

Kettering City School District Montgomery County, Ohio



Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2015

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



Mila Nickelman - 12th Grade

Comprehensive Annual Financial Report

of the

Kettering City School District

Montgomery County, Ohio

for the

Fiscal Year Ended June 30, 2015

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, 2015**

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MONTGOMERY COUNTY, OHIO**

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

Introductory Section

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Kettering City School District

3750 Far Hills Avenue
Kettering, Ohio 45429

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

fax (937)-499-1467

December 21, 2015

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

We are pleased to present the twenty-first Comprehensive Annual Financial Report (CAFR) of the Kettering City School District (the District) for the fiscal year ended June 30, 2015. 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.

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

LETTER OF TRANSMITTAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

HISTORY AND BACKGROUND

The 2015 school year marked the 174th year of existence for the Van Buren/Kettering City School District. Van Buren Township was established on June 26, 1841, through separation from Dayton. The township was at first divided into small one-room district schools (#1, #6, #9, #10, #11 and #12) and later into Carrmonte, Pasadena, and Fairmont elementary districts. Oakwood and Belmont were originally part of Van Buren Township. Oakwood formed its own district in 1926. Later, the Belmont area was annexed to Dayton.

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

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

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

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

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

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

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

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

LETTER OF TRANSMITTAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

The official opening enrollment of the District was 7,328 enrolled in eight elementary schools, two middle schools and one high school during the 2014-15 school year; enrollment decreased to 7,273 students during fiscal year 2015. The District's school buildings range in age from 8 years to 66 years old. Other facilities operated by the District include a maintenance building, a transportation building, and the Central Office Building that had been a high school and junior high school previously. The Central Office Building also houses the District's alternative high school program.

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

ORGANIZATION OF THE DISTRICT

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

The Board members on June 30, 2015 were as follows:

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

The Superintendent is the chief executive officer of the District, responsible directly to the Board for all operations. L. Scott Inskip 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 2015.

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

LETTER OF TRANSMITTAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

In the area of new employment, Mound Laser and Photonics Center completed a new 20,800 square foot facility. The \$4 million project currently employs 36 with plans to create at least 50 new jobs in the next three years. Community Tissue Services purchased an additional 22 acres of property for the purpose of creating a bioscience campus. The Dayton Regional STEM School completed a 50,000 square foot expansion to accommodate increasing student enrollment. The Berry Company, a provider of local search solutions and marketing, relocated their company headquarters to Kettering in 2014. The company moved 250 employees into 55,000 square feet of space at the Miami Valley Research Park. The former Kettering Sports Medicine facility on Far Hills Avenue was completely renovated and is now the Carlyle House, an Assisted Living Community with special Alzheimer's care.

Economic Condition and Outlook (Moraine)

According to the City of Moraine, the City's local economy is showing an improvement over the decline from the past several years. In January of 2014, Fuyao announced they were acquiring nearly 1.4 million square feet and over 105 acres of the former Moraine GM Assembly plant. Fuyao's initial project, which is currently underway, consists of a direct foreign investment of \$240 million with 800 pledged jobs. During 2015 this project came to fruition along with the beginning efforts of the newly announced aftermarket product investment which adds over \$130 million and an additional 750 jobs, bringing Fuyao's commitment to the City of Moraine to 1,550 jobs and nearly \$400 million in investment.

During 2014, the City of Moraine welcomed logistics company Star Cartage into a small portion of the remaining building immediately north of Stroop Road, where both Motoman and Dmax continue to lease space. The demand for Dmax's award-winning Duramax engine continues to grow thereby encouraging a \$60 million investment and a 10 percent increase in their overall workforce hiring during 2014.

The City of Moraine also welcomed PuroClean, Buckeye Power Sales, Acorn Construction, Obie Oil and a few others to the community. PuroClean's effort included acquiring and renovating the former OIP&T building. 2014 also saw the first announcement and acquisition of the former Delphi property on Dryden Road. R & J Trucking acquired 17 acres of the Dryden Road site and plans to build a new 12,500 square foot facility in 2015 bringing upwards of 70 jobs during the next two years.

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

LETTER OF TRANSMITTAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

EMPLOYEE RELATIONS

The Board employs 1,020 full-time and part-time employees (including non-teaching personnel). Of the Board's current employees, 585 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 fifty (550) of the Board's certificated teachers and educational specialists are members of the Kettering Education Association ("KEA"), which is a labor organization affiliated with the Ohio Education Association. The current contract between the Board and the Association became effective on May 4, 2014 and expires on June 30, 2017.

Two hundred fifty-nine (259) of the Board's classified employees are members of the Ohio Association of Public School Employees ("OAPSE") which is a labor organization affiliated with the American Federation of State, County and Municipal Employees ("AFSME"). The current contract between the Board and OAPSE became effective on August 1, 2014 and expires on July 31, 2017.

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

MAJOR INITIATIVES

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

The Instructional Services Department along with the Technology Department are continuing to train teachers on effective differentiated classroom instruction focused on the Ohio Learning Standards utilizing the new student and teach devices purchased through the Straight A Grant.

The following goals and accomplishments for professional development:

- Training teachers on the effective use of new instructional and assessment software to enrich student learning in Reading and Math and prepare students for the next generation of assessments.
- Training teachers on new distance learning technology that allows them to collaborate instructionally with experts from across the world and assist students in learning 21st century skills such as problem solving and effective communication.
- Teachers are participating in a two year training program with the University of Dayton to become Math Specialists.
- Teachers are participating in a year-long program with Wright State University to acquire a Gifted Teaching endorsement.
- Teachers are participating in the STEM Fellows Training Program through the Montgomery County Educational Service Center.
- Middle School and High School teachers across all curriculums are participating in Disciplinary Literacy workshops throughout the school year.
- Preschool and Kindergarten teachers are participating in Conscious Discipline behavior intervention training.

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

LETTER OF TRANSMITTAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

FINANCIAL INFORMATION

Internal Controls

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

Budgetary Controls

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

Independent Audit

The State of Ohio requires an annual audit by either the Auditor of State or by an independent public accounting firm. The Auditor of State performed the audit for the fiscal year ended June 30, 2015. The audit has been conducted in accordance with generally accepted auditing standards, generally accepted government auditing standards, and includes a review of internal controls and tests of compliance with Federal and State laws and regulations. The auditor's report on the District's basic financial statements, combining statements, and individual fund statements and schedules is included in the financial section of this Comprehensive Annual Financial Report.

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

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

LETTER OF TRANSMITTAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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, 2014. This was the twenty-first 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.

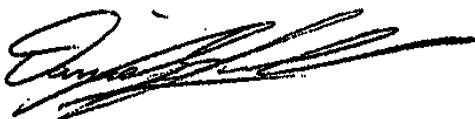
The Association of School Business Officials (ASBO) of the United States and Canada awarded a Certificate of Excellence in Financial Reporting to the Kettering City School District for its comprehensive annual financial report for the year ended June 30, 2014. This award certifies that a Comprehensive 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 consecutive years. We believe our current report continues to meet the Certificate of Excellence Program's requirements, and we are submitting it to ASBO to determine its eligibility for another certificate.

Acknowledgments

The preparation of this twenty-first Comprehensive Annual Financial Report would not have been possible without the cooperation and support of the entire staff of the Treasurer's Office. Sincere appreciation is extended to Jake Schlereth, Assistant Treasurer, for his exceptional individual effort and dedication to this achievement. A special thanks to the administration and staff who help 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, 2015**

Elected Officials

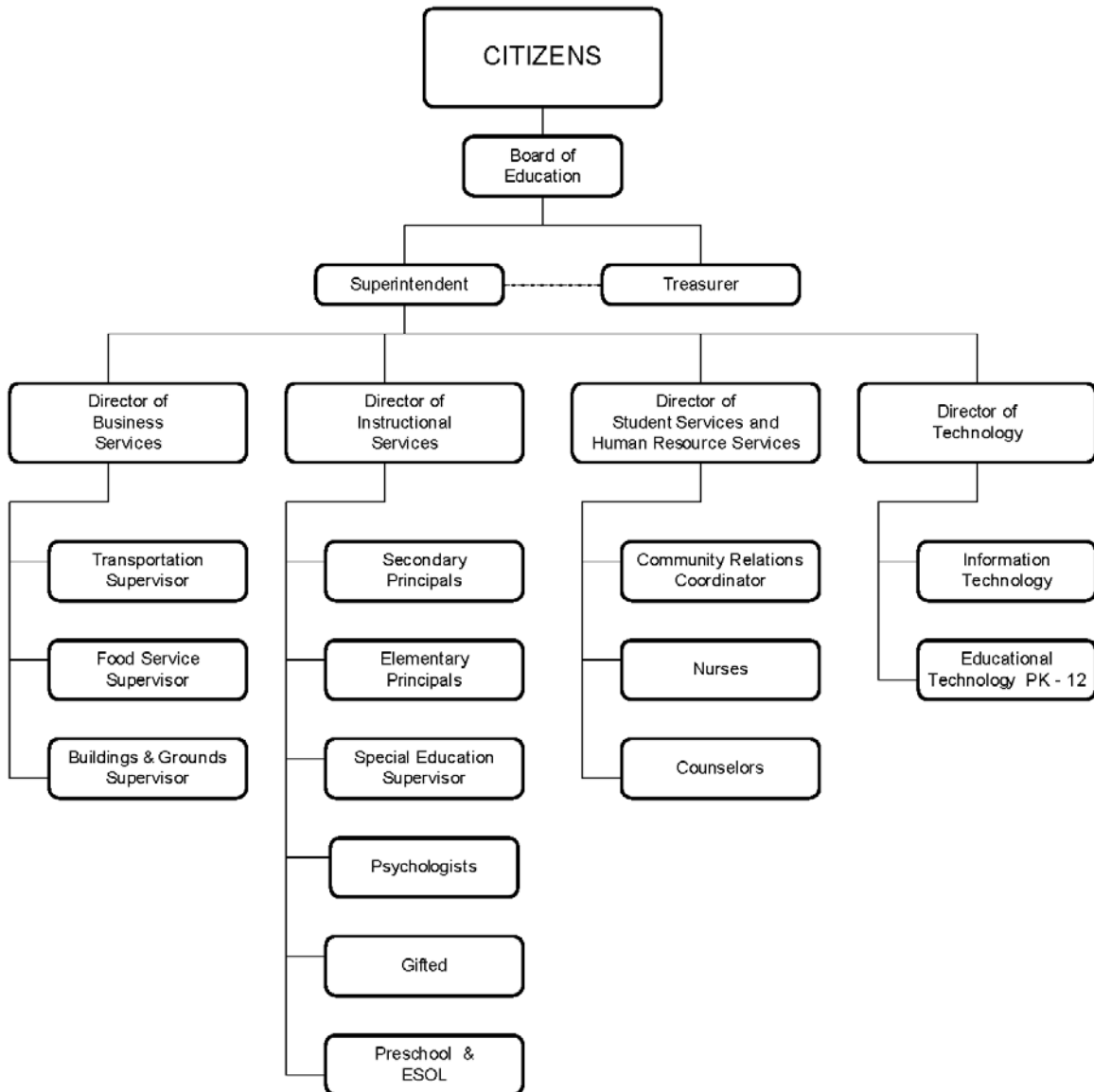
President - Board of EducationMs. Lori E. Simms-Parks
Vice President - Board of Education.....Ms. Jennifer Kane
Board of Education Member..... Ms. Julie A. Gilmore
Board of Education Member..... Mr. George H. Bayless
Board of Education Member.....Mr. James T. Ambrose

Appointed Officials

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

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

**ORGANIZATIONAL CHART
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

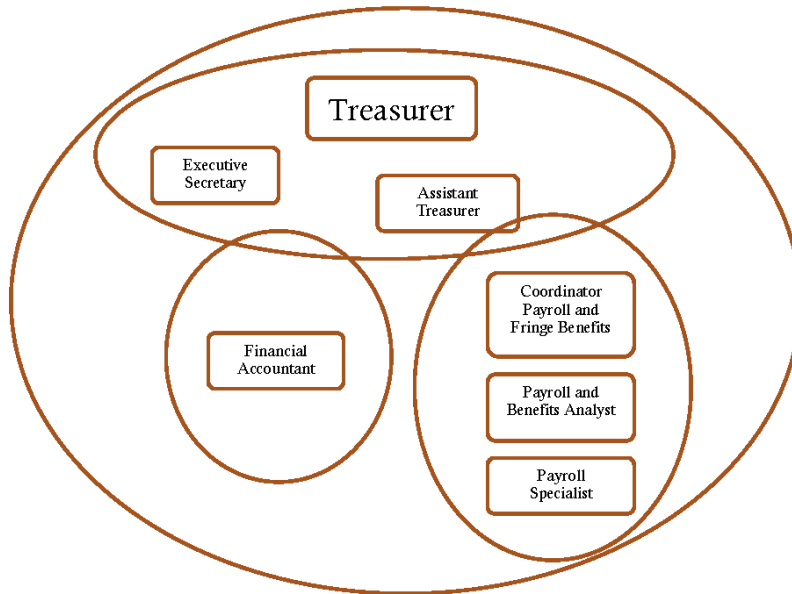


**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

OFFICE OF THE TREASURER
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Team Organization

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





Government Finance Officers Association

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

Presented to

**Kettering City School District
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

Association of School Business Officials International



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

Kettering City School District

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2014*

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



A handwritten signature in black ink, appearing to read 'M. Pepera', written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director

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

Financial Section

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



Tyler Orłowski - 12th Grade



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kettering City School District, Montgomery County, Ohio (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Kettering City School District, Montgomery County, Ohio, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended June 30, 2015, the Government adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

December 21, 2015

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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, 2015. 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 2015 are as follows:

- The District restated net position for 2014 as described in Note 3.A. The District's net position of governmental activities increased \$14,860,768 which represents a 14.90% increase from 2014 as restated.
- General revenues accounted for \$95,185,870 in revenue or 80.37% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$23,246,013 or 19.63% of total revenues of \$118,431,883.
- The District had \$103,571,115 in expenses related to governmental activities; \$23,246,013 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 \$95,185,870 were adequate to provide for these programs.
- The District's two major governmental funds are the general fund and the bond retirement fund. The general fund had \$90,874,773 in revenues and \$86,908,912 in expenditures and other financing uses. During fiscal year 2015, the general fund's fund balance increased \$3,965,933 from a balance of \$5,566,706 to \$9,532,639.
- The bond retirement fund had \$7,602,513 in revenues and \$7,624,288 in expenditures. During fiscal year 2015, the bond retirement fund's fund balance decreased by \$21,775 from a balance of \$3,502,105 to a balance of \$3,480,330.

Using these Basic Financial Statements

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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 2015?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses, regardless of when cash is received or paid.

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

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

The District's statement of net position and statement of activities can be found on pages 19 and 20 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 14. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions during the year; however, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the bond retirement fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial resources 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. The basic governmental fund financial statements can be found on pages 21 through 25 of this report.

Proprietary Funds

The District maintains proprietary funds. Internal service funds are an accounting device used to accumulate and allocate costs within the District. The District's internal service funds account for a self-funded dental care benefit program and a self-funded health insurance benefit program for employees of the District. The basic proprietary fund financial statements can be found on pages 26 through 28 of this report.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

Fiduciary Funds

The District acts in a trustee capacity as an agent for students, individuals, and other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities on page 29. These activities are excluded from the District's other financial statements because the assets of the fiduciary funds cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 31-72 of this report.

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. The required supplementary information can be found on pages 74-80 of this report.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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, 2015 and June 30, 2014. The net position at June 30, 2014 has been restated as described in Note 3.A.

	Net Position	
	Governmental Activities 2015	Restated Governmental Activities 2014
<u>Assets</u>		
Current and other assets	\$ 100,186,014	\$ 87,699,788
Capital assets, net	109,616,445	110,646,279
Total assets	<u>209,802,459</u>	<u>198,346,067</u>
<u>Deferred outflows of resources</u>		
Unamortized deferred charges on debt refunding	1,591,711	1,805,285
Pensions	<u>8,625,595</u>	<u>6,903,018</u>
Total deferred outflows of resources	<u>10,217,306</u>	<u>8,708,303</u>
<u>Liabilities</u>		
Current liabilities	14,842,919	14,483,044
Long-term liabilities:		
Due within one year	5,649,017	5,277,585
Due in more than one year:		
Net pension liability	116,062,867	137,887,173
Other amounts	<u>88,104,271</u>	<u>92,653,115</u>
Total liabilities	<u>224,659,074</u>	<u>250,300,917</u>
<u>Deferred inflows of resources</u>		
Property taxes levied for next fiscal year	59,280,131	56,491,988
Pensions	<u>20,958,327</u>	-
Total deferred inflows of resources	<u>80,238,458</u>	<u>56,491,988</u>
<u>Net position</u>		
Net investment in capital assets	26,144,415	23,611,501
Restricted	7,871,427	5,133,952
Unrestricted (deficit)	<u>(118,893,609)</u>	<u>(128,483,988)</u>
Total net position	<u>\$ (84,877,767)</u>	<u>\$ (99,738,535)</u>

During 2015, the District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. 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 the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

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

Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

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

GASB notes that pension 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. GASB noted that the unfunded portion of this pension 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 this liability. 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 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 pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *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 pension system is responsible for the administration of the plan.

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. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, 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 pension 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 is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

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

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$31,245,620 to \$(99,738,535).

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

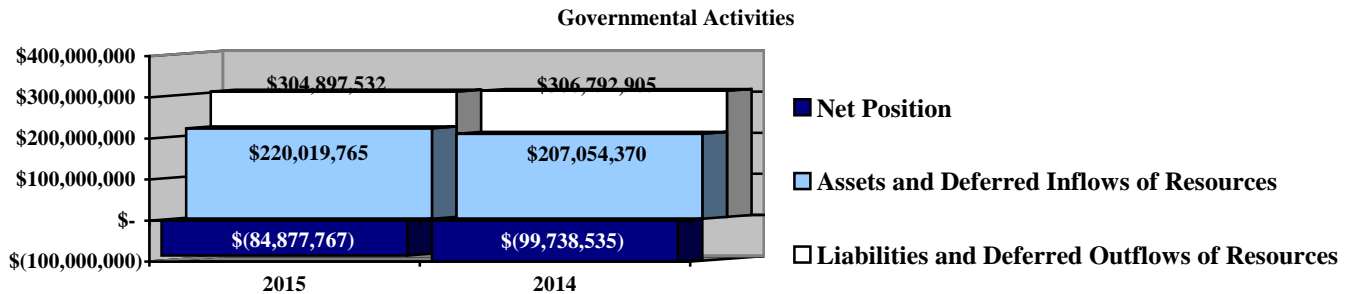
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2015, the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$84,877,767.

At year-end, capital assets represented 52.25% of total assets. Capital assets include land, buildings and improvements, furniture, fixtures and equipment, and vehicles. The District's net investment in capital assets at June 30, 2015 was \$26,144,415. These capital assets are used to provide services to students and community members and are not available for future spending. Although the District's net investment in capital assets is reported net of debt related to the acquisition of these assets, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$7,871,427, 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 \$118,893,609. The deficit balance in unrestricted net position was the result of reporting the net pension liability required by GASB 68.

The graph below illustrates the District's governmental activities assets plus deferred outflows, liabilities plus deferred inflows and net position at June 30, 2015 and 2014 as restated in Note 3.A.



Governmental Activities

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$6,903,018 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$4,944,940.

Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$ 103,571,115
Pension expense under GASB 68	(4,944,940)
2015 contractually required contributions	<u>7,533,496</u>
Adjusted 2015 program expenses	106,159,671
Total 2014 program expenses under GASB 27	<u>99,110,813</u>
Increase in program expenses not related to pension	<u>\$ 7,048,858</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

The table below shows the change in net position of the governmental activities for fiscal year 2015 and 2014.

