Sales	630	8	2.48%
Walmart	Retail Sales	500	9	1.97%
Meijer, Inc.	Retail Sales	300	10	1.18%
Total Principal Employers		11,065		43.56%
Total Estimated Employment		25,400		100.00%

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

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

DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Official Administrative	33.00	33.09	33.00	32.00
Professional - Educational	510.00	514.29	503.17	512.49
Professional - Other	36.55	40.40	37.10	35.19
Technical	14.29	15.29	15.29	23.36
Office/Clerical	157.95	171.53	162.65	157.63
Crafts and Trades	11.00	11.00	10.00	11.00
Operative	35.26	33.36	34.50	35.35
Service Work/Laborer	105.15	107.28	104.97	111.96
Total Employees	<u>903.20</u>	<u>926.24</u>	<u>900.68</u>	<u>918.98</u>

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

Source: District records

2015	2016	2017	2018	2019	2020
31.33	33.33	36.50	38.00	38.00	40.00
510.24	516.60	530.54	540.71	560.74	567.65
41.64	43.80	44.20	46.05	50.80	51.00
23.36	23.56	24.64	24.16	21.00	21.00
171.29	172.40	190.49	187.71	190.36	192.70
11.00	11.00	12.00	12.00	13.00	13.00
34.40	35.98	40.36	44.52	41.71	42.20
117.73	119.21	125.57	123.71	127.50	131.00
<u>940.99</u>	<u>955.88</u>	<u>1,004.30</u>	<u>1,016.86</u>	<u>1,043.11</u>	<u>1,058.55</u>

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

OPERATING INDICATORS - COST PER PUPIL
LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Enrollment	7,241	7,128	7,265	7,243
Modified Accrual Basis				
Operating Expenditures	\$ 91,231,980	\$ 91,682,447	\$ 93,519,981	\$ 93,793,026
Cost per Pupil	12,599	12,862	12,873	12,949
Percentage of Change	0.3%	2.1%	0.1%	0.6%
Accrual Basis				
Operating Expenses	\$ 92,705,223	\$ 93,449,242	\$ 94,671,370	\$ 95,235,920
Cost per Pupil	12,803	13,110	13,031	13,149
Percentage of Change	1.3%	2.4%	(0.6%)	0.9%
Teaching Staff	524	512	527	535

Source: District records and Ohio Department of Education

(1) Number of teachers decreased due to no longer accounting for virtual teachers. Virtual teachers are teachers at other districts teaching our students via on-line courses. All virtual courses have been brought in house and taught by current teachers.

(2) Amounts have been restated to reflect implementation of GASB Statement No. 84, which was implemented in 2020.

2015	2016	2017 (1)	2018	2019 (2)	2020
7,273	7,369	7,405	7,461	7,417	7,839
\$ 104,006,571	\$ 98,706,082	\$ 109,973,031	\$ 112,898,134	\$ 115,967,557	\$ 122,006,507
14,300	13,395	14,851	15,132	15,635	15,564
10.4%	(6.3%)	10.9%	1.9%	3.3%	(0.5%)
\$ 99,885,174	\$ 99,507,265	\$ 115,799,722	\$ 65,469,092	\$ 106,529,408	\$ 133,232,692
13,734	13,503	15,638	8,775	14,363	16,996
4.4%	(1.7%)	15.8%	(43.9%)	63.7%	18.3%
542	543	492	487	490	514

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

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities				
Instruction				
Regular	430	417	414	418
Special	94	95	113	117
Support Services				
Pupils				
Enrollment	7,241	7,128	7,265	7,243
Graduates	542	523	535	536
Percent of Students with Disabilities	16%	16%	14%	15%
Board of Education				
Members	5	5	5	5
Regular Meetings per Year	12	12	18	18
Administration				
School Attendance Rate	95.7%	96.0%	96.0%	96.1%
Fiscal Services				
Purchase Orders Processed	5,459	4,867	5,053	4,702
Checks Issued (non payroll)	6,045	5,271	4,651	3,328
Operation and Maintenance of Plant				
District Square Footage Maintained	1,346,597	1,346,597	1,346,597	1,346,597
District Square Acreage Maintained	254	254	254	254
Pupil Transportation				
Average Daily Students Transported	3,372	3,171	3,539	2,989
Average Daily Bus Fleet Miles	2,112	2,825	3,039	3,022
Number of Buses	66	66	57	57
Operation of Non-instructional Services				
Food Service				
Student Meals Served Yearly	708,981	722,428	704,886	674,536
Free/Reduced Price Meals Daily	2,215	2,254	2,333	2,247
Uniform School Supplies	3	3	3	3
Extracurricular Activities				
High School Varsity Teams	24	27	27	27

Source: District Treasurer's Office

N/A = Not available

(1) Number of regular and special instruction teachers decreased due to no longer accounting for virtual teachers. Virtual teachers are teachers at other districts teaching our students via on-line courses. All virtual courses have been brought in house and taught by current teachers.