	Changes in Net Position - Governmental Activities		
	<u>2015</u>	<u>Restated 2014</u>	<u>Increase (Decrease)</u>
<u>Revenues</u>			
Program revenues:			
Charges for services and sales	\$ 3,976,383	\$ 4,053,363	\$ (76,980)
Operating grants and contributions	18,707,426	9,367,480	9,339,946
Capital grants and contributions	562,204	-	562,204
General revenues:			
Property taxes	68,245,757	65,014,848	3,230,909
Payment in lieu of taxes	406,797	633,323	(226,526)
Grants and entitlements, unrestricted	26,015,342	24,145,012	1,870,330
Investment earnings	68,161	162,671	(94,510)
Miscellaneous	449,813	461,224	(11,411)
Total revenues	<u>118,431,883</u>	<u>103,837,921</u>	<u>\$ 14,593,962</u>
<u>Expenses</u>			
Program expenses:			
Instruction:			
Regular	41,231,524	36,363,264	\$ 4,868,260
Special	12,022,267	12,931,044	(908,777)
Vocational	2,390,795	2,630,263	(239,468)
Adult/continuing	105,455	92,941	12,514
Other	4,602,409	4,515,328	87,081
Support services:			
Pupil	7,191,640	7,399,986	(208,346)
Instructional staff	3,883,487	3,465,511	417,976
Board of education	40,157	78,949	(38,792)
Administration	5,521,070	5,684,412	(163,342)
Fiscal	2,131,832	1,962,857	168,975
Business	504,545	550,804	(46,259)
Operations and maintenance	8,038,558	8,006,649	31,909
Pupil transportation	3,762,241	3,860,361	(98,120)
Central	940,385	877,877	62,508
Operation of non-instructional services	6,036,568	5,337,227	699,341
Extracurricular activities	1,482,241	1,478,447	3,794
Debt service:			
Interest and fiscal charges	3,685,941	3,800,081	(114,140)
Bond issuance costs	-	74,812	(74,812)
Total expenses	<u>103,571,115</u>	<u>99,110,813</u>	<u>\$ 4,460,302</u>
Change in net position	14,860,768	4,727,108	
Net position at beginning of year (restated)	<u>(99,738,535)</u>	<u>N/A</u>	
Net position at end of year	<u>\$ (84,877,767)</u>	<u>\$ (99,738,535)</u>	

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

Net position of the District’s governmental activities increased \$14,860,768. Total governmental expenses of \$103,571,115 were offset by program revenues of \$23,246,013 and general revenues of \$95,185,870. Program revenues supported 22.44% 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 79.60% of total governmental revenue.

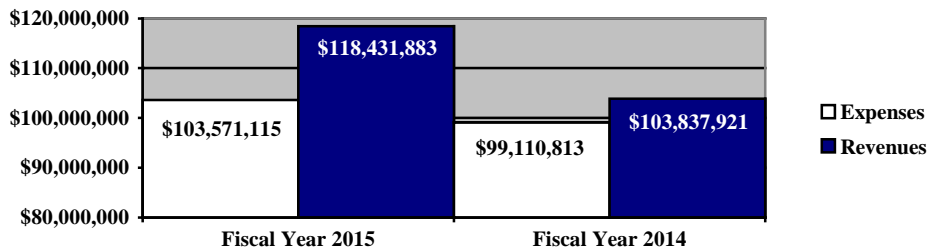
Overall, revenues of the governmental activities increased 14.05%. The largest components of this increase resulted from operating grants and contributions. The District received an \$8.3 million grant from the State’s Straight A Innovation Fund. The money is being used to upgrade library media centers, give each student access to a Google Chromebook or LearnPad and gradually increase distance-learning options with Sinclair Community College and the University of Dayton. Property taxes, which increased 4.97%, and unrestricted grants and entitlements, which increased 7.75% are two additional reasons why the overall revenues of the District increased. Property tax revenues increased as a result of a full year of collection on the 4.89 mill operating levy passed by the District’s voters on November 5, 2013. Unrestricted grants and contributions increased due to formula changes to the State Foundation program, which benefitted the District.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$60,352,450 or 58.27% of total governmental expenses for fiscal year 2015. Fiscal year 2015 instructional expenses increased \$3,819,610 over fiscal year 2014. This is primarily due to expenses related to the Straight A Grant.

Overall expenses of the District increased by approximately \$4.5 million.

The graph below presents the District’s governmental activities revenues and expenses for fiscal year 2015 and 2014.

Governmental Activities - Revenues and Expenses



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
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The statement of activities shows the cost of program services and the charges for services and sales and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements.

Governmental Activities

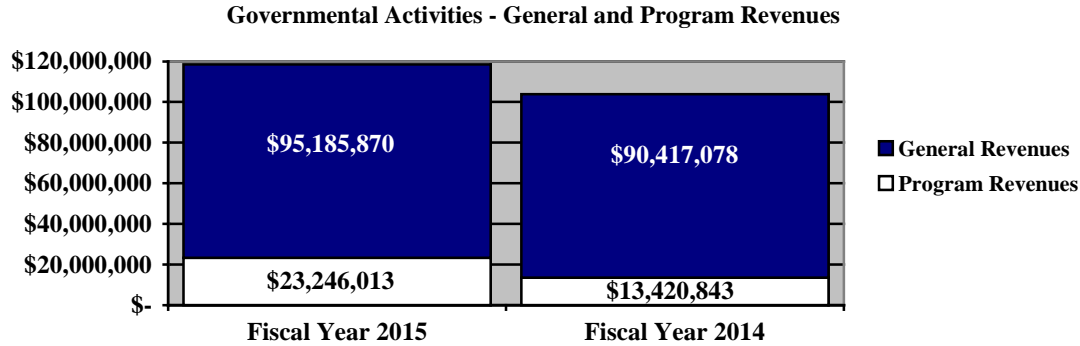
	Total Cost of Services 2015	Net Cost of Services 2015	Total Cost of Services 2014	Net Cost of Services 2014
<u>Program expenses</u>				
Instruction:				
Regular	\$ 41,231,524	\$ 32,430,168	\$ 36,363,264	\$ 35,344,128
Special	12,022,267	7,308,246	12,931,044	8,762,981
Vocational	2,390,795	1,859,898	2,630,263	2,114,388
Adult/continuing	105,455	(16,176)	92,941	(3,833)
Other	4,602,409	4,500,745	4,515,328	4,432,547
Support services:				
Pupil	7,191,640	6,496,925	7,399,986	6,823,551
Instructional staff	3,883,487	2,811,865	3,465,511	2,990,539
Board of education	40,157	40,157	78,949	76,549
Administration	5,521,070	5,079,250	5,684,412	5,373,072
Fiscal	2,131,832	2,131,832	1,962,857	1,962,857
Business	504,545	503,397	550,804	550,804
Operations and maintenance	8,038,558	7,990,908	8,006,649	7,950,742
Pupil transportation	3,762,241	3,446,059	3,860,361	3,547,767
Central	940,385	919,868	877,877	856,488
Operations of non-instructional services	6,036,568	95,920	5,337,227	(12,940)
Extracurricular activities	1,482,241	1,040,099	1,478,447	1,045,437
Debt service:				
Interest and fiscal charges	3,685,941	3,685,941	3,800,081	3,800,081
Bond issuance costs	-	-	74,812	74,812
Total expenses	<u><u>\$ 103,571,115</u></u>	<u><u>\$ 80,325,102</u></u>	<u><u>\$ 99,110,813</u></u>	<u><u>\$ 85,689,970</u></u>

The District's dependence upon tax and other general revenues for governmental activities is apparent, as 76.36% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 77.56%. 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
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The graph below presents the District's governmental activities revenue for fiscal year 2015 and 2014.



The District's Funds

The District's governmental funds, as presented on the balance sheet on page 21, reported a combined fund balance of \$15,681,323, which is greater than last year's total of \$11,229,479. The schedule below shows fund balances at June 30, 2015 and June 30, 2014 and the net changes in fund balances during fiscal year 2015.

	Fund Balance June 30, 2015	Fund Balance June 30, 2014	Increase (Decrease)	Percentage Change
General fund	\$ 9,532,639	\$ 5,566,706	\$ 3,965,933	71.24 %
Bond retirement fund	3,480,330	3,502,105	(21,775)	(0.62) %
Nonmajor governmental funds	2,668,354	2,160,668	507,686	23.50 %
Total	<u>\$ 15,681,323</u>	<u>\$ 11,229,479</u>	<u>\$ 4,451,844</u>	39.64 %

General Fund

The table that follows shows the revenues of the general fund for fiscal years 2015 and 2014.

Revenues	2015 Amount	2014 Amount	Increase/ (Decrease)	Percentage Change
Taxes	\$ 60,889,829	\$ 57,585,899	\$ 3,303,930	5.74 %
Payment in lieu of taxes	406,797	633,323	(226,526)	(35.77) %
Tuition	459,678	781,761	(322,083)	(41.20) %
Earnings on investments	69,914	163,214	(93,300)	(57.16) %
Extracurricular activities	287,593	279,282	8,311	2.98 %
Intergovernmental	27,513,170	25,890,786	1,622,384	6.27 %
Other	1,247,792	1,193,875	53,917	4.52 %
Total	<u>\$ 90,874,773</u>	<u>\$ 86,528,140</u>	<u>\$ 4,346,633</u>	5.02 %

Revenues exceeded expenditures and other financing uses of the general fund by \$3,965,861. Overall, revenues in the general fund increased 5.02%. The largest components of this increase resulted from property taxes, which increased 5.74%, and intergovernmental revenues, which increased 6.27%. Property tax revenues in the general fund increased as a result of a full year of collection on a 4.89 mill operating levy which was passed by the District's voters on November 5, 2013.

**KETTERING CITY SCHOOL DISTRICT
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Intergovernmental revenue increased \$1,622,384 over fiscal year 2014. This is primarily the result of changes to the formula used in the State Foundation Program which benefitted the District.

The table that follows displays the expenditures of the general fund for fiscal years 2015 and 2014:

<u>Expenditures</u>	<u>2015 Amount</u>	<u>2014 Amount</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
Instruction:				
Regular	\$ 35,865,811	\$ 34,977,720	\$ 888,091	2.54 %
Special	11,087,513	10,412,028	675,485	6.49 %
Vocational	2,449,870	2,525,149	(75,279)	(2.98) %
Other	4,527,788	4,422,253	105,535	2.39 %
Supporting services:				
Pupil	7,294,759	6,961,830	332,929	4.78 %
Instruction staff	3,136,813	2,649,707	487,106	18.38 %
Board of education	40,157	75,494	(35,337)	(46.81) %
Administration	5,396,416	5,214,666	181,750	3.49 %
Fiscal	2,142,253	1,853,831	288,422	15.56 %
Business	534,859	518,184	16,675	3.22 %
Operations and maintenance	8,094,560	8,206,605	(112,045)	(1.37) %
Pupil transportation	3,668,145	3,548,311	119,834	3.38 %
Central	955,743	917,948	37,795	4.12 %
Operation of non-instructional services	491,542	470,144	21,398	4.55 %
Extracurricular activities	985,216	960,441	24,775	2.58 %
Facilities acquisition and construction	21,786	62,913	(41,127)	(65.37) %
Debt service:				
Principal retirement	135,000	-	135,000	100.00 %
Interest & fiscal charges	67,181	38,547	28,634	74.28 %
Total	<u><u>\$ 86,895,412</u></u>	<u><u>\$ 83,815,771</u></u>	<u><u>\$ 3,079,641</u></u>	3.67 %

Expenditures of the general fund increased \$3,079,641 or 3.67%. The overall increase in expenditures in the general fund is mainly due to customary wage and benefit increases.

Bond Retirement Fund

In total, the bond retirement fund recognized \$7,602,513 in revenues and \$7,624,288 in expenditures during fiscal year 2015. During fiscal year 2015, the bond retirement fund's fund balance decreased by \$21,775 from a balance of \$3,502,105 to a balance of \$3,480,330.

General Fund Budgeting Highlights

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

During the course of fiscal year 2015, the District amended its general fund budget once. For the general fund, original budgeted revenues and other financing sources were \$80,134,873 and final budgeted revenues and other financing sources were \$84,083,603. Actual revenues and other financing sources for fiscal year 2015 were \$89,545,778; this represents a \$5,462,175 increase over final budgeted revenues. Final budgeted revenues and other financing sources were increased to account for greater property tax revenue and intergovernmental revenue.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

General fund original appropriations and other financing uses totaled \$87,324,609 and final appropriations and other financing uses totaled \$87,921,214. The actual budget basis expenditures and other financing uses for fiscal year 2015 totaled \$87,754,630, which is less than the final budget appropriations by \$166,584. Final appropriations and other financing uses were increased primarily due to greater fringe benefit, supplies and materials and capital outlay expenditures.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2015, the District had \$109,616,445 invested in land, 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 2015 and 2014.

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

	2015	2014
Land	\$ 461,616	\$ 461,616
Construction in progress	-	1,441,523
Building and improvements	105,495,939	105,523,874
Furniture, fixtures, and equipment	1,141,633	694,278
Vehicles	2,517,257	2,524,988
Total	\$ 109,616,445	\$ 110,646,279

The overall decrease in capital assets of \$1,029,834 is due to depreciation expense of \$2,237,076 and disposals with a net book value of \$18,004 exceeding capital outlays of \$1,225,246. See Note 10 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

The following table summarizes the District's long term debt outstanding at June 30, 2015 and 2014.

Outstanding Debt at June 30 - Governmental Activities

	2015	2014
General obligation bonds	\$ 81,257,364	\$ 85,211,083
Unamortized premiums on bonds	4,246,603	4,565,001
Total	\$ 85,503,967	\$ 89,776,084

At June 30, 2015, the District had \$81,257,364 in general obligation bonds outstanding, including current interest bonds, capital appreciation bonds, and accreted interest. Of this total, \$4,300,158 is due within one year and \$76,957,206 is due in greater than one year. See Note 11 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

Contacting the District's Financial Management

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

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

STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 27,325,517
Cash with fiscal agent	17,976
Receivables:	
Property taxes	65,258,032
Accounts	13,330
Accrued interest	5,723
Intergovernmental	7,250,242
Prepayments	161,786
Materials and supplies inventory	103,076
Inventory held for resale	50,332
Capital assets:	
Nondepreciable capital assets	461,616
Depreciable capital assets, net	109,154,829
Capital assets, net	109,616,445
Total assets	209,802,459
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	1,591,711
Pension - STRS	6,656,423
Pension - SERS	1,969,172
Total deferred outflows of resources	10,217,306
Liabilities:	
Accounts payable	1,423,398
Accrued wages and benefits payable	10,127,975
Intergovernmental payable	434,009
Pension and postemployment obligation payable	1,395,314
Accrued interest payable	279,247
Claims payable	1,165,000
Matured bonds payable	17,976
Long-term liabilities:	
Due within one year	5,649,017
Due in more than one year:	
Net pension liability (See Note 13)	116,062,867
Other amounts due in more than one year	88,104,271
Total liabilities	224,659,074
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	59,280,131
Pension - STRS	17,285,274
Pension - SERS	3,673,053
Total deferred inflows of resources	80,238,458
Net position:	
Net investment in capital assets	26,144,415
Restricted for:	
Capital projects	1,134,197
Permanent fund - expendable	721
Permanent fund - nonexpendable	12,801
Debt service	2,998,825
State funded programs	1,408,671
Federally funded programs	1,124,813
Food service	773,833
Student activities	339,644
Other purposes	77,922
Unrestricted (deficit)	(118,893,609)
Total net position	\$ (84,877,767)

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, 2015

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 41,231,524	\$ 484,616	\$ 7,754,536	\$ 562,204	\$ (32,430,168)
Special	12,022,267	163,978	4,550,043	-	(7,308,246)
Vocational	2,390,795	86,416	444,481	-	(1,859,898)
Adult/continuing	105,455	-	121,631	-	16,176
Other	4,602,409	-	101,664	-	(4,500,745)
Support services:					
Pupil	7,191,640	360,981	333,734	-	(6,496,925)
Instructional staff	3,883,487	263,346	808,276	-	(2,811,865)
Board of education	40,157	-	-	-	(40,157)
Administration	5,521,070	17,527	424,293	-	(5,079,250)
Fiscal	2,131,832	-	-	-	(2,131,832)
Business	504,545	1,148	-	-	(503,397)
Operations and maintenance	8,038,558	47,428	222	-	(7,990,908)
Pupil transportation	3,762,241	45,477	270,705	-	(3,446,059)
Central	940,385	682	19,835	-	(919,868)
Other non-instructional services	6,036,568	2,070,894	3,869,754	-	(95,920)
Extracurricular activities	1,482,241	433,890	8,252	-	(1,040,099)
Debt service:					
Interest and fiscal charges	3,685,941	-	-	-	(3,685,941)
Total governmental activities	\$ 103,571,115	\$ 3,976,383	\$ 18,707,426	\$ 562,204	(80,325,102)
General revenues:					
Property taxes levied for:					
General purposes					61,007,215
Debt service					6,628,841
Capital outlay					609,701
Payments in lieu of taxes					406,797
Grants and entitlements not restricted					
to specific programs					26,015,342
Investment earnings					68,161
Miscellaneous					449,813
Total general revenues					95,185,870
Change in net position					14,860,768
Net position at beginning of year (restated)					(99,738,535)
Net position at end of year					\$ (84,877,767)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and investments	\$ 15,461,241	\$ 3,133,841	\$ 3,227,602	\$ 21,822,684
Cash with fiscal agent	-	17,976	-	17,976
Receivables:				
Property taxes	58,393,993	6,280,350	583,689	65,258,032
Accounts	13,330	-	-	13,330
Accrued interest	5,723	-	-	5,723
Interfund loans	296,000	-	-	296,000
Intergovernmental	697,979	-	6,552,263	7,250,242
Prepayments	150,843	-	10,943	161,786
Materials and supplies inventory	103,076	-	-	103,076
Inventory held for resale	-	-	50,332	50,332
Due from other funds	2,492,358	-	-	2,492,358
Total assets	<u>\$ 77,614,543</u>	<u>\$ 9,432,167</u>	<u>\$ 10,424,829</u>	<u>\$ 97,471,539</u>
Liabilities:				
Accounts payable	\$ 290,023	\$ -	\$ 1,133,375	\$ 1,423,398
Accrued wages and benefits payable	9,367,607	-	760,368	10,127,975
Compensated absences payable	677,197	-	2,555	679,752
Intergovernmental payable	387,405	-	46,604	434,009
Pension and postemployment obligation payable	1,291,653	-	103,661	1,395,314
Interfund loans payable	-	-	296,000	296,000
Due to other funds	-	-	2,492,358	2,492,358
Matured bonds payable	-	17,976	-	17,976
Total liabilities	<u>12,013,885</u>	<u>17,976</u>	<u>4,834,921</u>	<u>16,866,782</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	53,048,939	5,701,149	530,043	59,280,131
Delinquent property tax revenue not available	2,356,554	232,712	22,134	2,611,400
Intergovernmental revenue not available	490,642	-	2,369,377	2,860,019
Accrued interest not available	5,624	-	-	5,624
Miscellaneous revenue not available	166,260	-	-	166,260
Total deferred inflows of resources	<u>56,068,019</u>	<u>5,933,861</u>	<u>2,921,554</u>	<u>64,923,434</u>
Fund balances:				
Nonspendable	253,919	-	23,744	277,663
Restricted	-	3,480,330	2,930,881	6,411,211
Committed	-	-	18,285	18,285
Assigned	8,280,756	-	-	8,280,756
Unassigned (deficit)	997,964	-	(304,556)	693,408
Total fund balances	<u>9,532,639</u>	<u>3,480,330</u>	<u>2,668,354</u>	<u>15,681,323</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 77,614,543</u>	<u>\$ 9,432,167</u>	<u>\$ 10,424,829</u>	<u>\$ 97,471,539</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, 2015

Total governmental fund balances		\$	15,681,323
<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.			109,616,445
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	2,611,400	
Accrued interest receivable		5,624	
Intergovernmental and miscellaneous receivable		3,026,279	
Total		3,026,279	5,643,303
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.			4,337,833
Unamortized premiums on bonds issued are not recognized in the funds.			(4,246,603)
Unamortized amounts on refundings are not recognized in the funds.			1,591,711
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(279,247)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		8,625,595	
Deferred inflows - pension		(20,958,327)	
Net pension liability		(116,062,867)	
Total		(116,062,867)	(128,395,599)
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		(81,257,364)	
Compensated absences		(7,569,569)	
Total		(88,826,933)	(88,826,933)
Net position of governmental activities		\$	(84,877,767)

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, 2015

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Property taxes	\$ 60,889,829	\$ 6,614,763	\$ 608,340	\$ 68,112,932
Payment in lieu of taxes	406,797	-	-	406,797
Tuition	459,678	-	619,221	1,078,899
Transportation fees	45,477	-	-	45,477
Earnings on investments	69,914	-	4,399	74,313
Charges for services	-	-	1,424,763	1,424,763
Extracurricular	287,593	-	372,473	660,066
Classroom materials and fees	167,984	-	-	167,984
Rental income	47,428	-	-	47,428
Contributions and donations	59,941	-	16,641	76,582
Contract services	525,147	-	1,000	526,147
Other local revenues	401,815	-	73,617	475,432
Intergovernmental - state	27,513,170	987,750	9,002,114	37,503,034
Intergovernmental - federal	-	-	5,830,118	5,830,118
Total revenues	<u>90,874,773</u>	<u>7,602,513</u>	<u>17,952,686</u>	<u>116,429,972</u>
Expenditures:				
Current:				
Instruction:				
Regular	35,865,811	-	7,003,974	42,869,785
Special	11,087,513	-	1,794,024	12,881,537
Vocational	2,449,870	-	80,863	2,530,733
Adult/continuing	-	-	110,171	110,171
Other	4,527,788	-	85,050	4,612,838
Support services:				
Pupil	7,294,759	-	452,561	7,747,320
Instructional staff	3,136,813	-	890,698	4,027,511
Board of education	40,157	-	-	40,157
Administration	5,396,416	-	341,670	5,738,086
Fiscal	2,142,253	67,437	8,963	2,218,653
Business	534,859	-	2,500	537,359
Operations and maintenance	8,094,560	-	268,886	8,363,446
Pupil transportation	3,668,145	-	238,282	3,906,427
Central	955,743	-	39,438	995,181
Other non-instructional services	491,542	-	5,606,845	6,098,387
Extracurricular activities	985,216	-	343,764	1,328,980
Facilities acquisition and construction	21,786	-	191,549	213,335
Debt service:				
Principal retirement	135,000	4,043,654	-	4,178,654
Interest and fiscal charges	67,181	3,513,197	-	3,580,378
Total expenditures	<u>86,895,412</u>	<u>7,624,288</u>	<u>17,459,238</u>	<u>111,978,938</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,979,361</u>	<u>(21,775)</u>	<u>493,448</u>	<u>4,451,034</u>
Other financing sources (uses):				
Transfers in	-	-	13,500	13,500
Transfers (out)	(13,500)	-	-	(13,500)
Total other financing sources (uses)	<u>(13,500)</u>	<u>-</u>	<u>13,500</u>	<u>-</u>
Net change in fund balances	3,965,861	(21,775)	506,948	4,451,034
Fund balances at beginning of year	5,566,706	3,502,105	2,160,668	11,229,479
Increase in reserve for inventory	72	-	738	810
Fund balances at end of year	<u>\$ 9,532,639</u>	<u>\$ 3,480,330</u>	<u>\$ 2,668,354</u>	<u>\$ 15,681,323</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, 2015

Net change in fund balances - total governmental funds	\$	4,451,034
<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	\$ 1,225,246	
Current year depreciation	<u>(2,237,076)</u>	
Total		(1,011,830)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position		
		(18,004)
Governmental funds report expenditures for inventory when purchased; however, in the statement of activities, they are reported as an expense when consumed.		
		810
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	132,825	
Earnings on investments	(3,562)	
Intergovernmental and miscellaneous	<u>1,868,990</u>	
Total		1,998,253
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		4,178,654
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities.		
Decrease in accrued interest payable	14,548	
Accreted interest on capital appreciation bonds	(224,935)	
Amortization of bond premiums	318,398	
Amortization of deferred charges	<u>(213,574)</u>	
Total		(105,563)
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.		
		585,047
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		7,533,496
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(4,944,940)
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>2,193,811</u>
Change in net position of governmental activities	\$	<u>14,860,768</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, 2015

	<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	\$ 53,148,016	\$ 55,766,940	\$ 60,137,084	\$ 4,370,144
Payment in lieu of taxes.	689,523	723,500	406,797	(316,703)
Tuition.	468,560	491,650	459,678	(31,972)
Transportation fees.	42,887	45,000	42,201	(2,799)
Earnings on investments	52,417	55,000	48,059	(6,941)
Extracurricular.	68,390	71,760	45,187	(26,573)
Classroom materials and fees	4,670	4,900	2,370	(2,530)
Rental income	50,702	53,200	47,964	(5,236)
Other local revenues	508,446	533,500	433,921	(99,579)
Intergovernmental - state	24,983,842	26,214,947	27,513,170	1,298,223
Total revenues	<u>80,017,453</u>	<u>83,960,397</u>	<u>89,136,431</u>	<u>5,176,034</u>
Expenditures:				
Current:				
Instruction:				
Regular	35,665,265	35,860,512	35,946,435	(85,923)
Special.	10,930,542	11,005,220	10,999,423	5,797
Vocational.	2,689,162	2,707,534	2,405,157	302,377
Other.	4,397,856	4,427,902	4,534,463	(106,561)
Support services:				
Pupil.	7,168,844	7,217,822	7,045,988	171,834
Instructional staff	3,069,700	3,090,672	3,135,795	(45,123)
Board of education	55,168	55,545	40,636	14,909
Administration.	5,644,211	5,682,772	5,555,446	127,326
Fiscal	2,055,678	2,069,722	2,202,819	(133,097)
Business	557,347	561,155	555,434	5,721
Operations and maintenance.	8,505,526	8,563,636	8,536,327	27,309
Pupil transportation	3,668,559	3,693,623	3,744,461	(50,838)
Central.	1,555,256	1,565,882	1,399,064	166,818
Other non-instructional services	75,069	75,582	115,230	(39,648)
Extracurricular activities.	1,006,577	1,013,454	981,935	31,519
Facilities acquisition and construction	48,668	49,000	44,336	4,664
Debt service:				
Principal retirement	135,000	135,000	135,000	-
Interest and fiscal charges.	67,181	67,181	67,181	-
Total expenditures.	<u>87,295,609</u>	<u>87,842,214</u>	<u>87,445,130</u>	<u>397,084</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(7,278,156)</u>	<u>(3,881,817)</u>	<u>1,691,301</u>	<u>5,573,118</u>
Other financing sources (uses):				
Refund of prior year's expenditures	117,420	123,206	369,347	246,141
Transfers (out).	(29,000)	(79,000)	(13,500)	65,500
Advances in.	-	-	40,000	40,000
Advances (out)	-	-	(296,000)	(296,000)
Total other financing sources (uses)	<u>88,420</u>	<u>44,206</u>	<u>99,847</u>	<u>55,641</u>
Net change in fund balance	(7,189,736)	(3,837,611)	1,791,148	5,628,759
Fund balance at beginning of year	13,268,329	13,268,329	13,268,329	-
Prior year encumbrances appropriated	956,245	956,245	956,245	-
Fund balance at end of year	<u>\$ 7,034,838</u>	<u>\$ 10,386,963</u>	<u>\$ 16,015,722</u>	<u>\$ 5,628,759</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	<u>Governmental Activities - Internal Service Funds</u>
Assets:	
Equity in pooled cash and investments.	\$ 5,502,833
Total assets.	<u>5,502,833</u>
Liabilities:	
Claims payable	<u>1,165,000</u>
Total liabilities	<u>1,165,000</u>
Net position:	
Unrestricted.	<u>4,337,833</u>
Total net position.	<u>\$ 4,337,833</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Governmental Activities - Internal Service Funds</u>
Operating revenues:	
Charges for services.	\$ 15,225,149
Total operating revenues	<u>15,225,149</u>
Operating expenses:	
Purchased services.	1,465,095
Claims expense	<u>11,566,410</u>
Total operating expenses.	<u>13,031,505</u>
Operating income	<u>2,193,644</u>
Nonoperating revenues:	
Interest revenue	<u>167</u>
Total nonoperating revenues.	<u>167</u>
Change in net position	2,193,811
Net position at beginning of year.	<u>2,144,022</u>
Net position at end of year	<u><u>\$ 4,337,833</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Governmental Activities - Internal Service Funds</u>
Cash flows from operating activities:	
Cash received from charges for services.	\$ 15,227,662
Cash payments for purchased services	(1,465,095)
Cash payments for claims.	<u>(11,612,410)</u>
Net cash provided by operating activities.	<u>2,150,157</u>
Cash flows from investing activities:	
Interest received	<u>167</u>
Net cash provided by investing activities	<u>167</u>
Net increase in cash and investments.	2,150,324
Cash and investments at beginning of year	3,352,509
Cash and investments at end of year	<u><u>\$ 5,502,833</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 2,193,644
Changes in assets and liabilities:	
Decrease in accounts receivable.	2,513
Decrease in claims payable	<u>(46,000)</u>
Net cash provided by operating activities.	<u><u>\$ 2,150,157</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2015

	Agency
Assets:	
Equity in pooled cash and investments.	\$ 240,936
Total assets.	\$ 240,936
Liabilities:	
Due to students.	\$ 67,166
Due to others	153,654
Claims payable	20,116
Total liabilities	\$ 240,936

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District operates under a locally elected five-member Board form of government and provides educational services in accordance with the constitution and laws of the State of Ohio and as required federal agencies. This Board controls the District's instructional and support facilities staffed by 435 classified personnel and 585 certificated teaching and administrative personnel to provide services to students and other community members. The District currently operates one early education center, eight elementary schools, two middle schools (grades 6-8), and one comprehensive high school (grades 9-12).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Dayton Educational Cooperative Association - The District is a member of the Metropolitan Dayton Educational Cooperative Association (MDECA), which is a computer consortium of area school districts sharing computer resources. MDECA is an association of public school districts in a geographical area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative instructional functions among member districts. The Board of MDECA consists of one representative from each of the participating members. Each member pays an annual membership fee plus any other fees for services performed by the consortium. During fiscal year 2015, the District paid \$73,200 to MDECA for services. To obtain financial information, write to the Metropolitan Dayton Educational Cooperative Association, Dean Reineke, who serves as Executive Director, 225 Linwood Street, Dayton, Ohio 45405.

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

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

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

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net position is to be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the general fund and amounted to \$5,720 during fiscal year 2015. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Frank DePalma, who serves as Interim Director, 1205 East Fifth Street, Dayton, Ohio 45402.

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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 2015, the District paid \$3,150 to the SOEPC for membership. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, Director, 303 Corporate Center Drive Suite 208, Vandalia, Ohio 45377.

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

PROPRIETARY FUNDS

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

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

FIDUCIARY FUNDS

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

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

C. Basis of Presentation and Measurement Focus

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

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

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

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

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

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

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

D. Basis of Accounting

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

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

Deferred 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, deferred outflows of resources have been reported for the following two items related the District's net pension liability: (1) the difference between expected and actual experience of the pension systems, and (2) the District's contributions to the pension systems subsequent to the measurement date. 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 and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 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.

The District also reports a deferred inflow of resources for the net difference between projected and actual earnings on pension plan investments related to the District's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

1. Tax Budget - Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the County Budget Commission for rate determination. Montgomery County has waived this requirement for the District.
2. Estimated Resources - Prior to April 1, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported as the final budgeted amount on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2015.
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, one supplemental appropriation measure was 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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 2015, the District's investments included, federal agency securities, negotiable certificates of deposit, U.S. government money market mutual funds, and the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for non-participating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price at which the investment could be sold on June 30, 2015.

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 2015 totaled \$69,914, which includes \$21,430 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

G. Inventory

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

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

H. Capital Assets

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

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

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

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

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

I. Accrued Liabilities and Long-Term Obligations

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

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

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

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

K. Compensated Absences

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if (a) the employees' rights to payment are attributable to services already rendered; and (b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2015, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave for employees expected to become eligible to retire in the future, all employees with at least 20 years of service, regardless of age, and employees with at least five years of service who are of at least sixty years of age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2015 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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.

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

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

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

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.

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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 2015.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Net Position

For fiscal year 2015, the District has implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27", GASB Statement No. 69 "Government Combinations and Disposals of Government Operations", and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68".

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the District.

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 affected the District's pension plan disclosures, as presented in Note 13 to the financial statements, and added required supplementary information.

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

A net position restatement is required in order to implement GASB Statement No 68 and 71. The governmental activities at July 1, 2014 have been restated as follows:

	Governmental Activities
Net position as previously reported	\$ 31,245,620
Deferred outflows - payments subsequent to measurement date	6,903,018
Net pension liability	(137,887,173)
Restated net position at July 1, 2014	\$ (99,738,535)

Other than employer contributions subsequent to the measurement date, the District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement had no effect on fund balances.

B. Deficit Fund Balances

Fund balances at June 30, 2015 included the following individual fund deficits:

Nonmajor governmental funds	Deficit
Pathfinder/preschool	\$ 101,028
Public school preschool	13,374
Data communications	10,180
Adult basic education	23,220
IDEA Part B	125,922
Bilingual education	28
Title I	20,100
Preschool grant	3,477

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

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

A. Cash with Fiscal Agent

At June 30, 2015, \$17,976 was on deposit in the District's debt service clearing account. This amount is not part of the District's internal investment pool and has been excluded from the total amount of deposits reported below. The balance of this account is reported on the financial statements as "cash with fiscal agent".

B. Deposits with Financial Institutions

At June 30, 2015, the carrying amount of all District deposits was \$8,755,239. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, \$3,548,301 of the District's bank balance of \$8,814,682 was exposed to custodial risk as discussed below, while \$5,266,381 was covered by the FDIC.

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

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

The District's investments at June 30, 2015, were as follows:

Investment type	Fair value	Investment maturity				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
FHLB	\$ 190,155	\$ -	\$ 100,100	\$ 90,055	\$ -	\$ -
FHLMC	114,997	-	-	-	-	114,997
FNMA	692,965	-	-	-	399,926	293,039
FFCB	1,406,077	-	-	-	1,406,077	-
Negotiable CDs	1,500,142	-	250,830	-	750,745	498,567
STAR Ohio	12,372,911	12,372,911	-	-	-	-
US government money market	2,533,367	2,533,367	-	-	-	-
Total	<u>\$ 18,810,614</u>	<u>\$ 14,906,278</u>	<u>\$ 350,930</u>	<u>\$ 90,055</u>	<u>\$ 2,556,748</u>	<u>\$ 906,603</u>

At June 30, 2015, the weighted average yield to maturity of the District's investments is 0.40 years.

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

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

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

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2015:

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

<u>Investment type</u>	<u>Fair value</u>	<u>% of total</u>
FHLB	\$ 190,155	1.01
FHLMC	114,997	0.61
FNMA	692,965	3.68
FFCB	1,406,077	7.48
Negotiable CDs	1,500,142	7.98
STAR Ohio	12,372,911	65.78
US government money market	2,533,367	13.46
Total	<u>\$ 18,810,614</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position and statement of fiduciary assets and liabilities as of June 30, 2015:

Cash and investments per note

Carrying amount of deposits	\$ 8,755,239
Investments	18,810,614
Cash with fiscal agent	17,976
Cash on hand	600
Total	<u>\$ 27,584,429</u>

Cash and investments per statement of net position

Governmental activities	\$ 27,343,493
Agency funds	240,936
Total	<u>\$ 27,584,429</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 2015 represent the collection of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed values as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Public utility real and personal property taxes received in calendar year 2015 became a lien on December 31, 2013, were levied after April 1, 2014, 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 5 - PROPERTY TAXES - (Continued)

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, 2015, are available to finance fiscal year 2015 operations. The amount available as an advance at June 30, 2015 was \$2,988,500 in the general fund, \$346,489 in the bond retirement fund and \$31,512 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2014 was \$2,235,755 in the general fund, \$265,511 in the bond retirement fund and \$23,298 in the permanent improvement fund (a nonmajor governmental fund). 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, 2015 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

The assessed values upon which the fiscal year 2015 taxes were collected are:

	2014 Second Half Collections		2015 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 1,166,011,970	91.18	\$ 1,112,021,360	90.68
Public utility personal	<u>112,802,920</u>	<u>8.82</u>	<u>114,250,870</u>	<u>9.32</u>
Total	<u>\$ 1,278,814,890</u>	<u>100.00</u>	<u>\$ 1,226,272,230</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 82.89		\$ 82.99	

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 \$406,797 in the general fund during fiscal year 2015.

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 7 - RECEIVABLES

Receivables at June 30, 2015 consisted of taxes, accounts, accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

Property taxes	\$ 65,258,032
Accounts	13,330
Accrued interest	5,723
Intergovernmental	<u>7,250,242</u>
Total	<u>\$ 72,527,327</u>

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

NOTE 8 - INTERFUND TRANSFERS

Following is a summary of transfers in and out for all funds at June 30, 2015:

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

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

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

NOTE 9 - INTERFUND BALANCES

A. Interfund balances at June 30, 2015, 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>\$ 296,000</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 BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 9 - INTERFUND BALANCES - (Continued)

- B.** Interfund balances at June 30, 2015, as reported on the fund statements, consist of the following amounts due to and due from other funds:

Due to	Due from	Amount
General fund	Nonmajor governmental funds	<u>\$ 2,492,358</u>

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

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

NOTE 10 - CAPITAL ASSETS

Capital asset activity for fiscal year 2015 is as follows:

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 461,616	\$ -	\$ -	\$ 461,616
Construction in progress	<u>1,441,523</u>	<u>275,195</u>	<u>(1,716,718)</u>	<u>-</u>
Total capital assets not being depreciated	<u>1,903,139</u>	<u>275,195</u>	<u>(1,716,718)</u>	<u>461,616</u>
<i>Capital assets being depreciated:</i>				
Building and improvements	138,034,994	1,716,718	-	139,751,712
Furniture, fixtures, and equipment	3,852,790	708,512	(10,704)	4,550,598
Vehicles	<u>4,788,009</u>	<u>241,539</u>	<u>(158,007)</u>	<u>4,871,541</u>
Total capital assets being depreciated	<u>146,675,793</u>	<u>2,666,769</u>	<u>(168,711)</u>	<u>149,173,851</u>
<i>Less: accumulated depreciation:</i>				
Building and improvements	(32,511,120)	(1,744,653)	-	(34,255,773)
Furniture, fixtures, and equipment	(3,158,512)	(261,157)	10,704	(3,408,965)
Vehicles	<u>(2,263,021)</u>	<u>(231,266)</u>	<u>140,003</u>	<u>(2,354,284)</u>
Total accumulated depreciation	<u>(37,932,653)</u>	<u>(2,237,076)</u>	<u>150,707</u>	<u>(40,019,022)</u>
Governmental activities capital assets, net	<u>\$ 110,646,279</u>	<u>\$ 704,888</u>	<u>\$ (1,734,722)</u>	<u>\$ 109,616,445</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 10 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 1,241,574
Special	38,994
Vocational	64,584
Support services:	
Pupil	7,405
Instructional staff	58,632
Administration	157,569
Fiscal	525
Operations and maintenance	82,305
Pupil transportation	238,506
Central	11,991
Operation of non-instructional services	145,908
Extracurricular activities	<u>189,083</u>
Total depreciation expense	<u>\$ 2,237,076</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 11 - LONG-TERM OBLIGATIONS

A. The activity of the long-term obligations of the District's governmental activities for the fiscal year ended June 30, 2015, is as follows:

	Restated Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015	Amount Due Within One Year
Governmental activities:					
General obligation bonds:					
2002 energy conservation	\$ 212,812	\$ -	\$ (103,654)	\$ 109,158	\$ 109,158
2005 school improvement refunding	720,000	-	(720,000)	-	-
2006 school improvement refunding	9,686,170	104,384	(50,000)	9,740,554	50,000
2007 school improvement refunding	56,689,965	35,035	(460,000)	56,265,000	3,055,000
2012 school improvement refunding	8,236,690	53,310	(2,550,000)	5,740,000	30,000
2012 taxable school improvement refunding	6,842,446	32,206	(80,000)	6,794,652	835,000
2013 school improvement	413,000	-	(80,000)	333,000	81,000
2013 energy conservation	<u>2,410,000</u>	<u>-</u>	<u>(135,000)</u>	<u>2,275,000</u>	<u>140,000</u>
Total general obligation bonds	85,211,083	224,935	(4,178,654)	81,257,364	4,300,158
Compensated absences	8,154,616	1,258,118	(1,163,413)	8,249,321	1,348,859
Net pension liability	<u>137,887,173</u>	<u>-</u>	<u>(21,824,306)</u>	<u>116,062,867</u>	<u>-</u>
Total governmental activities long-term debt	<u>\$ 231,252,872</u>	<u>\$ 1,483,053</u>	<u>\$ (27,166,373)</u>	205,569,552	<u>\$ 5,649,017</u>
Add: Unamortized premiums on bonds				<u>4,246,603</u>	
Total long-term liabilities reported on the statement of net position				<u>\$ 209,816,155</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 athletic fund, the auxiliary services fund, the adult basic education fund, the IDEA Part B fund, and the Title I fund.