2015	2016	2017 (1)	2018	2019	2020
428	421	398	392	393	403
114	122	94	95	97	113
7,273	7,369	7,405	7,461	7,417	7,839
522	511	501	552	546	528
14%	15%	15%	15%	N/A	15%
5	5	5	5	5	5
19	27	20	21	22	16
96.0%	96.0%	95.5%	95.6%	95.7%	96.4%
4,760	4,529	4,670	4,353	4,376	3,755
2,904	2,967	2,710	2,687	2,561	2,366
1,346,597	1,346,597	1,346,597	1,346,597	1,352,597	1,352,597
254	254	254	254	254	254
3,214	3,175	3,017	3,074	3,108	3,290
3,017	2,951	2,477	3,564	3,554	3,994
57	57	63	66	65	61
664,398	675,339	663,690	636,906	619,614	N/A
2,259	1,314	2,229	2,174	2,465	N/A
3	3	3	3	3	3
27	27	29	29	29	29

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

OPERATING INDICATORS - TEACHER BASE SALARIES
LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Minimum Salary	\$ 35,484	\$ 35,484	\$ 35,484	\$ 35,484
Maximum Salary	90,839	90,839	90,839	90,839
District Average Salary	67,310	66,366	64,289	63,601
County Average Salary	58,081	57,451	N/A	N/A
State Average Salary	56,715	56,715	56,307	55,916

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

OPERATING INDICATORS - TEACHERS BY EDUCATION
LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Bachelor's Degree	136	123	142	161
Master's Degree + 15	388	389	385	374
Total	<u>524</u>	<u>512</u>	<u>527</u>	<u>535</u>

Source: District records

N/A = Not Available

(1) Number of teachers decreased due to no longer accounting for virtual teachers. Virtual teachers are teachers at other districts teaching our students via on-line courses. All virtual courses have been brought in house and taught by current teachers.

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$	35,484	\$ 36,918	\$ 37,656	\$ 38,786	\$ 39,756	\$ 40,651
	90,839	94,510	96,399	99,292	101,777	104,067
	66,021	65,045	65,961	68,331	72,969	75,097
	N/A	N/A	N/A	N/A	N/A	N/A
	55,242	57,154	59,100	60,380	60,810	N/A

	<u>2015</u>	<u>2016</u>	<u>2017 (1)</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
	174	175	139	131	140	146
	368	368	353	356	350	368
	<u>542</u>	<u>543</u>	<u>492</u>	<u>487</u>	<u>490</u>	<u>514</u>

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

**CAPITAL ASSET STATISTICS BY BUILDING
LAST TEN FISCAL YEARS**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Secondary				
Kettering Fairmont High School				
Square Footage	420,517	420,517	420,517	420,517
Capacity (students)	3,725	3,725	3,725	3,725
Enrollment	2,352	2,233	2,150	2,167
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	954	965	942	962
Van Buren Middle School				
Square Footage	103,184	103,184	103,184	103,184
Capacity (students)	960	960	960	960
Enrollment	716	739	728	690
Elementary				
Beavertown Elementary School				
Square Footage	47,347	47,347	47,347	47,347
Capacity (students)	530	530	530	530
Enrollment	356	338	369	353
Greenmont Elementary School				
Square Footage	45,633	45,633	45,633	45,633
Capacity (students)	720	720	720	720
Enrollment	308	314	324	325
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	454	438	456	433
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	554	547	577	600
Moraine Meadows Elementary School *				
Square Footage	26,732	26,732	26,732	26,732
Capacity (students)	418	418	418	418
Enrollment	0	0	0	0

2015	2016	2017	2018	2019	2020
420,517	420,517	420,517	420,517	426,517	426,517
3,725	3,725	3,725	3,725	3,725	3,725
2,205	2,234	2,225	2,276	2,233	2,310
245,522	245,522	245,522	245,522	245,522	245,522
2,250	2,250	2,250	2,250	2,250	2,250
989	1,004	1,004	1,028	1,024	1,096
103,184	103,184	103,184	103,184	103,184	103,184
960	960	960	960	960	960
635	631	653	684	732	714
47,347	47,347	47,347	47,347	47,347	47,347
530	530	530	530	530	530
340	346	376	368	332	381
45,633	45,633	45,633	45,633	45,633	45,633
720	720	720	720	720	720
317	344	343	333	342	404
102,000	102,000	102,000	102,000	102,000	102,000
1,300	1,300	1,300	1,300	1,300	1,300
444	470	497	484	486	581
106,000	106,000	106,000	106,000	106,000	106,000
1,000	1,000	1,000	1,000	1,000	1,000
617	615	616	636	592	622
26,732	26,732	26,732	26,732	26,732	26,732
418	418	418	418	418	418
0	0	0	0	0	0