C. Net Pension Liability

The District's net pension liability is described in Note 13.

D. General Obligation Bonds

At June 30, 2015, the District had seven outstanding general obligation bond issuances. These bonds were used to finance the construction and/or renovation of the District's buildings, to finance renovations to reduce the District's energy consumption, and to advance refund previous issuances. These general obligation bonds are direct obligations of the District for which its full faith, credit, and resources are pledged and payable from taxes levied on all taxable property in the District. Payments of principal and interest related to these bonds are recorded as expenditures of the bond retirement fund, except for the 2013 energy conservation bonds, which are paid from the general fund.

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

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

	Balance 6/30/14	Additions	Reductions	Balance 6/30/15
General obligation bonds:				
2002 energy conservation				
Current interest bonds	\$ 212,812	\$ -	\$ (103,654)	\$ 109,158
2005 school improvement refunding				
Current interest bonds	720,000	-	(720,000)	-
2006 school improvement refunding				
Current interest bonds	9,390,000	-	(50,000)	9,340,000
Capital appreciation bonds	29,994	-	-	29,994
Accreted interest	266,176	104,384	-	370,560
Total 2006 school improvement refunding	9,686,170	104,384	(50,000)	9,740,554
2007 school improvement refunding				
Current interest bonds	56,265,000	-	-	56,265,000
Capital appreciation bonds	134,996	-	(134,996)	-
Accreted interest	289,969	35,035	(325,004)	-
Total 2007 school improvement refunding	56,689,965	35,035	(460,000)	56,265,000
2012 school improvement refunding				
Current interest bonds	7,740,000	-	(2,000,000)	5,740,000
Capital appreciation bonds	354,954	-	(354,954)	-
Accreted interest	141,736	53,310	(195,046)	-
Total 2012 school improvement refunding	8,236,690	53,310	(2,550,000)	5,740,000
2012 taxable school improvement refunding				
Current interest bonds	6,705,000	-	(80,000)	6,625,000
Capital appreciation bonds	99,986	-	-	99,986
Accreted interest	37,460	32,206	-	69,666
Total 2012 taxable school improvement refunding	6,842,446	32,206	(80,000)	6,794,652
2013 school improvement bonds				
Current interest bonds	413,000	-	(80,000)	333,000
2013 energy conservation bonds				
Current interest bonds	2,410,000	-	(135,000)	2,275,000
Total general obligation bonds	\$ 85,211,083	\$ 224,935	\$ (4,178,654)	\$ 81,257,364

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

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Remaining principal on the current interest term bonds of \$109,158 is payable at maturity on December 1, 2015. Sinking fund payments made during 2015 amounted to \$103,654 and are reflected as principal payments of the bond retirement fund.

2005 school improvement refunding - On October 7, 2004, the District issued 2005 school improvement refunding general obligation bonds to advance refund the District's 1994 school improvement general obligation bonds. The issuance proceeds of \$12,149,989 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt, the outstanding balance of which totaled \$7,135,000 at June 30, 2015, is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

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

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

On November 27, 2012, \$3,435,000 in current interest serial refunding bonds and \$3,450,000 in current interest term refunding bonds were refunded by the District's 2012 taxable school improvement refunding general obligation bonds. Principal payments on the 2005 school improvement refunding general obligation bonds made during fiscal year 2015 amounted to \$720,000 and were paid from the bond retirement fund.

2006 school improvement refunding - On November 2, 2006, the District issued 2006 school improvement refunding general obligation bonds to advance refund \$9,640,000 of the District's 2003 school improvement general obligation bonds. The issuance proceeds of \$9,639,994 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt, the outstanding balance of which totaled \$9,640,000 at June 30, 2015, is considered defeased (in-substance) and, accordingly, has been removed from the statement of net position.

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

The capital appreciation refunding bonds mature on December 1, 2016 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date at a stated approximate yield to maturity of 4.05%. The accreted value at maturity for the capital appreciation bonds is \$630,000. Total accreted interest of \$370,560 has been included in the statement of net position.

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

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

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

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

2007 school improvement refunding - On March 8, 2007, the District issued 2007 school improvement refunding general obligation bonds to advance refund a portion of the District's 2003 school improvement general obligation bonds (principal \$45,960,000) and a portion of the District's 2004 school improvement general obligation bonds (principal \$11,400,000). The issuance proceeds of \$57,359,996 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt, the outstanding balance of which totaled \$57,360,000 at June 30, 2015, 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

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

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

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

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

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

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

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

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

2012 school improvement refunding - On October 10, 2012, the District issued 2012 school improvement refunding general obligation bonds to advance refund an \$8,095,000 portion of the District's 2003 school improvement general obligation bonds. The issuance proceeds of \$8,094,954 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt, the outstanding balance of which totaled \$5,585,000 at June 30, 2015, 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

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

2012 taxable school improvement refunding - On November 27, 2012, the District issued 2012 taxable school improvement refunding general obligation bonds to advance refund a \$6,885,000 portion of the District's 2005 school improvement refunding general obligation bonds. The issuance proceeds of \$6,884,986 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt, the balance of which totaled \$6,885,000 at June 30, 2015, is considered defeased (in-substance) and, accordingly, has been removed from the statement of net position.

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

The capital appreciation refunding bonds mature on December 1, 2020 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date at a stated approximate yield to maturity of 2.7%. The accreted value at maturity for the capital appreciation bonds is \$540,000. Total accreted interest of \$69,666 has been included in the statement of net position.

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

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

E. Debt Service Requirements

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

Year Ended	Current Interest Serial/Term Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 4,300,158	\$ 3,441,978	\$ 7,742,136	\$ -	\$ -	\$ -
2017	3,728,000	3,279,715	7,007,715	29,994	600,006	630,000
2018	4,529,000	3,105,489	7,634,489	-	-	-
2019	4,720,000	2,913,553	7,633,553	-	-	-
2020	4,860,000	2,714,475	7,574,475	-	-	-
2021 - 2025	24,075,000	10,459,050	34,534,050	99,986	440,014	540,000
2026 - 2030	27,430,000	4,847,555	32,277,555	-	-	-
2031 - 2032	7,045,000	214,100	7,259,100	-	-	-
Total	<u>\$ 80,687,158</u>	<u>\$ 30,975,915</u>	<u>\$ 111,663,073</u>	<u>\$ 129,980</u>	<u>\$ 1,040,020</u>	<u>\$ 1,170,000</u>

F. 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, 2015, are a voted debt margin of \$35,411,851 (including available funds of \$3,480,330), an unvoted debt margin of \$1,226,272, and an energy conservation debt margin of \$8,652,292.

NOTE 12 - RISK MANAGEMENT

A. Property and Liability Insurance

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2015, the District contracted with Ohio Casualty through Brower Insurance Agency for general liability insurance with a \$1,000,000 per occurrence limit and a \$2,000,000 aggregate. Property is protected by Ohio Casualty through Brower Insurance Agency and holds a \$5,000 occurrence deductible.

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

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 12 - RISK MANAGEMENT - (Continued)

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.

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

The District is self-insured for employee dental care benefits and health insurance benefits. The dental program is administered by CoreSource, which provides claims review and processing services. The health program is administered by United Health Care, which provides claims review and processing services. Both of the self-insurance programs are accounted for in the District's internal service funds. Claims incurred but not reported within the District's self-insurance internal service funds were \$98,000 for dental care benefits and \$1,067,000 for health insurance benefits. The District has adopted Governmental Accounting Standards Board Statement No. 30, "*Risk Financing Omnibus*", and the claims liabilities and the claims incurred but not reported have been calculated in accordance with the criteria contained therein.

The claims activity of the District's dental care self-insurance program for fiscal years 2015 and 2014 are as follows:

Fiscal Year	Beginning Balance	Claims & Changes in Estimates	Claims Payments	Ending Balance
2015	\$ 78,000	\$ 1,061,647	\$ (1,041,647)	\$ 98,000
2014	84,000	880,609	(886,609)	78,000

The claims activity of the District's health insurance benefits self-insurance program for fiscal years 2015 and 2014 are as follows:

Fiscal Year	Beginning Balance	Claims & Changes in Estimates	Claims Payments	Ending Balance
2015	\$ 1,133,000	\$ 10,504,763	\$ (10,570,763)	\$ 1,067,000
2014	895,000	11,473,741	(11,235,741)	1,133,000

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 13 - 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 - 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 BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 13 - 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	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 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 year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District’s contractually required contribution to SERS was \$1,776,559 for fiscal year 2015. Of this amount \$151,426 is reported as pension and postemployment obligation payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - District licensed teachers and other faculty members 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 Web site at www.strsoh.org.

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

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 13 - 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 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent 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, member contributions are allocated among investment choices by the member, and employer contributions 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 services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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 that 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. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$5,756,937 for fiscal year 2015. Of this amount, \$999,808 is reported as pension and postemployment obligation payable.

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 13 - 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, 2014, 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 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>
Proportionate share of the net pension liability	\$ 22,630,867	\$ 93,432,000	\$ 116,062,867
Proportion of the net pension liability	0.44716700%	0.38412300%	
Pension expense	\$ 1,320,661	\$ 3,624,279	\$ 4,944,940

At June 30, 2015, 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	\$ 192,613	\$ 899,486	\$ 1,092,099
District contributions subsequent to the measurement date	<u>1,776,559</u>	<u>5,756,937</u>	<u>7,533,496</u>
Total deferred outflows of resources	<u>\$ 1,969,172</u>	<u>\$ 6,656,423</u>	<u>\$ 8,625,595</u>
Deferred inflows of resources			
Net difference between projected and actual earnings on pension plan investments	<u>\$ 3,673,053</u>	<u>\$ 17,285,274</u>	<u>\$ 20,958,327</u>
Total deferred inflows of resources	<u>\$ 3,673,053</u>	<u>\$ 17,285,274</u>	<u>\$ 20,958,327</u>

\$7,533,496 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, 2016. 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>
2016	\$ (870,110)	\$ (4,096,447)	\$ (4,966,557)
2017	(870,110)	(4,096,447)	(4,966,557)
2018	(870,110)	(4,096,447)	(4,966,557)
2019	<u>(870,110)</u>	<u>(4,096,447)</u>	<u>(4,966,557)</u>
Total	<u>\$ (3,480,440)</u>	<u>\$ (16,385,788)</u>	<u>\$ (19,866,228)</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

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 averaged 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:

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	100.00 %	

Discount Rate - The total pension liability was calculated using the discount rate of 7.75 percent. 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 (7.75 percent). 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 7.75 percent, 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 (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 32,287,522	\$ 22,630,867	\$ 14,508,786

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and not set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	<u>1.00</u>	3.00
Total	<u><u>100.00 %</u></u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. 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, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

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 7.75 percent, 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 (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease	Current	1% Increase
	(6.75%)	Discount Rate (7.75%)	(8.75%)
District's proportionate share of the net pension liability	\$ 133,758,094	\$ 93,432,000	\$ 59,329,694

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. 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. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the District's surcharge obligation was \$238,115.

The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$338,924, \$240,548, and \$210,577, respectively. For fiscal year 2015, 92.38 percent has been contributed, with the balance being reported as pension and postemployment obligation payable. The full amount has been contributed for fiscal years 2014 and 2013.

B. State Teachers Retirement System

Plan Description - The District participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS) 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 reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$403,737, and \$401,552 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

NOTE 15 - 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, 2015.

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, 2015.

C. Foundation Funding

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 16 - 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:

Fund balance	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Materials and supplies inventory	\$ 103,076	\$ -	\$ -	\$ 103,076
Prepayments	150,843	-	10,943	161,786
Endowments	<u>-</u>	<u>-</u>	<u>12,801</u>	<u>12,801</u>
Total nonspendable	<u>253,919</u>	<u>-</u>	<u>23,744</u>	<u>277,663</u>
Restricted:				
Food service operations	-	-	905,335	905,335
Endowments	-	-	721	721
Capital improvements	-	-	1,112,063	1,112,063
Non-public schools	-	-	14,568	14,568
Targeted academic assistance	-	-	38,689	38,689
Vocational education	-	-	108,691	108,691
Extracurricular activities	-	-	342,778	342,778
Debt service	-	3,480,330	-	3,480,330
Other purposes	<u>-</u>	<u>-</u>	<u>408,036</u>	<u>408,036</u>
Total restricted	<u>-</u>	<u>3,480,330</u>	<u>2,930,881</u>	<u>6,411,211</u>
Committed:				
Capital improvements	<u>-</u>	<u>-</u>	<u>18,285</u>	<u>18,285</u>
Total committed	<u>-</u>	<u>-</u>	<u>18,285</u>	<u>18,285</u>
Assigned:				
Student instruction	159,411	-	-	159,411
Student and staff support	1,104,823	-	-	1,104,823
School supplies	152,479	-	-	152,479
Facilities acquisition and construction	22,550	-	-	22,550
Subsequent year appropriations	6,706,337	-	-	6,706,337
Other purposes	<u>135,156</u>	<u>-</u>	<u>-</u>	<u>135,156</u>
Total assigned	<u>8,280,756</u>	<u>-</u>	<u>-</u>	<u>8,280,756</u>
Unassigned (deficit)	<u>997,964</u>	<u>-</u>	<u>(304,556)</u>	<u>693,408</u>
Total fund balances	<u>\$ 9,532,639</u>	<u>\$ 3,480,330</u>	<u>\$ 2,668,354</u>	<u>\$ 15,681,323</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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	\$ 1,791,148
Net adjustment for revenue accruals	744,733
Net adjustment for expenditure accruals	28,426
Net adjustment for other sources	(113,347)
Funds budgeted elsewhere	218,517
Adjustment for encumbrances	1,296,384
GAAP basis	<u>\$ 3,965,861</u>

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

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

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 18 - SET-ASIDES

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

During fiscal years 1998, 2003 and 2014, the District issued \$104,413,000 in capital related school improvement bonds. These proceeds may be used to reduce capital acquisition to zero in future years. The District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$104,413,000 at June 30, 2015.

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, 2014	\$ -
Current year set-aside requirement	1,221,372
Current year qualifying expenditures	(1,136,817)
Current year offsets	(675,939)
Total	\$ (591,384)
Balance carried forward to fiscal year 2016	\$ -

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

NOTE 19 - OTHER COMMITMENTS

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

Fund	Year-End Encumbrances
General fund	\$ 1,006,212
Nonmajor governmental funds	2,390,168
Total	\$ 3,396,380

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 TWO FISCAL YEARS

	2014	2013
District's proportion of the net pension liability	0.44716700%	0.44716700%
District's proportionate share of the net pension liability	\$ 22,630,867	\$ 26,591,586
District's covered-employee payroll	\$ 12,993,795	\$ 12,799,552
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	174.17%	207.75%
Plan fiduciary net position as a percentage of the total pension liability	71.70%	65.52%

Note: Information prior to fiscal year 2013 was unavailable.

**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 TWO FISCAL YEARS

	2014	2013
District's proportion of the net pension liability	0.38412297%	0.38412297%
District's proportionate share of the net pension liability	\$ 93,432,000	\$ 111,295,587
District's covered-employee payroll	\$ 39,246,754	\$ 40,155,177
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	238.06%	277.16%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	69.30%

Note: Information prior to fiscal year 2013 was unavailable.

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 1,776,559	\$ 1,800,940	\$ 1,771,458	\$ 1,731,214
Contributions in relation to the contractually required contribution	<u>(1,776,559)</u>	<u>(1,800,940)</u>	<u>(1,771,458)</u>	<u>(1,731,214)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 13,479,203	\$ 12,993,795	\$ 12,799,552	\$ 12,871,480
Contributions as a percentage of covered-employee payroll	13.18%	13.86%	13.84%	13.45%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 1,596,923	\$ 1,518,848	\$ 1,214,031	\$ 1,147,164	\$ 1,260,579	\$ 1,232,806
<u>(1,596,923)</u>	<u>(1,518,848)</u>	<u>(1,214,031)</u>	<u>(1,147,164)</u>	<u>(1,260,579)</u>	<u>(1,232,806)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 12,704,240	\$ 11,217,489	\$ 12,337,713	\$ 11,681,914	\$ 11,803,174	\$ 11,652,231
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 5,756,937	\$ 5,102,078	\$ 5,220,173	\$ 5,379,603
Contributions in relation to the contractually required contribution	<u>(5,756,937)</u>	<u>(5,102,078)</u>	<u>(5,220,173)</u>	<u>(5,379,603)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 41,120,979	\$ 39,246,754	\$ 40,155,177	\$ 41,381,562
Contributions as a percentage of covered-employee payroll	14.00%	13.00%	13.00%	13.00%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 5,446,974	\$ 5,519,927	\$ 5,312,032	\$ 5,087,314	\$ 5,171,049	\$ 6,414,031
<u>(5,446,974)</u>	<u>(5,519,927)</u>	<u>(5,312,032)</u>	<u>(5,087,314)</u>	<u>(5,171,049)</u>	<u>(6,414,031)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 41,899,800	\$ 42,460,977	\$ 40,861,785	\$ 39,133,185	\$ 39,777,300	\$ 49,338,700
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

*Combining and Individual Fund
Statements and Schedules*

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

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



Dylan Flaute - 12th Grade

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

FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

Major Funds

General Fund

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

Bond Retirement Fund

The bond retirement fund 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.

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.

Alternative Fund

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

Other State Funds Fund

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

(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.

Race to the Top Fund

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

Title II Fund

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

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

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

Carl D. Perkins Fund

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

Bilingual Education Fund

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

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.

Straight A Grant Fund

This fund accounts for a State grant award for the purpose of upgrading library media centers, giving each student access to a Google Chromebook or LearnPad and increasing distance-learning options with Sinclair Community College and the University of Dayton.

(Continued)

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

FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds (Continued)

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

Uniform School Supplies Fund

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

Rotary Special Services Fund

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

Public School Support Fund

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

Special Enterprise Fund

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

Nonmajor Capital Projects Funds

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

Permanent Improvement Fund

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

Building Fund

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

Replacement Fund

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

Nonmajor Permanent Fund

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

Permanent Fund

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

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:				
Equity in pooled cash and investments.	\$ 2,007,446	\$ 1,206,634	\$ 13,522	\$ 3,227,602
Receivables:				
Property taxes	-	583,689	-	583,689
Intergovernmental	6,552,263	-	-	6,552,263
Prepayments.	10,943	-	-	10,943
Inventory held for resale	50,332	-	-	50,332
Total assets	\$ 8,620,984	\$ 1,790,323	\$ 13,522	\$ 10,424,829
Liabilities:				
Accounts payable.	\$ 1,025,577	\$ 107,798	\$ -	\$ 1,133,375
Accrued wages and benefits payable.	760,368	-	-	760,368
Compensated absences payable	2,555	-	-	2,555
Interfund loans payable.	296,000	-	-	296,000
Intergovernmental payable.	46,604	-	-	46,604
Pension and postemployment obligation payable.	103,661	-	-	103,661
Due to other funds	2,492,358	-	-	2,492,358
Total liabilities.	4,727,123	107,798	-	4,834,921
Deferred inflows of resources:				
Property taxes levied for the next fiscal year.	-	530,043	-	530,043
Delinquent property tax revenue not available.	-	22,134	-	22,134
Intergovernmental revenue not available.	2,369,377	-	-	2,369,377
Total deferred inflows of resources	2,369,377	552,177	-	2,921,554
Fund balances:				
Nonspendable.	10,943	-	12,801	23,744
Restricted.	1,818,097	1,112,063	721	2,930,881
Committed	-	18,285	-	18,285
Unassigned (deficit)	(304,556)	-	-	(304,556)
Total fund balances	1,524,484	1,130,348	13,522	2,668,354
Total liabilities, deferred inflows of resources, and fund balances.	\$ 8,620,984	\$ 1,790,323	\$ 13,522	\$ 10,424,829

**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, 2015

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:				
From local sources:				
Property taxes	\$ -	\$ 608,340	\$ -	\$ 608,340
Tuition	619,221	-	-	619,221
Earnings on investments.	2,251	2,141	7	4,399
Charges for services	1,424,763	-	-	1,424,763
Extracurricular	372,473	-	-	372,473
Contributions and donations.	16,641	-	-	16,641
Contract services	1,000	-	-	1,000
Other local revenues	72,135	1,482	-	73,617
Intergovernmental - state	8,926,301	75,813	-	9,002,114
Intergovernmental - federal	5,830,118	-	-	5,830,118
Total revenues	<u>17,264,903</u>	<u>687,776</u>	<u>7</u>	<u>17,952,686</u>
Expenditures:				
Current:				
Instruction:				
Regular	6,982,442	21,532	-	7,003,974
Special.	1,794,024	-	-	1,794,024
Vocational.	80,863	-	-	80,863
Adult/continuing.	110,171	-	-	110,171
Other.	85,050	-	-	85,050
Support services:				
Pupil	441,984	10,577	-	452,561
Instructional staff	890,518	-	180	890,698
Administration.	341,670	-	-	341,670
Fiscal	-	8,963	-	8,963
Business	-	2,500	-	2,500
Operations and maintenance	21,926	246,960	-	268,886
Pupil transportation	-	238,282	-	238,282
Central	39,438	-	-	39,438
Operation of non-instructional services.	5,606,845	-	-	5,606,845
Extracurricular activities	343,764	-	-	343,764
Facilities acquisition and construction.	-	191,549	-	191,549
Total expenditures.	<u>16,738,695</u>	<u>720,363</u>	<u>180</u>	<u>17,459,238</u>
Excess (deficiency) of revenues over (under) expenditures	<u>526,208</u>	<u>(32,587)</u>	<u>(173)</u>	<u>493,448</u>
Other financing sources:				
Transfers in	13,500	-	-	13,500
Total other financing sources	<u>13,500</u>	<u>-</u>	<u>-</u>	<u>13,500</u>
Net change in fund balances.	539,708	(32,587)	(173)	506,948
Fund balances at beginning of year	984,038	1,162,935	13,695	2,160,668
Increase in reserve for inventory.	738	-	-	738
Fund balances at end of year	<u>\$ 1,524,484</u>	<u>\$ 1,130,348</u>	<u>\$ 13,522</u>	<u>\$ 2,668,354</u>

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2015

	<u>Food Service</u>	<u>Special Trust</u>	<u>Pathfinder/ Preschool</u>	<u>Athletic</u>
Assets:				
Equity in pooled cash and investments.	\$ 1,084,327	\$ 77,922	\$ 11,089	\$ 342,869
Receivables:				
Intergovernmental.	-	-	-	-
Prepayments	3,698	-	-	-
Inventory held for resale	50,332	-	-	-
Total assets	<u>\$ 1,138,357</u>	<u>\$ 77,922</u>	<u>\$ 11,089</u>	<u>\$ 342,869</u>
Liabilities:				
Accounts payable.	\$ -	\$ -	\$ -	\$ 57
Accrued wages and benefits payable	193,049	-	47,917	-
Compensated absences payable	2,555	-	-	-
Interfund loans payable.	-	-	55,500	-
Intergovernmental payable	6,207	-	2,650	34
Pension and postemployment obligation payable.	27,513	-	6,050	-
Due to other funds	-	-	-	-
Total liabilities.	<u>229,324</u>	<u>-</u>	<u>112,117</u>	<u>91</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	3,698	-	-	-
Restricted.	905,335	77,922	-	342,778
Unassigned (deficit)	-	-	(101,028)	-
Total fund balances (deficit)	<u>909,033</u>	<u>77,922</u>	<u>(101,028)</u>	<u>342,778</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,138,357</u>	<u>\$ 77,922</u>	<u>\$ 11,089</u>	<u>\$ 342,869</u>

Auxiliary Services	Public School Preschool	Data Communications	Alternative	Other State Funds	Adult Basic Education
\$ 135,870	\$ -	\$ 9,820	\$ -	\$ 17,522	\$ 15,064
-	35,877	-	13,892	25,000	72,577
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 135,870</u>	<u>\$ 35,877</u>	<u>\$ 9,820</u>	<u>\$ 13,892</u>	<u>\$ 42,522</u>	<u>\$ 87,641</u>
\$ 8,008	\$ -	\$ -	\$ -	\$ -	\$ 287
98,454	11,609	-	-	-	30,653
-	-	-	-	-	-
-	-	-	-	-	30,500
3,274	569	20,000	-	-	996
11,566	1,196	-	-	-	3,571
-	35,877	-	990	-	-
<u>121,302</u>	<u>49,251</u>	<u>20,000</u>	<u>990</u>	<u>-</u>	<u>66,007</u>
-	-	-	10,627	25,000	44,854
-	-	-	10,627	25,000	44,854
-	-	-	-	-	-
14,568	-	-	2,275	17,522	-
-	(13,374)	(10,180)	-	-	(23,220)
<u>14,568</u>	<u>(13,374)</u>	<u>(10,180)</u>	<u>2,275</u>	<u>17,522</u>	<u>(23,220)</u>
<u>\$ 135,870</u>	<u>\$ 35,877</u>	<u>\$ 9,820</u>	<u>\$ 13,892</u>	<u>\$ 42,522</u>	<u>\$ 87,641</u>

(Continued)

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2015

	<u>Title II</u>	<u>IDEA Part B</u>	<u>Carl D. Perkins</u>	<u>Bilingual Education</u>
Assets:				
Equity in pooled cash and investments.	\$ 51,352	\$ 893	\$ 108,691	\$ 1,577
Receivables:				
Intergovernmental.	142,196	535,481	1,358	5,186
Prepayments	18	3,400	-	2
Inventory held for resale	-	-	-	-
Total assets	<u>\$ 193,566</u>	<u>\$ 539,774</u>	<u>\$ 110,049</u>	<u>\$ 6,765</u>
Liabilities:				
Accounts payable.	\$ 9,905	\$ -	\$ -	\$ -
Accrued wages and benefits payable	4,724	188,596	-	16
Compensated absences payable	-	-	-	-
Interfund loans payable.	30,000	6,000	-	3,500
Intergovernmental payable	418	6,176	-	1
Pension and postemployment obligation payable.	616	25,050	-	4
Due to other funds	-	-	-	-
Total liabilities.	<u>45,663</u>	<u>225,822</u>	<u>-</u>	<u>3,521</u>
Deferred inflows of resources:				
Intergovernmental revenue not available.	<u>109,196</u>	<u>439,874</u>	<u>1,358</u>	<u>3,272</u>
Total deferred inflows of resources	<u>109,196</u>	<u>439,874</u>	<u>1,358</u>	<u>3,272</u>
Fund balances:				
Nonspendable	18	3,400	-	2
Restricted.	38,689	-	108,691	-
Unassigned (deficit)	-	(129,322)	-	(30)
Total fund balances (deficit)	<u>38,707</u>	<u>(125,922)</u>	<u>108,691</u>	<u>(28)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 193,566</u>	<u>\$ 539,774</u>	<u>\$ 110,049</u>	<u>\$ 6,765</u>

Title I	Preschool Grant	Other Federal Programs	Straight A Grant	Total Nonmajor Special Revenue Funds
\$ 148,114	\$ 187	\$ 2,149	\$ -	\$ 2,007,446
896,903	7,735	-	4,816,058	6,552,263
3,825	-	-	-	10,943
-	-	-	-	50,332
<u>\$ 1,048,842</u>	<u>\$ 7,922</u>	<u>\$ 2,149</u>	<u>\$ 4,816,058</u>	<u>\$ 8,620,984</u>
\$ -	\$ -	\$ -	\$ 1,007,320	\$ 1,025,577
182,269	3,081	-	-	760,368
-	-	-	-	2,555
169,500	1,000	-	-	296,000
6,213	66	-	-	46,604
27,765	330	-	-	103,661
-	-	-	2,455,491	2,492,358
<u>385,747</u>	<u>4,477</u>	<u>-</u>	<u>3,462,811</u>	<u>4,727,123</u>
<u>683,195</u>	<u>6,922</u>	<u>-</u>	<u>1,045,079</u>	<u>2,369,377</u>
<u>683,195</u>	<u>6,922</u>	<u>-</u>	<u>1,045,079</u>	<u>2,369,377</u>
3,825	-	-	-	10,943
-	-	2,149	308,168	1,818,097
(23,925)	(3,477)	-	-	(304,556)
<u>(20,100)</u>	<u>(3,477)</u>	<u>2,149</u>	<u>308,168</u>	<u>1,524,484</u>
<u>\$ 1,048,842</u>	<u>\$ 7,922</u>	<u>\$ 2,149</u>	<u>\$ 4,816,058</u>	<u>\$ 8,620,984</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, 2015

	<u>Food Service</u>	<u>Special Trust</u>	<u>Pathfinder/ Preschool</u>	<u>Athletic</u>
Revenues:				
From local sources:				
Tuition.	\$ 5	\$ -	\$ 619,216	\$ -
Earnings on investments.	2,125	126	-	-
Charges for services.	1,423,276	-	-	1,487
Extracurricular	-	89	-	372,384
Contributions and donations.	-	4,766	4,000	7,875
Contract services.	-	-	1,000	-
Other local revenues.	25,617	4,489	42,029	-
Intergovernmental - state	31,665	-	-	-
Intergovernmental - federal.	2,060,228	-	27,838	-
Total revenues	<u>3,542,916</u>	<u>9,470</u>	<u>694,083</u>	<u>381,746</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	-	33,949	-
Special.	-	-	2,560	-
Vocational.	-	-	-	-
Adult/continuing.	-	-	-	-
Other.	-	-	-	-
Support services:				
Pupil.	-	-	206,903	-
Instructional staff	-	12,371	303,176	-
Administration.	-	-	-	-
Operations and maintenance.	19,920	500	1,326	180
Central.	-	-	788	-
Operation of non-instructional services	3,503,383	1,104	167,889	-
Extracurricular activities.	-	1,000	-	342,764
Total expenditures.	<u>3,523,303</u>	<u>14,975</u>	<u>716,591</u>	<u>342,944</u>
Excess (deficiency) of revenues over (under) expenditures	<u>19,613</u>	<u>(5,505)</u>	<u>(22,508)</u>	<u>38,802</u>
Other financing sources:				
Transfers in	-	-	-	13,500
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,500</u>
Net change in fund balances.	19,613	(5,505)	(22,508)	52,302
Fund balances (deficit) at beginning of year . . .	888,682	83,427	(78,520)	290,476
Increase in reserve for inventory	738	-	-	-
Fund balances (deficit) at end of year.	<u>\$ 909,033</u>	<u>\$ 77,922</u>	<u>\$ (101,028)</u>	<u>\$ 342,778</u>

<u>Auxiliary Services</u>	<u>Public School Preschool</u>	<u>Data Communications</u>	<u>Alternative</u>	<u>Other State Funds</u>	<u>Adult Basic Education</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,443,139	154,490	19,800	8,720	25,000	-
-	-	-	-	-	243,618
<u>1,443,139</u>	<u>154,490</u>	<u>19,800</u>	<u>8,720</u>	<u>25,000</u>	<u>243,618</u>
-	65,310	-	5,510	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	110,171
-	-	-	-	-	-
-	56,324	-	-	2,551	72,813
-	29,915	-	-	-	12,195
-	-	-	-	-	29,467
-	-	-	-	-	-
-	-	38,650	-	-	-
1,685,915	-	-	-	-	10,000
-	-	-	-	-	-
<u>1,685,915</u>	<u>151,549</u>	<u>38,650</u>	<u>5,510</u>	<u>2,551</u>	<u>234,646</u>
<u>(242,776)</u>	<u>2,941</u>	<u>(18,850)</u>	<u>3,210</u>	<u>22,449</u>	<u>8,972</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>(242,776)</u>	<u>2,941</u>	<u>(18,850)</u>	<u>3,210</u>	<u>22,449</u>	<u>8,972</u>
257,344	(16,315)	8,670	(935)	(4,927)	(32,192)
-	-	-	-	-	-
<u>\$ 14,568</u>	<u>\$ (13,374)</u>	<u>\$ (10,180)</u>	<u>\$ 2,275</u>	<u>\$ 17,522</u>	<u>\$ (23,220)</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, 2015

	<u>Race to the Top</u>	<u>Title II</u>	<u>IDEA Part B</u>	<u>Carl D. Perkins</u>
Revenues:				
From local sources:				
Tuition.	\$ -	\$ -	\$ -	\$ -
Earnings on investments.	-	-	-	-
Charges for services.	-	-	-	-
Extracurricular	-	-	-	-
Contributions and donations.	-	-	-	-
Contract services.	-	-	-	-
Other local revenues.	-	-	-	-
Intergovernmental - state	-	-	-	-
Intergovernmental - federal.	26,343	238,159	1,552,197	93,642
Total revenues	<u>26,343</u>	<u>238,159</u>	<u>1,552,197</u>	<u>93,642</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	1,771	-	-
Special.	-	-	789,531	-
Vocational.	-	-	7,938	72,925
Adult/continuing.	-	-	-	-
Other.	-	-	85,050	-
Support services:				
Pupil.	-	-	72,713	-
Instructional staff	17,306	191,580	151,190	-
Administration.	2,197	3,756	232,641	-
Operations and maintenance.	-	-	-	-
Central.	-	-	-	-
Operation of non-instructional services	-	-	98,106	-
Extracurricular activities.	-	-	-	-
Total expenditures.	<u>19,503</u>	<u>197,107</u>	<u>1,437,169</u>	<u>72,925</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,840</u>	<u>41,052</u>	<u>115,028</u>	<u>20,717</u>
Other financing sources:				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances.	6,840	41,052	115,028	20,717
Fund balances (deficit) at beginning of year . . .	(6,840)	(2,345)	(240,950)	87,974
Increase in reserve for inventory	-	-	-	-
Fund balances (deficit) at end of year.	<u>\$ -</u>	<u>\$ 38,707</u>	<u>\$ (125,922)</u>	<u>\$ 108,691</u>

Bilingual Education	Title I	Preschool Grant	Other Federal Programs	Straight A Grant	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 619,221
-	-	-	-	-	2,251
-	-	-	-	-	1,424,763
-	-	-	-	-	372,473
-	-	-	-	-	16,641
-	-	-	-	-	1,000
-	-	-	-	-	72,135
-	-	-	-	7,243,487	8,926,301
28,345	1,554,324	5,424	-	-	5,830,118
<u>28,345</u>	<u>1,554,324</u>	<u>5,424</u>	<u>-</u>	<u>7,243,487</u>	<u>17,264,903</u>
-	-	-	-	6,875,902	6,982,442
-	940,898	1,618	-	59,417	1,794,024
-	-	-	-	-	80,863
-	-	-	-	-	110,171
-	-	-	-	-	85,050
27,956	127	2,597	-	-	441,984
-	172,785	-	-	-	890,518
245	73,364	-	-	-	341,670
-	-	-	-	-	21,926
-	-	-	-	-	39,438
-	140,448	-	-	-	5,606,845
-	-	-	-	-	343,764
<u>28,201</u>	<u>1,327,622</u>	<u>4,215</u>	<u>-</u>	<u>6,935,319</u>	<u>16,738,695</u>
<u>144</u>	<u>226,702</u>	<u>1,209</u>	<u>-</u>	<u>308,168</u>	<u>526,208</u>
-	-	-	-	-	13,500
-	-	-	-	-	13,500
144	226,702	1,209	-	308,168	539,708
(172)	(246,802)	(4,686)	2,149	-	984,038
-	-	-	-	-	738
<u>\$ (28)</u>	<u>\$ (20,100)</u>	<u>\$ (3,477)</u>	<u>\$ 2,149</u>	<u>\$ 308,168</u>	<u>\$ 1,524,484</u>

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

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2015

	Permanent Improvement	Building	Replacement	Total Nonmajor Capital Projects Funds
Assets:				
Equity in pooled cash and investments.	\$ 1,051,818	\$ 136,531	\$ 18,285	\$ 1,206,634
Receivables:				
Property taxes	583,689	-	-	583,689
Total assets.	<u>\$ 1,635,507</u>	<u>\$ 136,531</u>	<u>\$ 18,285</u>	<u>\$ 1,790,323</u>
Liabilities:				
Accounts payable	\$ 107,798	\$ -	\$ -	\$ 107,798
Total liabilities.	107,798	-	-	107,798
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	530,043	-	-	530,043
Delinquent property tax revenue not available	22,134	-	-	22,134
Total deferred inflows of resources	552,177	-	-	552,177
Fund balances:				
Restricted	975,532	136,531	-	1,112,063
Committed.	-	-	18,285	18,285
Total fund balances	975,532	136,531	18,285	1,130,348
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,635,507</u>	<u>\$ 136,531</u>	<u>\$ 18,285</u>	<u>\$ 1,790,323</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Replacement</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues:				
From local sources:				
Property taxes	\$ 608,340	\$ -	\$ -	\$ 608,340
Earnings on investments	2,101	-	40	2,141
Other local revenues	1,482	-	-	1,482
Intergovernmental - state	75,813	-	-	75,813
Total revenues	<u>687,736</u>	<u>-</u>	<u>40</u>	<u>687,776</u>
Expenditures:				
Current:				
Instruction:				
Regular	21,532	-	-	21,532
Support services:				
Pupil	10,577	-	-	10,577
Fiscal	8,963	-	-	8,963
Business	-	-	2,500	2,500
Operations and maintenance	246,960	-	-	246,960
Pupil transportation	238,282	-	-	238,282
Facilities acquisition and construction	-	191,549	-	191,549
Total expenditures	<u>526,314</u>	<u>191,549</u>	<u>2,500</u>	<u>720,363</u>
Change in fund balance	161,422	(191,549)	(2,460)	(32,587)
Fund balances at beginning of year	<u>814,110</u>	<u>328,080</u>	<u>20,745</u>	<u>1,162,935</u>
Fund balances at end of year	<u>\$ 975,532</u>	<u>\$ 136,531</u>	<u>\$ 18,285</u>	<u>\$ 1,130,348</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, 2015

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	\$ 53,148,016	\$ 55,766,940	\$ 60,137,084	\$ 4,370,144
Payment in lieu of taxes.	689,523	723,500	406,797	(316,703)
Tuition.	468,560	491,650	459,678	(31,972)
Transportation fees.	42,887	45,000	42,201	(2,799)
Earnings on investments	52,417	55,000	48,059	(6,941)
Extracurricular.	68,390	71,760	45,187	(26,573)
Classroom materials and fees	4,670	4,900	2,370	(2,530)
Rental income	50,702	53,200	47,964	(5,236)
Other local revenues	508,446	533,500	433,921	(99,579)
Intergovernmental - state	24,983,842	26,214,947	27,513,170	1,298,223
Total revenues	<u>80,017,453</u>	<u>83,960,397</u>	<u>89,136,431</u>	<u>5,176,034</u>
Expenditures:				
Current:				
Salaries and wages.	51,072,088	50,478,310	50,283,671	194,639
Fringe benefits.	22,727,340	23,228,383	23,135,109	93,274
Purchased services.	9,242,595	9,117,690	9,117,685	5
Supplies and materials	2,353,872	2,579,392	2,541,406	37,986
Other expenditures.	1,133,083	1,288,210	1,220,742	67,468
Capital outlay	564,450	948,048	944,336	3,712
Debt service:				
Principal	135,000	135,000	135,000	-
Interest and fiscal charges.	67,181	67,181	67,181	-
Total expenditures	<u>87,295,609</u>	<u>87,842,214</u>	<u>87,445,130</u>	<u>397,084</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(7,278,156)</u>	<u>(3,881,817)</u>	<u>1,691,301</u>	<u>5,573,118</u>
Other financing sources (uses):				
Refund of prior year's expenditures	117,420	123,206	369,347	246,141
Transfers (out).	(29,000)	(79,000)	(13,500)	65,500
Advances in.	-	-	40,000	40,000
Advances (out)	-	-	(296,000)	(296,000)
Total other financing sources (uses)	<u>88,420</u>	<u>44,206</u>	<u>99,847</u>	<u>55,641</u>
Net change in fund balance	(7,189,736)	(3,837,611)	1,791,148	5,628,759
Fund balance at beginning of year	13,268,329	13,268,329	13,268,329	-
Prior year encumbrances appropriated	956,245	956,245	956,245	-
Fund balance at end of year	<u>\$ 7,034,838</u>	<u>\$ 10,386,963</u>	<u>\$ 16,015,722</u>	<u>\$ 5,628,759</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, 2015