(Continued)

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

CAPITAL ASSET STATISTICS BY BUILDING (CONTINUED)
LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Oakview Elementary School				
Square Footage	49,056	49,056	49,056	49,056
Capacity (students)	500	500	500	500
Enrollment	409	382	390	379
Orchard Park Elementary School				
Square Footage	34,189	34,189	34,189	34,189
Capacity (students)	450	450	450	450
Enrollment	258	264	320	319
J.E.Prass Elementary School				
Square Footage	47,264	47,264	47,264	47,264
Capacity (students)	570	570	570	570
Enrollment	339	364	414	420
Southdale Elementary School				
Square Footage	47,185	47,185	47,185	47,185
Capacity (students)	530	530	530	530
Enrollment	541	544	595	595
All Other				
Central Administration Building				
Square Footage	26,968	26,968	26,968	26,968
Occupancy	153	153	153	153
Transportation Building				
Square Footage	30,000	30,000	30,000	30,000
Maintenance Building				
Square Footage	15,000	15,000	15,000	15,000

Source: District records

* Moraine Meadows Elementary School was closed during 2011.

2015	2016	2017	2018	2019	2020
49,056	49,056	49,056	49,056	49,056	49,056
500	500	500	500	500	500
411	412	412	398	401	439
34,189	34,189	34,189	34,189	34,189	34,189
450	450	450	450	450	450
318	330	342	358	335	337
47,264	47,264	47,264	47,264	47,264	47,264
570	570	570	570	570	570
437	415	428	403	427	432
47,185	47,185	47,185	47,185	47,185	47,185
530	530	530	530	530	530
560	568	509	493	513	523
26,968	26,968	26,968	26,968	26,968	26,968
153	153	153	153	153	153
30,000	30,000	30,000	30,000	30,000	30,000
15,000	15,000	15,000	15,000	15,000	15,000

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

EDUCATIONAL AND OPERATIONAL STATISTICS
LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
ACT Scores (Average)				
Kettering	23.1	23.1	24.0	23.7
Ohio	21.8	21.8	21.8	22.0
National	21.1	21.1	20.9	21.0
SAT Scores (Average) (2)				
Kettering				
Verbal/Critical Reading	545	548	556	553
Mathematical	547	563	566	549
Writing	N/A	N/A	536	518
Ohio				
Verbal/Critical Reading	539	534	548	555
Mathematical	545	552	556	562
Writing	N/A	N/A	531	535
National				
Verbal/Critical Reading	497	492	496	497
Mathematical	514	514	514	513
Writing	N/A	N/A	488	487
National Merit Scholars				
Finalist	1	1	3	1
Semi-Finalist	1	1	3	1
Commended Scholars	3	4	5	5
Hispanic Scholars	N/A	N/A	N/A	N/A
Cost per Student (ODE)				
Kettering	\$12,017	\$12,005	\$11,070	\$11,656
Ohio (Average)	\$10,697	\$10,597	\$10,185	\$10,394
Attendance Rate				
Kettering	95.7%	96.0%	96.0%	96.1%
Ohio (Average)	94.5%	94.5%	94.2%	94.3%
Graduation Rate (1)				
Kettering	97.1%	92.4%	92.4%	95.7%
Ohio (Average)	84.3%	80.0%	81.3%	82.2%

Source:

District records and Ohio Department of Education
N/A = Not Available

Notes:

- (1) The Ohio Department of Education changed the method of calculating the graduation rate to a 4-year cohort during fiscal year 2012.
- (2) Beginning in fiscal year 2015, Juniors who are college bound were able to take the test. However, only the scores of Seniors are reported in the table above.

2015	2016	2017	2018	2019	2020
23.8	23.6	20.9	21.0	20.4	21.0
22.0	22.0	19.8	20.3	20.3	19.9
21.0	20.8	21.0	20.9	20.9	20.8
551	479	588	622	607	591
556	485	589	628	584	602
514	457	N/A	N/A	N/A	N/A
557	556	570	552	550	578
563	563	565	547	548	570
537	537	N/A	N/A	N/A	N/A
495	494	538	536	531	528
511	508	533	531	528	523
484	482	N/A	N/A	N/A	N/A
3	2	2	0	3	0
3	2	0	1	0	0
6	3	4	4	7	2
N/A	1	0	2	1	0
\$12,131	\$10,230	\$10,336	\$11,020	\$11,122	\$11,208
\$10,913	\$8,840	\$9,149	\$9,353	\$9,724	\$9,883
96.0%	96.0%	95.9%	96.0%	95.7%	96.4%
94.1%	94.1%	93.1%	N/A	N/A	N/A
94.3%	92.6%	92.5%	93.6%	95.3%	90.7%
82.2%	83.0%	83.6%	84.1%	85.3%	85.9%