BOND RETIREMENT FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 7,521,535	\$ 7,521,535	\$ -
Total expenditures and other financing uses.	<u>7,645,749</u>	<u>7,624,288</u>	<u>21,461</u>
Net change in fund balance	(124,214)	(102,753)	21,461
Fund balance at beginning of year.	3,236,594	3,236,594	-
Fund balance at end of year	<u>\$ 3,112,380</u>	<u>\$ 3,133,841</u>	<u>\$ 21,461</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, 2015

FOOD SERVICE FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 2,000,000	\$ 3,036,441	\$ 1,036,441
Total expenditures and other financing uses.	<u>3,077,887</u>	<u>3,068,861</u>	<u>9,026</u>
Net change in fund balance	(1,077,887)	(32,420)	1,045,467
Fund balance at beginning of year.	1,075,384	1,075,384	-
Prior year encumbrances appropriated.	<u>9,956</u>	<u>9,956</u>	<u>-</u>
Fund balance at end of year	<u>\$ 7,453</u>	<u>\$ 1,052,920</u>	<u>\$ 1,045,467</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, 2015

SPECIAL TRUST FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 10,000	\$ 10,069	\$ 69
Total expenditures and other financing uses.	<u>24,994</u>	<u>14,975</u>	<u>10,019</u>
Net change in fund balance	(14,994)	(4,906)	10,088
Fund balance at beginning of year.	82,828	82,828	-
Fund balance at end of year	<u>\$ 67,834</u>	<u>\$ 77,922</u>	<u>\$ 10,088</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, 2015

PATHFINDER/PRESCHOOL FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 740,050	\$ 749,583	\$ 9,533
Total expenditures and other financing uses.	<u>720,069</u>	<u>756,584</u>	<u>(36,515)</u>
Net change in fund balance	19,981	(7,001)	(26,982)
Fund balance at beginning of year.	14,311	14,311	-
Prior year encumbrances appropriated.	<u>3,667</u>	<u>3,667</u>	<u>-</u>
Fund balance at end of year	<u>\$ 37,959</u>	<u>\$ 10,977</u>	<u>\$ (26,982)</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, 2015

ATHLETIC FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 397,000	\$ 395,246	\$ (1,754)
Total expenditures and other financing uses.	500,000	363,021	136,979
Net change in fund balance	(103,000)	32,225	135,225
Fund balance at beginning of year.	291,705	291,705	-
Prior year encumbrances appropriated.	9,100	9,100	-
Fund balance at end of year	\$ 197,805	\$ 333,030	\$ 135,225

**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, 2015

AUXILIARY SERVICES FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 1,443,139	\$ 1,443,139	\$ -
Total expenditures and other financing uses.	<u>1,863,281</u>	<u>1,812,483</u>	<u>50,798</u>
Net change in fund balance	(420,142)	(369,344)	50,798
Fund balance at beginning of year.	318,235	318,235	-
Prior year encumbrances appropriated.	<u>128,584</u>	<u>128,584</u>	<u>-</u>
Fund balance at end of year	<u>\$ 26,677</u>	<u>\$ 77,475</u>	<u>\$ 50,798</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, 2015

PUBLIC SCHOOL PRESCHOOL FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 225,829	\$ 189,952	\$ (35,877)
Total expenditures and other financing uses.	<u>154,490</u>	<u>154,490</u>	<u>-</u>
Net change in fund balance	71,339	35,462	(35,877)
Fund balance (deficit) at beginning of year.	<u>(71,339)</u>	<u>(71,339)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ -</u>	<u>\$ (35,877)</u>	<u>\$ (35,877)</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, 2015

DATA COMMUNICATIONS FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 19,800	\$ 19,800	\$ -
Total expenditures and other financing uses.	<u>28,469</u>	<u>18,650</u>	<u>9,819</u>
Net change in fund balance	(8,669)	1,150	9,819
Fund balance at beginning of year.	470	470	-
Prior year encumbrances appropriated.	<u>8,200</u>	<u>8,200</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1</u>	<u>\$ 9,820</u>	<u>\$ 9,819</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, 2015

ALTERNATIVE FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 24,891	\$ 11,922	\$ (12,969)
Total expenditures and other financing uses.	<u>17,000</u>	<u>15,931</u>	<u>1,069</u>
Net change in fund balance	7,891	(4,009)	(11,900)
Fund balance (deficit) at beginning of year.	(7,479)	(7,479)	-
Prior year encumbrances appropriated.	<u>1,013</u>	<u>1,013</u>	<u>-</u>
Fund balance (deficit) at end of year.	<u><u>\$ 1,425</u></u>	<u><u>\$ (10,475)</u></u>	<u><u>\$ (11,900)</u></u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

OTHER STATE FUNDS FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 32,478	\$ 25,000	\$ (7,478)
Total expenditures and other financing uses.	<u>50,000</u>	<u>25,000</u>	<u>25,000</u>
Net change in fund balance	(17,522)	-	17,522
Fund balance at beginning of year.	17,522	17,522	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 17,522</u>	<u>\$ 17,522</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

ADULT BASIC EDUCATION FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 288,722	\$ 332,776	\$ 44,054
Total expenditures and other financing uses.	<u>250,000</u>	<u>245,768</u>	<u>4,232</u>
Net change in fund balance	38,722	87,008	48,286
Fund balance (deficit) at beginning of year.	(92,555)	(92,555)	-
Prior year encumbrances appropriated.	6,174	6,174	-
Fund balance (deficit) at end of year.	<u>\$ (47,659)</u>	<u>\$ 627</u>	<u>\$ 48,286</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, 2015

RACE TO THE TOP FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 147,226	\$ 147,226	\$ -
Total expenditures and other financing uses.	<u>26,343</u>	<u>26,343</u>	<u>-</u>
Net change in fund balance	120,883	120,883	-
Fund balance (deficit) at beginning of year.	<u>(120,883)</u>	<u>(120,883)</u>	<u>-</u>
Fund balance at end of year.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

TITLE II FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 430,871	\$ 317,525	\$ (113,346)
Total expenditures and other financing uses.	<u>347,356</u>	<u>234,978</u>	<u>112,378</u>
Net change in fund balance	83,515	82,547	(968)
Fund balance (deficit) at beginning of year.	(129,754)	(129,754)	-
Prior year encumbrances appropriated.	47,388	47,388	-
Fund balance at end of year.	<u>\$ 1,149</u>	<u>\$ 181</u>	<u>\$ (968)</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, 2015

IDEA PART B FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 2,156,084	\$ 1,601,602	\$ (554,482)
Total expenditures and other financing uses.	<u>2,017,072</u>	<u>1,462,287</u>	<u>554,785</u>
Net change in fund balance	139,012	139,315	303
Fund balance (deficit) at beginning of year	(148,086)	(148,086)	-
Prior year encumbrances appropriated.	<u>9,074</u>	<u>9,074</u>	<u>-</u>
Fund balance at end of year.	<u>\$ -</u>	<u>\$ 303</u>	<u>\$ 303</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

CARL D. PERKINS FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 95,000	\$ 93,642	\$ (1,358)
Total expenditures and other financing uses.	132,328	93,619	38,709
Net change in fund balance	(37,328)	23	37,351
Fund balance at beginning of year.	81,839	81,839	-
Prior year encumbrances appropriated.	17,173	17,173	-
Fund balance at end of year	\$ 61,684	\$ 99,035	\$ 37,351

**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, 2015

BILINGUAL EDUCATION FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 47,312	\$ 45,626	\$ (1,686)
Total expenditures and other financing uses.	<u>31,616</u>	<u>29,753</u>	<u>1,863</u>
Net change in fund balance	15,696	15,873	177
Fund balance (deficit) at beginning of year.	(16,416)	(16,416)	-
Prior year encumbrances appropriated.	<u>720</u>	<u>720</u>	<u>-</u>
Fund balance at end of year.	<u>\$ -</u>	<u>\$ 177</u>	<u>\$ 177</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, 2015

TITLE I FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 2,392,301	\$ 1,664,899	\$ (727,402)
Total expenditures and other financing uses.	2,237,518	1,509,713	727,805
Net change in fund balance	154,783	155,186	403
Fund balance (deficit) at beginning of year	(303,663)	(303,663)	-
Prior year encumbrances appropriated.	148,880	148,880	-
Fund balance at end of year.	\$ -	\$ 403	\$ 403

**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, 2015

PRESCHOOL GRANT FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 13,649	\$ 6,914	\$ (6,735)
Total expenditures and other financing uses.	<u>12,346</u>	<u>5,424</u>	<u>6,922</u>
Net change in fund balance	1,303	1,490	187
Fund balance (deficit) at beginning of year.	<u>(1,303)</u>	<u>(1,303)</u>	<u>-</u>
Fund balance at end of year.	<u>\$ -</u>	<u>\$ 187</u>	<u>\$ 187</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, 2015

OTHER FEDERAL PROGRAMS FUND

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

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

STRAIGHT A GRANT

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 8,288,566	\$ 3,472,508	\$ (4,816,058)
Total expenditures and other financing uses.	8,288,566	8,573,724	(285,158)
Net change in fund balance	-	(5,101,216)	(5,101,216)
Fund balance at beginning of year.	-	-	-
Fund balance (deficit) at end of year	\$ -	\$ (5,101,216)	\$ (5,101,216)

**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, 2015

UNIFORM SCHOOL SUPPLIES FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 165,940	\$ 165,925	\$ (15)
Total expenditures and other financing uses.	<u>167,185</u>	<u>116,051</u>	<u>51,134</u>
Net change in fund balance	(1,245)	49,874	51,119
Fund balance at beginning of year.	86,675	86,675	-
Prior year encumbrances appropriated.	<u>3,685</u>	<u>3,685</u>	<u>-</u>
Fund balance at end of year	<u>\$ 89,115</u>	<u>\$ 140,234</u>	<u>\$ 51,119</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, 2015

ROTARY SPECIAL SERVICES FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 29,000	\$ 20,775	\$ (8,225)
Total expenditures and other financing uses.	40,720	19,342	21,378
Net change in fund balance	(11,720)	1,433	13,153
Fund balance at beginning of year.	11,908	11,908	-
Fund balance at end of year	\$ 188	\$ 13,341	\$ 13,153

**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, 2015

PUBLIC SCHOOL SUPPORT FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 306,000	\$ 301,142	\$ (4,858)
Total expenditures and other financing uses.	<u>525,073</u>	<u>273,995</u>	<u>251,078</u>
Net change in fund balance	(219,073)	27,147	246,220
Fund balance at beginning of year.	260,341	260,341	-
Prior year encumbrances appropriated.	<u>19,812</u>	<u>19,812</u>	<u>-</u>
Fund balance at end of year	<u>\$ 61,080</u>	<u>\$ 307,300</u>	<u>\$ 246,220</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, 2015

SPECIAL ENTERPRISE FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 505,000	\$ 505,933	\$ 933
Total expenditures and other financing uses.	<u>494,175</u>	<u>420,804</u>	<u>73,371</u>
Net change in fund balance	10,825	85,129	74,304
Fund balance at beginning of year.	59,728	59,728	-
Prior year encumbrances appropriated.	<u>4,447</u>	<u>4,447</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 75,000</u></u>	<u><u>\$ 149,304</u></u>	<u><u>\$ 74,304</u></u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

PERMANENT IMPROVEMENT FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 679,460	\$ 679,522	\$ 62
Total expenditures and other financing uses.	<u>1,131,759</u>	<u>981,841</u>	<u>149,918</u>
Net change in fund balance	(452,299)	(302,319)	149,980
Fund balance at beginning of year.	675,508	675,508	-
Prior year encumbrances appropriated	<u>161,759</u>	<u>161,759</u>	<u>-</u>
Fund balance at end of year	<u>\$ 384,968</u>	<u>\$ 534,948</u>	<u>\$ 149,980</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

BUILDING FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 122,709	\$ 122,709	\$ -
Total expenditures and other financing uses.	<u>455,458</u>	<u>449,098</u>	<u>6,360</u>
Net change in fund balance	(332,749)	(326,389)	6,360
Fund balance at beginning of year.	31,522	31,522	-
Prior year encumbrances appropriated	<u>423,958</u>	<u>423,958</u>	<u>-</u>
Fund balance at end of year	<u>\$ 122,731</u>	<u>\$ 129,091</u>	<u>\$ 6,360</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

REPLACEMENT FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 40	\$ 40	\$ -
Total expenditures and other financing uses.	<u>15,000</u>	<u>2,500</u>	<u>12,500</u>
Net change in fund balance	(14,960)	(2,460)	12,500
Fund balance at beginning of year.	<u>20,745</u>	<u>20,745</u>	<u>-</u>
Fund balance at end of year	<u>\$ 5,785</u>	<u>\$ 18,285</u>	<u>\$ 12,500</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR PERMANENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

PERMANENT FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 6	\$ 7	\$ 1
Total expenditures and other financing uses.	1,000	180	820
Net change in fund balance	(994)	(173)	821
Fund balance at beginning of year.	13,695	13,695	-
Fund balance at end of year	<u>\$ 12,701</u>	<u>\$ 13,522</u>	<u>\$ 821</u>

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

FUND DESCRIPTIONS - INTERNAL SERVICE FUNDS

Internal Service Funds

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

Dental Insurance Fund

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

Health Insurance Fund

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

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

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2015

	Dental Insurance	Health Insurance	Total Internal Service Funds
Assets:			
Equity in pooled cash and investments.	\$ 693,276	\$ 4,809,557	\$ 5,502,833
Total assets.	<u>693,276</u>	<u>4,809,557</u>	<u>5,502,833</u>
Liabilities:			
Claims payable.	<u>98,000</u>	<u>1,067,000</u>	<u>1,165,000</u>
Total liabilities.	<u>98,000</u>	<u>1,067,000</u>	<u>1,165,000</u>
Net position:			
Unrestricted	<u>595,276</u>	<u>3,742,557</u>	<u>4,337,833</u>
Total net position.	<u>\$ 595,276</u>	<u>\$ 3,742,557</u>	<u>\$ 4,337,833</u>

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

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Dental Insurance	Health Insurance	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 1,051,045	\$ 14,174,104	\$ 15,225,149
Total operating revenues	<u>1,051,045</u>	<u>14,174,104</u>	<u>15,225,149</u>
Operating expenses:			
Purchased services	32,921	1,432,174	1,465,095
Claims expense	<u>1,061,647</u>	<u>10,504,763</u>	<u>11,566,410</u>
Total operating expenses	<u>1,094,568</u>	<u>11,936,937</u>	<u>13,031,505</u>
Operating income (loss)	<u>(43,523)</u>	<u>2,237,167</u>	<u>2,193,644</u>
Nonoperating revenues:			
Interest revenue	<u>167</u>	-	<u>167</u>
Total nonoperating revenues	<u>167</u>	-	<u>167</u>
Change in net position	(43,356)	2,237,167	2,193,811
Net position at beginning of year	<u>638,632</u>	<u>1,505,390</u>	<u>2,144,022</u>
Net position at end of year	<u>\$ 595,276</u>	<u>\$ 3,742,557</u>	<u>\$ 4,337,833</u>

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

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Dental Insurance	Health Insurance	Total Internal Service Funds
Cash flows from operating activities:			
Cash received from charges for services.	\$ 1,051,045	\$ 14,176,617	\$ 15,227,662
Cash payments for purchased services.	(32,921)	(1,432,174)	(1,465,095)
Cash payments for claims	(1,041,647)	(10,570,763)	(11,612,410)
Net cash provided by operating activities	(23,523)	2,173,680	2,150,157
Cash flows from investing activities:			
Interest received	167	-	167
Net cash provided by investing activities	167	-	167
Net increase in cash and investments	(23,356)	2,173,680	2,150,324
Cash and investments at beginning of year . . .	716,632	2,635,877	3,352,509
Cash and investments at end of year	\$ 693,276	\$ 4,809,557	\$ 5,502,833
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss).	\$ (43,523)	\$ 2,237,167	\$ 2,193,644
Changes in assets and liabilities:			
Decrease in accounts receivable	-	2,513	2,513
Increase (decrease) in claims payable.	20,000	(66,000)	(46,000)
Net cash provided by operating activities	\$ (23,523)	\$ 2,173,680	\$ 2,150,157

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
INTERNAL SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

HEALTH INSURANCE FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues.	\$ 14,300,000	\$ 14,176,617	\$ (123,383)
Total expenditures.	<u>12,766,864</u>	<u>12,002,937</u>	<u>763,927</u>
Net change in fund balance	1,533,136	2,173,680	640,544
Fund balance at beginning of year.	<u>2,635,877</u>	<u>2,635,877</u>	-
Fund balance at end of year	<u>\$ 4,169,013</u>	<u>\$ 4,809,557</u>	<u>\$ 640,544</u>

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

FUND DESCRIPTIONS - FIDUCIARY FUNDS

Fiduciary Funds

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

Agency Funds

Student Managed Activity Fund

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

Rotary Fund

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

Employee Benefits Fund

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

District Agency Fund

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

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

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Beginning Balance July 1, 2014	Additions	Deletions	Ending Balance June 30, 2015
<u>Student Managed Activity Fund</u>				
Assets:				
Equity in pooled cash and investments.	\$ 75,342	\$ 140,255	\$ 148,431	\$ 67,166
Total assets	<u>\$ 75,342</u>	<u>\$ 140,255</u>	<u>\$ 148,431</u>	<u>\$ 67,166</u>
Liabilities:				
Accounts payable	\$ 5,520	\$ -	\$ 5,520	\$ -
Due to students	69,822	140,255	142,911	67,166
Total liabilities	<u>\$ 75,342</u>	<u>\$ 140,255</u>	<u>\$ 148,431</u>	<u>\$ 67,166</u>
<u>Rotary Fund</u>				
Assets:				
Equity in pooled cash and investments.	\$ 651	\$ 14,967	\$ 14,916	\$ 702
Total assets	<u>\$ 651</u>	<u>\$ 14,967</u>	<u>\$ 14,916</u>	<u>\$ 702</u>
Liabilities:				
Due to others	\$ 651	\$ 14,967	\$ 14,916	\$ 702
Total liabilities	<u>\$ 651</u>	<u>\$ 14,967</u>	<u>\$ 14,916</u>	<u>\$ 702</u>
<u>Employee Benefits Fund</u>				
Assets:				
Equity in pooled cash and investments.	\$ 171,263	\$ 82,271	\$ 80,466	\$ 173,068
Total assets	<u>\$ 171,263</u>	<u>\$ 82,271</u>	<u>\$ 80,466</u>	<u>\$ 173,068</u>
Liabilities:				
Claims payable	\$ 19,450	\$ 20,116	\$ 19,450	\$ 20,116
Due to others	151,813	62,155	61,016	152,952
Total liabilities	<u>\$ 171,263</u>	<u>\$ 82,271</u>	<u>\$ 80,466</u>	<u>\$ 173,068</u>

(Continued)

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

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015 (CONTINUED)

	Beginning Balance July 1, 2014	Additions	Deletions	Ending Balance June 30, 2015
<u>District Agency Fund</u>				
Assets:				
Equity in pooled cash and investments.	\$ -	\$ 109,525	\$ 109,525	\$ -
Total assets	<u>\$ -</u>	<u>\$ 109,525</u>	<u>\$ 109,525</u>	<u>\$ -</u>
Liabilities:				
Due to students	\$ -	\$ 109,525	\$ 109,525	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ 109,525</u>	<u>\$ 109,525</u>	<u>\$ -</u>
<u>Total Agency Funds</u>				
Assets:				
Equity in pooled cash and investments.	\$ 247,256	\$ 347,018	\$ 353,338	\$ 240,936
Total assets	<u>\$ 247,256</u>	<u>\$ 347,018</u>	<u>\$ 353,338</u>	<u>\$ 240,936</u>
Liabilities:				
Accounts payable	\$ 5,520	\$ -	\$ 5,520	\$ -
Due to students	69,822	249,780	252,436	67,166
Due to others	152,464	77,122	75,932	153,654
Claims payable	19,450	20,116	19,450	20,116
Total liabilities	<u>\$ 247,256</u>	<u>\$ 347,018</u>	<u>\$ 353,338</u>	<u>\$ 240,936</u>

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

Statistical Section

KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO



April King - 12th Grade

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

STATISTICAL SECTION

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

<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.	136-149
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	150-157
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.	158-165
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.	166-169
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.	170-183

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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities				
Net investment in capital assets	\$ 10,572,943	\$ 11,380,187	\$ 14,042,346	\$ 14,593,555
Restricted for:				
Capital projects	755,941	645,202	621,820	316,338
Debt service	2,649,523	4,356,490	2,524,780	2,058,605
Permanent	14,133	14,866	15,468	15,672
Locally funded programs	-	-	-	-
State funded programs	-	-	-	-
Federally funded programs	-	-	-	-
Student activities	-	-	-	-
Other purposes	936,280	589,735	444,932	492,031
Unrestricted (deficit)	6,700,355	4,671,211	4,329,914	6,014,488
Total governmental activities net position	<u>\$ 21,629,175</u>	<u>\$ 21,657,691</u>	<u>\$ 21,979,260</u>	<u>\$ 23,490,689</u>

Source: District financial records.

(1) Amounts have been restated to reflect implementation of GASB Statement No. 68 and 71 which was implemented in 2015.

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014 (1)</u>	<u>2015</u>
\$ 16,447,133	\$ 18,472,838	\$ 19,433,829	\$ 21,078,401	\$ 23,611,501	\$ 26,144,415
407,428	575,916	700,616	742,890	834,883	1,134,197
1,873,907	3,014,264	3,224,803	2,880,116	2,696,993	2,998,825
15,140	15,156	14,577	14,017	13,695	13,522
-	-	-	20,312	-	-
-	-	-	30,354	260,053	1,408,671
-	-	-	1,075,191	197,904	1,124,813
-	-	-	209,881	290,476	339,644
878,676	574,799	725,954	747,872	839,948	851,755
2,157,873	4,720,582	5,461,309	(280,522)	(128,483,988)	(118,893,609)
<u>\$ 21,780,157</u>	<u>\$ 27,373,555</u>	<u>\$ 29,561,088</u>	<u>\$ 26,518,512</u>	<u>\$ (99,738,535)</u>	<u>\$ (84,877,767)</u>

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Expenses				
Governmental activities:				
Instruction:				
Regular	\$ 30,026,305	\$ 33,962,450	\$ 33,619,843	\$ 35,494,431
Special	7,592,499	7,999,070	7,840,416	8,267,476
Vocational	1,989,974	2,047,759	2,091,488	2,206,443
Adult/continuing	28,453	34,254	37,255	41,716
Other instructional	3,546,792	4,373,656	4,253,666	2,706,076
Support services:				
Pupil	6,183,114	6,663,259	6,520,008	7,662,489
Instructional staff	4,473,685	4,749,251	4,766,122	4,710,916
Board of education	58,880	66,612	68,541	73,370
Administration	6,280,987	6,822,367	6,889,537	6,918,465
Fiscal	1,723,088	1,796,626	1,899,405	1,894,159
Business	519,187	595,008	612,826	574,690
Operations and maintenance	7,491,277	7,812,668	8,595,610	8,463,308
Pupil transportation	2,731,380	3,077,737	3,421,844	3,319,938
Central	1,090,013	1,733,260	1,723,029	1,772,667
Operation of non-instructional services	4,051,744	4,797,572	4,774,211	4,724,183
Extracurricular activities	1,457,996	1,733,777	1,862,353	2,000,014
Debt service:				
Interest and fiscal charges	5,098,030	3,929,935	4,644,799	4,423,719
Total governmental activities expenses	<u>\$ 84,343,404</u>	<u>\$ 92,195,261</u>	<u>\$ 93,620,953</u>	<u>\$ 95,254,060</u>

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 36,080,724	\$ 35,764,848	\$ 34,695,073	\$ 35,679,782	\$ 36,363,264	\$ 41,231,524
9,075,308	9,096,792	9,646,917	9,745,956	12,931,044	12,022,267
2,726,098	2,695,255	2,711,654	2,765,023	2,630,263	2,390,795
80,190	87,962	55,404	91,829	92,941	105,455
2,333,372	2,273,126	3,462,802	3,982,459	4,515,328	4,602,409
8,570,082	7,761,518	7,599,142	7,444,865	7,399,986	7,191,640
5,617,159	5,749,533	6,118,959	6,052,370	3,465,511	3,883,487
67,166	62,685	66,586	53,648	78,949	40,157
5,676,841	5,250,963	5,870,320	5,533,408	5,684,412	5,521,070
1,570,448	1,785,522	1,753,709	1,740,590	1,962,857	2,131,832
617,931	591,628	657,346	489,754	550,804	504,545
8,764,444	8,877,007	8,338,608	8,183,719	8,006,649	8,038,558
3,531,497	3,531,175	3,751,327	3,803,988	3,860,361	3,762,241
1,895,046	1,927,323	1,830,592	1,800,269	877,877	940,385
4,730,528	5,473,549	5,316,205	5,781,286	5,337,227	6,036,568
1,841,347	1,776,337	1,574,598	1,522,424	1,478,447	1,482,241
4,321,249	4,211,670	4,041,701	4,139,486	3,874,893	3,685,941
<u>\$ 97,499,430</u>	<u>\$ 96,916,893</u>	<u>\$ 97,490,943</u>	<u>\$ 98,810,856</u>	<u>\$ 99,110,813</u>	<u>\$ 103,571,115</u>

(Continued)

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

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

Program revenues	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities:				
Charges for services and sales:				
Instruction:				
Regular	\$ 334,109	\$ 571,307	\$ 678,013	\$ 477,910
Special	237,299	155,477	104,445	74,964
Vocational	-	-	-	-
Adult/continuing	35,460	16,750	28,008	30,352
Support services:				
Pupil	-	-	-	-
Instructional staff	400,010	401,284	674,654	513,678
Administration	30,252	49,277	46,140	51,507
Business	-	-	-	-
Operations and maintenance	-	-	-	-
Pupil transportation	-	-	-	-
Central	-	-	-	-
Operation of non-instructional services	1,759,386	1,831,394	1,792,888	1,767,093
Extracurricular activities	475,612	666,435	509,738	488,330
Operating grants and contributions:				
Instruction:				
Regular	376,258	329,286	296,781	226,969
Special	2,876,339	2,582,847	2,497,407	2,912,482
Vocational	316,934	283,366	294,615	353,015
Adult/continuing	87,705	39,579	31,823	43,281
Other instructional	-	-	-	-
Support services:				
Pupil	318,981	259,281	601,674	788,766
Instructional staff	43,221	285,300	479,462	568,709
Board of education	-	-	-	-
Administration	115,721	204,007	254,747	246,945
Operations and maintenance	-	-	-	20,437
Pupil transportation	135,676	181,267	1,070,470	1,323,273
Central	61,562	61,234	69,871	72,533
Operation of non-instructional services	2,475,296	2,550,820	2,794,445	2,807,184
Extracurricular activities	-	-	-	-
Capital grants and contributions:				
Instruction:				
Regular	-	-	-	-
Support services:				
Operations and maintenance	80,770	111,299	107,095	72,312
Central	-	-	50,923	-
Total governmental program revenues	<u>10,160,591</u>	<u>10,580,210</u>	<u>12,383,199</u>	<u>12,839,740</u>
Net (expense)/revenue				
Governmental activities	(74,182,813)	(81,615,051)	(81,237,754)	(82,414,320)
Total primary government net expense	<u>\$ (74,182,813)</u>	<u>\$ (81,615,051)</u>	<u>\$ (81,237,754)</u>	<u>\$ (82,414,320)</u>

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$	552,513	\$ 491,487	\$ 766,581	\$ 963,092	\$ 833,159	\$ 484,616
	34,700	-	226,565	174,734	160,630	163,978
	-	169,574	59,929	50,520	91,964	86,416
	42,500	-	-	-	-	-
	119,368	446,810	124,352	257,003	291,301	360,981
	471,644	255,312	155,842	182,229	179,752	263,346
	-	-	-	29,939	13,579	17,527
	-	-	-	-	-	1,148
	-	-	-	151,458	55,884	47,428
	-	36,955	45,698	42,356	42,201	45,477
	-	-	804	2,180	2,585	682
	1,687,589	2,040,451	2,101,177	1,977,126	1,951,446	2,070,894
	700,425	662,649	691,845	456,719	430,862	433,890
	7,473,371	8,377,327	370,134	130,978	185,977	7,754,536
	3,346,402	3,086,493	3,445,819	3,258,348	4,007,433	4,550,043
	286,128	293,519	294,535	303,589	423,911	444,481
	98,527	97,720	56,783	83,735	96,774	121,631
	-	-	-	88,603	82,781	101,664
	1,055,244	534,663	588,001	409,911	285,134	333,734
	850,810	963,601	830,284	963,951	295,220	808,276
	-	-	-	41	2,400	-
	579,451	635,090	294,143	289,339	297,761	424,293
	598,523	684,787	41,188	16,703	23	222
	898,521	1,269,191	30,503	253,873	270,393	270,705
	162,603	222,777	33,267	218,948	18,804	19,835
	3,081,388	1,696,423	3,258,352	3,191,496	3,398,721	3,869,754
	-	-	2,325	7,185	2,148	8,252
	-	-	-	-	-	562,204
	83,724	-	-	-	-	-
	-	-	-	-	-	-
	<u>22,123,431</u>	<u>21,964,829</u>	<u>13,418,127</u>	<u>13,504,056</u>	<u>13,420,843</u>	<u>23,246,013</u>
	<u>(75,375,999)</u>	<u>(74,952,064)</u>	<u>(84,072,816)</u>	<u>(85,306,800)</u>	<u>(85,689,970)</u>	<u>(80,325,102)</u>
\$	<u>(75,375,999)</u>	<u>(74,952,064)</u>	<u>(84,072,816)</u>	<u>(85,306,800)</u>	<u>(85,689,970)</u>	<u>(80,325,102)</u>

(Continued)

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General revenues and other changes in net position				
Governmental activities:				
Property taxes	\$ 57,412,021	\$ 60,149,130	\$ 58,323,623	\$ 57,874,816
Payment in lieu of taxes	-	-	-	-
Grants and entitlements not restricted to specific programs	16,595,607	18,921,497	21,120,885	24,253,458
Investment earnings	1,100,764	1,670,128	1,215,189	654,210
Net increase/(decrease) in fair market value of investments	-	-	-	-
Miscellaneous	1,308,188	902,832	899,626	1,143,265
Total governmental activities	<u>76,416,580</u>	<u>81,643,587</u>	<u>81,559,323</u>	<u>83,925,749</u>
Change in net position				
Governmental activities	<u>\$ 2,233,767</u>	<u>\$ 28,536</u>	<u>\$ 321,569</u>	<u>\$ 1,511,429</u>

Source: District financial records.

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 53,552,069	\$ 61,540,434	\$ 61,048,275	\$ 57,281,151	\$ 65,014,848	\$ 68,245,757
-	-	151,425	582,655	633,323	406,797
18,883,431	18,477,287	25,145,742	23,933,755	24,145,012	26,015,342
184,639	73,241	95,301	91,520	162,671	68,161
-	-	21,193	(140,157)	-	-
1,045,328	454,500	532,700	515,300	461,224	449,813
<u>73,665,467</u>	<u>80,545,462</u>	<u>86,994,636</u>	<u>82,264,224</u>	<u>90,417,078</u>	<u>95,185,870</u>
<u>\$ (1,710,532)</u>	<u>\$ 5,593,398</u>	<u>\$ 2,921,820</u>	<u>\$ (3,042,576)</u>	<u>\$ 4,727,108</u>	<u>\$ 14,860,768</u>

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General fund:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	3,617,142	3,604,839	4,124,451	3,963,090
Unreserved (deficit)	<u>5,953,358</u>	<u>5,757,962</u>	<u>4,261,563</u>	<u>5,797,826</u>
Total general fund	<u>9,570,500</u>	<u>9,362,801</u>	<u>8,386,014</u>	<u>9,760,916</u>
All other governmental funds:				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned (deficit)	-	-	-	-
Reserved	4,114,077	1,524,602	1,104,400	677,325
Unreserved (deficit), reported in:				
Special revenue funds	1,401,577	1,131,065	1,233,206	1,070,848
Debt service funds	-	4,035,349	2,914,350	2,309,582
Capital projects funds	1,295,510	134,847	176,958	253,203
Permanent fund	<u>1,312</u>	<u>2,065</u>	<u>2,667</u>	<u>2,871</u>
Total all other governmental funds	<u>6,812,476</u>	<u>6,827,928</u>	<u>5,431,581</u>	<u>4,313,829</u>
Total governmental funds	<u>\$ 16,382,976</u>	<u>\$ 16,190,729</u>	<u>\$ 13,817,595</u>	<u>\$ 14,074,745</u>

Source: District financial records.

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

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ -	\$ 254,318	\$ 111,440	\$ 221,889	\$ 241,196	\$ 253,919
-	655,959	755,801	2,641,974	5,325,510	8,280,756
-	5,245,949	6,233,898	-	-	997,964
1,706,751	-	-	-	-	-
1,957,847	-	-	-	-	-
<u>3,664,598</u>	<u>6,156,226</u>	<u>7,101,139</u>	<u>2,863,863</u>	<u>5,566,706</u>	<u>9,532,639</u>
-	65,747	60,665	69,292	75,208	23,744
-	5,432,381	5,996,748	5,422,499	6,211,091	6,411,211
-	-	-	20,682	20,745	18,285
-	(403,080)	(534,876)	(432,084)	(644,271)	(304,556)
688,912	-	-	-	-	-
1,346,377	-	-	-	-	-
2,236,522	-	-	-	-	-
352,429	-	-	-	-	-
2,339	-	-	-	-	-
<u>4,626,579</u>	<u>5,095,048</u>	<u>5,522,537</u>	<u>5,080,389</u>	<u>5,662,773</u>	<u>6,148,684</u>
<u>\$ 8,291,177</u>	<u>\$ 11,251,274</u>	<u>\$ 12,623,676</u>	<u>\$ 7,944,252</u>	<u>\$ 11,229,479</u>	<u>\$ 15,681,323</u>

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues				
From local sources:				
Property taxes	\$ 57,446,028	\$ 61,267,771	\$ 57,556,743	\$ 57,658,781
Payment in lieu of taxes	-	-	-	-
Tuition	183,559	609,365	613,261	693,321
Transportation fees	237,299	157,477	104,445	74,964
Earnings on investments	1,186,344	1,653,214	1,205,909	680,404
Net increase/(decrease) in fair market value of investments	-	-	-	-
Charges for services	1,750,980	1,827,929	1,792,888	1,767,093
Extracurricular	720,352	892,333	735,312	701,920
Classroom materials and fees	247,234	260,652	251,374	205,572
Rental income	-	-	-	-
Contributions and donations	-	-	-	-
Contract services	-	-	-	-
Other local revenues	1,440,892	847,000	1,236,232	1,104,229
Intergovernmental	23,493,753	25,771,927	29,622,757	33,117,698
Total revenues	<u>86,706,441</u>	<u>93,287,668</u>	<u>93,118,921</u>	<u>96,003,982</u>
Expenditures				
Current:				
Instruction:				
Regular	31,367,491	32,288,016	32,454,270	33,672,384
Special	7,449,037	7,842,597	7,775,400	8,147,614
Vocational	1,969,979	2,001,139	1,987,377	2,091,786
Adult/continuing	29,675	34,254	37,255	41,716
Other	3,699,059	4,373,656	4,253,666	2,706,076
Support services:				
Pupil	6,312,259	6,559,484	6,523,471	7,655,385
Instructional staff	4,480,281	4,543,760	4,675,328	4,638,447
Board of education	61,408	66,612	68,541	73,370
Administration	6,395,203	6,537,621	6,716,620	6,680,120
Fiscal	1,779,432	1,777,309	1,884,587	1,900,061
Business	541,416	536,772	568,496	571,214
Operations and maintenance	7,781,644	7,885,136	8,276,731	8,323,159
Pupil transportation	3,130,092	2,758,153	3,352,988	3,505,177
Central	1,036,217	2,082,946	1,667,372	1,689,751
Operation of non-instructional services	4,172,955	4,600,634	4,832,456	4,625,262
Extracurricular activities	1,534,011	1,630,658	1,676,487	1,724,190
Facilities acquisition and construction	17,385,414	2,119,606	558,345	34,781
Debt service:				
Principal retirement	2,094,004	2,925,887	3,746,555	3,228,503
Interest and fiscal charges	5,199,402	4,888,769	4,716,400	4,466,790
Bond issuance costs	-	-	-	-
Total expenditures	<u>\$ 106,418,979</u>	<u>\$ 95,453,009</u>	<u>\$ 95,772,345</u>	<u>\$ 95,775,786</u>

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 52,813,987	\$ 61,900,078	\$ 61,313,023	\$ 58,566,436	\$ 64,774,216	\$ 68,112,932
-	-	151,425	582,655	633,323	406,797
763,831	715,907	1,003,619	1,291,273	1,240,584	1,078,899
34,700	36,955	45,698	42,356	42,201	45,477
184,639	73,241	95,301	82,560	168,717	74,313
-	-	21,193	(140,157)	-	-
1,687,589	1,585,503	1,579,194	1,487,003	1,430,120	1,424,763
683,015	678,487	696,663	698,243	654,001	660,066
181,273	179,143	193,980	158,212	164,675	167,984
-	-	-	136,758	55,433	47,428
-	-	-	90,545	77,654	76,582
-	-	-	473,511	466,125	526,147
1,303,659	1,361,743	1,186,339	562,405	459,448	475,432
37,499,623	35,689,575	34,521,364	32,495,959	34,194,621	43,333,152
<u>95,152,316</u>	<u>102,220,632</u>	<u>100,807,799</u>	<u>96,527,759</u>	<u>104,361,118</u>	<u>116,429,972</u>
35,757,961	34,765,833	33,628,807	34,747,413	35,291,949	42,869,785
9,112,354	9,056,671	9,629,379	9,838,655	12,704,073	12,881,537
2,603,181	2,693,124	2,672,615	2,691,544	2,608,737	2,530,733
80,097	88,051	55,383	82,493	102,281	110,171
2,330,680	2,275,425	3,461,507	3,983,494	4,507,303	4,612,838
8,670,527	7,873,544	7,567,554	7,481,367	7,411,865	7,747,320
5,556,122	5,732,142	6,115,213	6,122,031	3,415,173	4,027,511
67,089	62,748	66,561	53,648	78,949	40,157
5,811,186	5,232,622	5,679,526	5,418,708	5,548,374	5,738,086
1,572,373	1,781,258	1,756,320	1,752,336	1,947,797	2,218,653
610,412	588,832	521,438	519,095	519,969	537,359
8,757,425	8,808,022	8,331,933	8,137,122	8,412,588	8,363,446
3,448,507	3,350,422	3,823,489	3,810,720	3,852,619	3,906,427
1,857,867	1,866,437	1,814,594	1,780,400	937,351	995,181
4,680,816	5,451,706	5,149,411	5,736,424	5,181,719	6,098,387
1,667,391	1,605,143	1,408,717	1,364,531	1,272,279	1,328,980
459,417	126,392	34,312	209,674	2,676,433	213,335
3,522,002	3,640,783	3,436,113	3,538,464	3,738,427	4,178,654
4,364,486	4,254,556	4,134,565	3,613,066	3,692,977	3,580,378
-	-	-	277,689	74,812	-
<u>\$ 100,929,893</u>	<u>\$ 99,253,711</u>	<u>\$ 99,287,437</u>	<u>\$ 101,158,874</u>	<u>\$ 103,975,675</u>	<u>\$ 111,978,938</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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Excess of revenues over (under) expenditures	\$ (19,712,538)	\$ (2,165,341)	\$ (2,653,424)	\$ 228,196
Other financing sources (uses)				
Issuance of general obligation bonds	-	-	-	-
Premium on general obligation bonds	-	-	-	-
Issuance of refunding bonds	-	66,999,990	-	-
Premium on refunding bonds	-	4,807,856	-	-
Payment to refunded bonds escrow agent	-	(70,926,703)	-	-
Proceeds from capital lease transaction	199,940	1,155,270	281,708	-
Sale of assets	-	-	-	-
Transfers in	13,500	58,574	13,500	13,500
Transfers (out)	(13,500)	(58,574)	(13,500)	(13,500)
Total other financing sources (uses)	<u>199,940</u>	<u>2,036,413</u>	<u>281,708</u>	<u>-</u>
Net change in fund balances	<u>\$ (19,512,598)</u>	<u>\$ (128,928)</u>	<u>\$ (2,371,716)</u>	<u>\$ 228,196</u>
Debt service as a percentage of noncapital expenditures	8.57%	8.42%	8.90%	8.09%

Source: District financial records.

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ (5,777,577)	\$ 2,966,921	\$ 1,520,362	\$ (4,631,115)	\$ 385,443	\$ 4,451,034
-	-	-	-	2,823,000	-
-	-	-	-	73,122	-
-	-	-	14,979,940	-	-
-	-	-	1,223,592	-	-
-	-	-	(16,247,473)	-	-
-	-	-	-	-	-
-	-	-	6,000	-	-
343,500	13,500	13,500	13,500	13,500	13,500
(343,500)	(13,500)	(13,500)	(13,500)	(13,500)	(13,500)
-	-	-	(37,941)	2,896,122	-
<u>\$ (5,777,577)</u>	<u>\$ 2,966,921</u>	<u>\$ 1,520,362</u>	<u>\$ (4,669,056)</u>	<u>\$ 3,281,565</u>	<u>\$ 4,451,034</u>
7.84%	7.99%	7.66%	7.11%	7.39%	7.01%

**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	2006	2007	2008	2009	2010
Real Property					
Assessed	\$ 1,271,199,660	\$ 1,275,658,100	\$ 1,284,465,470	\$ 1,287,214,020	\$ 1,307,881,230
Actual	3,631,999,029	3,644,737,429	3,669,901,343	3,677,754,343	3,736,803,514
Public Utility					
Assessed	66,290,158	66,290,158	61,379,830	67,124,670	72,380,190
Actual	75,329,725	75,329,725	69,749,807	76,278,034	82,250,216
Tangible Personal Property					
Assessed	85,452,509	61,403,477	50,549,093	6,132,430	1,002,490
Actual	455,746,715	491,227,816	808,785,488	61,324,300	10,024,900
Total					
Assessed	1,422,942,327	1,403,351,735	1,396,394,393	1,360,471,120	1,381,263,910
Actual	4,163,075,468	4,211,294,970	4,548,436,638	3,815,356,677	3,829,078,630
Assessed Value as a Percentage of Actual Value					
	34.18%	33.32%	30.70%	35.66%	36.07%
Total Direct Tax Rate					
	\$67.80	\$67.80	\$71.30	\$72.20	\$73.10

Source: Montgomery County Auditor, Ohio Department of Taxation

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

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

2011	2012	2013	2014	2015
\$ 1,281,069,450	\$ 1,169,058,260	\$ 1,172,169,030	\$ 1,166,011,970	\$ 1,112,021,360
3,660,198,429	3,340,166,457	3,349,054,371	3,331,462,771	3,177,203,886
78,792,780	80,829,600	102,770,980	112,802,920	114,250,870
89,537,250	91,851,818	116,785,205	128,185,136	129,830,534
-	-	-	-	-
-	-	-	-	-
1,359,862,230	1,249,887,860	1,274,940,010	1,278,814,890	1,226,272,230
3,749,735,679	3,432,018,275	3,465,839,576	3,459,647,908	3,307,034,420
36.27%	36.42%	36.79%	36.96%	37.08%
\$78.00	\$78.00	\$78.00	\$82.89	\$82.99

**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

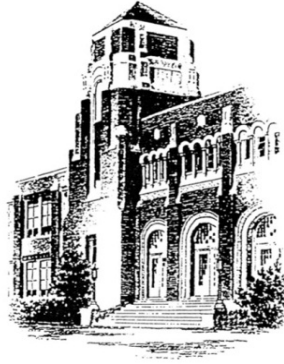
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Direct district rates				
General fund	\$61.70	\$61.70	\$66.60	\$66.60
Permanent improvement fund	0.60	0.60	0.60	0.60
Bond retirement fund	5.50	5.50	4.10	5.00
Total	<u>67.80</u>	<u>67.80</u>	<u>71.30</u>	<u>72.20</u>
Overlapping rates				
City of Kettering	6.80	6.80	6.80	6.79
City of Moraine	2.50	2.50	2.50	2.50
Montgomery County	15.74	15.74	17.74	17.74
Sinclair Community College	2.50	2.50	2.50	3.20
Greene County	11.55	11.55	11.55	12.25
Dayton Metro Library	1.25	1.25	1.25	1.25
Total	<u>\$108.14</u>	<u>\$108.14</u>	<u>\$113.64</u>	<u>\$115.93</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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$67.50	\$71.50	\$71.50	\$71.50	\$76.39	\$76.39
0.60	0.60	0.60	0.60	0.60	0.60
5.00	5.90	5.90	5.90	5.90	6.00
<u>73.10</u>	<u>78.00</u>	<u>78.00</u>	<u>78.00</u>	<u>82.89</u>	<u>82.99</u>
6.79	6.79	6.79	6.79	6.79	6.79
2.50	2.50	2.50	2.50	2.50	2.50
17.74	17.74	17.74	17.74	17.74	18.74
3.20	3.20	3.20	3.20	3.20	3.20
12.25	12.25	12.25	12.25	12.25	12.65
1.75	1.75	1.75	3.31	3.31	3.31
<u>\$117.33</u>	<u>\$122.23</u>	<u>\$122.23</u>	<u>\$123.79</u>	<u>\$128.68</u>	<u>\$130.18</u>

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



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

PRINCIPAL TAXPAYERS
REAL ESTATE AND PUBLIC UTILITY PROPERTY TAXES
DECEMBER 31, 2014 AND DECEMBER 31, 2005

		December 31, 2014		
<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	\$106,006,470	1	8.29%
Reynolds and Reynolds Co.	Fortune 1000	11,948,960	2	0.93%
Vectren Energy Delivery of Ohio	Utility	10,876,930	3	0.85%
Huber Management Corp.	Property Management	8,558,290	4	0.67%
F1 Kettering LLC	Real Estate	6,935,420	5	0.54%
Miami Valley Research Foundation	Research	5,556,260	6	0.43%
Fifteenth Dayton LLC	Printing	5,043,760	7	0.39%
Residenz LLC	Property Management	4,580,530	8	0.36%
Dayton Town and Country	Property Management	4,485,640	9	0.35%
BWIP Georgetown Owner LLC	Real Estate	4,216,080	10	0.33%
Total Principal Taxpayers		168,208,340		13.14%
All Others		1,110,606,550		86.86%
Total Assessed Value		<u>\$1,278,814,890</u>		<u>100.00%</u>

		December 31, 2005		
<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	\$50,605,340	1	3.71%
Delphi Automotive	Auto parts plant	41,920,460	2	3.07%
General Motors Corporation	Automotive manufacturer	38,247,750	3	2.80%
Ohio Bell	Utility	9,913,910	4	0.73%
Reynolds and Reynolds Co.	Retail business forms	8,955,790	5	0.66%
Residenz	Nursing Home	7,350,000	6	0.54%
Bank One	Banking Services	6,330,430	7	0.46%
Vectren	Utility	4,984,330	8	0.36%
Dayton Town & Country	Property Management	4,312,560	9	0.32%
Lincoln Park Association	Property Management	3,922,350	10	0.29%
Total Principal Taxpayers		176,542,920		12.94%
All Others		1,189,252,405		87.06%
Total Assessed Value		<u>\$1,365,795,325</u>		<u>100.00%</u>

Source: Montgomery County Auditor - Land and Buildings based on valuation of property in 2014 and 2005

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>2005</u>	<u>2006</u>	<u>2007</u>
Total Tax Levy (1)	\$ 62,230,176	\$ 59,374,793	\$ 55,461,256
Collections within the Fiscal Year of the Levy			
Current Tax Collections (2)	\$ 61,263,297	\$ 57,609,301	\$ 55,134,931
Percent of Levy Collected	98.45%	97.03%	99.41%
Delinquent Tax Collections	3,489,527	3,273,718	1,608,958
Total Tax Collections	<u>\$ 64,752,824</u>	<u>\$ 60,883,019</u>	<u>\$ 56,743,889</u>
Percent of Total Tax Collections To Tax Levy	104.05%	102.54%	102.31%
Accumulated Outstanding Delinquent Taxes (3)	\$ 3,579,271	\$ 2,426,623	\$ 2,386,797
Percentage of Accumulated Delinquent Taxes to Total Tax Levy	5.75%	4.09%	4.30%

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.

2008	2009	2010	2011	2012	2013	2014
\$ 56,386,305	\$ 54,771,300	\$ 58,823,873	\$ 69,552,184	\$ 67,660,920	\$ 76,121,264	\$ 74,540,824
\$ 54,818,766	\$ 53,730,645	\$ 57,247,393	\$ 67,400,196	\$ 65,734,803	\$ 74,133,882	\$ 72,672,977
97.22%	98.10%	97.32%	96.91%	97.15%	97.39%	97.49%
4,163,001	3,852,544	2,385,567	940,112	2,492,740	2,482,559	1,607,891
<u>\$ 58,981,767</u>	<u>\$ 57,583,189</u>	<u>\$ 59,632,960</u>	<u>\$ 68,340,308</u>	<u>\$ 68,227,543</u>	<u>\$ 76,616,441</u>	<u>\$ 74,280,868</u>
104.60%	105.13%	101.38%	98.26%	100.84%	100.65%	99.65%
\$ 2,464,561	\$ 2,547,957	\$ 2,861,478	\$ 2,842,448	\$ 2,483,646	\$ 2,478,575	\$ 2,611,400
4.37%	4.65%	4.86%	4.09%	3.67%	3.26%	3.50%

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

RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities (1)				
General obligation bonds payable*	\$ 109,918,779	\$ 110,372,671	\$ 106,752,841	\$ 103,756,937
Capital leases	678,136	1,646,041	1,573,354	1,115,843
Total primary government	<u>\$ 110,596,915</u>	<u>\$ 112,018,712</u>	<u>\$ 108,326,195</u>	<u>\$ 104,872,780</u>
Population (2)				
Cities of Kettering and Moraine	64,399	64,399	64,399	64,399
Outstanding debt per capita*	1,717	1,739	1,682	1,628
Income (3)				
Personal (in thousands)	\$ 2,155,692	\$ 2,012,242	\$ 2,063,213	\$ 2,297,048
Percentage of personal income*	5.13%	5.57%	5.25%	4.57%

Sources:

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

N/A = Not available

*Balances of general obligation bonds, outstanding debt per capita, and outstanding debt as a percentage of personal income include premiums, discounts, and accreted interest on bonds.

2010	2011	2012	2013	2014	2015
\$ 100,479,968	\$ 97,096,944	\$ 93,593,522	\$ 90,714,795	\$ 89,776,084	\$ 85,503,967
648,868	172,361	-	-	-	-
<u>\$ 101,128,836</u>	<u>\$ 97,269,305</u>	<u>\$ 93,593,522</u>	<u>\$ 90,714,795</u>	<u>\$ 89,776,084</u>	<u>\$ 85,503,967</u>
64,399	62,470	62,470	62,470	62,470	62,470
1,570	1,557	1,498	1,452	1,437	1,369
\$ 2,267,786	\$ 2,015,923	\$ 2,067,089	2,067,089	2,119,372	N/A
4.46%	4.83%	4.53%	4.39%	4.24%	N/A

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

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Year	2006	2007	2008	2009
Population (1)	64,399	64,399	64,399	64,399
Assessed value (in thousands) (2)	\$ 1,422,942	\$ 1,403,352	\$ 1,396,394	\$ 1,360,471
Estimated actual value (in thousands) (2)	4,163,075	4,211,295	4,548,437	3,815,357
General bonded debt (3)				
General obligation bonds*	109,918,779	110,372,671	106,752,841	103,756,937
Resources available to pay principal (4)	2,649,523	4,356,490	2,524,780	2,058,605
Net general bonded debt *	107,269,256	106,016,181	104,228,061	101,698,332
Ratio of net general bonded Debt to assessed value *	7.54%	7.55%	7.46%	7.48%
Ratio of net general bonded Debt to estimated actual value	2.58%	2.52%	2.29%	2.67%
Net general bonded debt per capita *	\$ 1,666	\$ 1,646	\$ 1,618	\$ 1,579

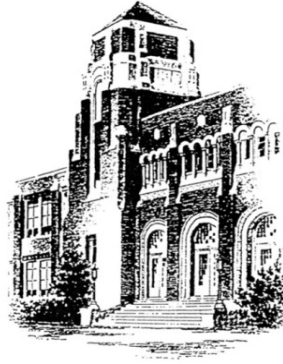
Source:

- (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.

2010	2011	2012	2013	2014	2015
64,399	62,470	62,470	62,470	62,470	62,470
\$ 1,381,264	\$ 1,359,862	\$ 1,249,888	\$ 1,274,940	\$ 1,278,815	\$ 1,226,272
3,829,079	3,749,736	3,432,018	3,465,840	3,459,648	3,307,034
100,479,968	97,096,944	93,593,522	90,714,795	89,776,084	85,503,967
1,873,907	3,014,264	3,224,803	2,880,116	2,696,993	2,998,825
98,606,061	94,082,680	90,368,719	87,834,679	87,079,091	82,505,142
7.14%	6.92%	7.23%	6.89%	6.81%	6.73%
2.58%	2.51%	2.63%	2.53%	2.52%	2.49%
\$ 1,531	\$ 1,506	\$ 1,447	\$ 1,406	\$ 1,394	\$ 1,321

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



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

COMPUTATION OF DIRECT AND OVERLAPPING
DEBT ATTRIBUTABLE TO GOVERNMENTAL ACTIVITIES
JUNE 30, 2015

<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	\$ 85,503,967	100.00%	\$ 85,503,967
Overlapping:			
Montgomery County	30,154,127	13.43%	4,049,699
City of Kettering	13,620,728	98.56%	13,424,590
City of Moraine	6,482,364	71.64%	4,643,966
Greene County	24,377,975	0.34%	82,885
Dayton Metro Library	174,480,000	17.05%	29,748,840
Subtotal	<u>249,115,194</u>		<u>51,949,980</u>
Total	<u>\$ 334,619,161</u>		<u>\$ 137,453,947</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, 2014 as this is the latest information available.

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

**DEBT LIMITATIONS
LAST TEN FISCAL YEARS**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Net Assessed Valuation	\$ 1,422,942,327	\$ 1,403,351,735	\$ 1,396,394,393	\$ 1,360,471,120
Overall Direct Debt Limitation				
Legal Debt Limitation (%) (1)	9.00%	9.00%	9.00%	9.00%
Legal Debt Limitation (\$) (1)	128,064,809	126,301,656	125,675,495	122,442,401
Applicable District Debt Outstanding	105,844,989	103,339,979	100,184,979	97,489,979
Less: Applicable Debt Service				
Fund Amounts (2)	(2,649,523)	(4,356,490)	(2,524,780)	(2,058,605)
Net Indebtedness Subject to Limitation	<u>103,195,466</u>	<u>98,983,489</u>	<u>97,660,199</u>	<u>95,431,374</u>
Overall Legal Debt Margin	<u>\$ 24,869,343</u>	<u>\$ 27,318,167</u>	<u>\$ 28,015,296</u>	<u>\$ 27,011,027</u>
Unvoted Direct Debt Limitation				
Legal Debt Limitation (%) (1)	0.10%	0.10%	0.10%	0.10%
Legal Debt Limitation (\$) (1)	\$ 1,422,942	\$ 1,403,352	\$ 1,396,394	\$ 1,360,471
Applicable District Debt Outstanding	-	-	-	-
Unvoted Legal Debt Margin	<u>\$ 1,422,942</u>	<u>\$ 1,403,352</u>	<u>\$ 1,396,394</u>	<u>\$ 1,360,471</u>
Energy Conservation Bond Limitation				
Legal Debt Limitation (%) (1)	0.90%	0.90%	0.90%	0.90%
Legal Debt Limitation (\$) (1)	\$ 12,806,481	\$ 12,630,166	\$ 12,567,550	\$ 12,244,240
Authorized by the Board	(1,204,432)	(970,910)	(733,750)	(657,758)
Unvoted Energy Conservation				
Bond Legal Debt Margin	<u>\$ 11,602,049</u>	<u>\$ 11,659,256</u>	<u>\$ 11,833,800</u>	<u>\$ 11,586,482</u>
Total Net Indebtedness Subject to Limitation as a Percentage of Debt Limit	80.58%	78.37%	77.71%	77.94%

(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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 1,381,263,910	\$ 1,359,862,230	\$ 1,249,887,860	\$ 1,274,940,010	\$ 1,278,814,890	\$ 1,226,272,230
9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
124,313,752	122,387,601	112,489,907	114,744,601	115,093,340	110,364,501
94,514,979	91,434,979	88,524,990	85,079,930	81,852,930	78,432,980
(1,873,907)	(3,014,264)	(3,224,803)	(3,449,104)	(3,502,105)	(3,480,330)
92,641,072	88,420,715	85,300,187	81,630,826	78,350,825	74,952,650
<u>\$ 31,672,680</u>	<u>\$ 33,966,886</u>	<u>\$ 27,189,720</u>	<u>\$ 33,113,775</u>	<u>\$ 36,742,515</u>	<u>\$ 35,411,851</u>
0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
\$ 1,381,264	\$ 1,359,862	\$ 1,249,888	\$ 1,274,940	\$ 1,278,815	\$ 1,226,272
-	-	-	-	-	-
<u>\$ 1,381,264</u>	<u>\$ 1,359,862</u>	<u>\$ 1,249,888</u>	<u>\$ 1,274,940</u>	<u>\$ 1,278,815</u>	<u>\$ 1,226,272</u>
0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
\$ 12,431,375	\$ 12,238,760	\$ 11,248,991	\$ 11,474,460	\$ 11,509,334	\$ 11,036,450
(577,731)	(493,455)	(404,703)	(311,239)	(2,622,812)	(2,384,158)
<u>\$ 11,853,644</u>	<u>\$ 11,745,305</u>	<u>\$ 10,844,288</u>	<u>\$ 11,163,221</u>	<u>\$ 8,886,522</u>	<u>\$ 8,652,292</u>
74.52%	72.25%	75.83%	71.14%	68.08%	67.91%

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

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Calendar Year	2005	2006	2007	2008
Population (1)				
Cities of Kettering and Moraine	64,399	64,399	64,399	64,399
Montgomery County	547,435	542,237	538,104	534,626
Income (2) (a)				
Total Personal (in thousands)	\$ 2,069,333	\$ 2,155,692	\$ 2,123,235	\$ 2,187,119
Per Capita	32,133	33,474	32,970	33,962
Unemployment Rate				
Federal (3)	5.0%	4.6%	4.6%	5.8%
State (3)	5.9%	5.5%	5.6%	6.6%
Montgomery County (4)	6.4%	6.0%	7.3%	7.4%
Fiscal Year				
	2006	2007	2008	2009
School Enrollment (5)				
Grades K - 5	3,292	3,331	3,353	3,321
Grades 6 - 8	1,720	1,685	1,676	1,677
Grades 9 - 12	2,466	2,451	2,398	2,378
Total	<u>7,478</u>	<u>7,467</u>	<u>7,427</u>	<u>7,376</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

2009	2010	2011	2012	2013	2014
64,399	62,470	62,470	62,470	62,470	62,470
532,562	535,153	537,602	534,325	535,846	533,116
\$ 2,297,048	\$ 2,267,786	\$ 2,015,923	\$ 2,067,089	\$ 2,067,089	\$ 2,119,372
35,669	36,302	32,270	33,089	33,089	33,926
9.3%	9.6%	8.6%	8.1%	7.4%	6.2%
10.2%	10.1%	8.9%	7.2%	7.1%	5.7%
11.4%	11.1%	8.7%	7.8%	7.5%	6.0%
2010	2011	2012	2013	2014	2015
3,355	3,219	3,191	3,445	3,424	3,444
1,681	1,670	1,704	1,670	1,652	1,624
2,334	2,352	2,233	2,150	2,167	2,205
<u>7,370</u>	<u>7,241</u>	<u>7,128</u>	<u>7,265</u>	<u>7,243</u>	<u>7,273</u>

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



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

PRINCIPAL EMPLOYERS
DECEMBER 31, 2014 AND DECEMBER 31, 2005

		December 31, 2014		
Employer	Nature of Business	Number of Employees	Rank	% of Total Estimated Employment
Kettering Medical Center	Private Hospital	3,570	1	12.98%
GE Money	Financial Services	1,800	2	6.55%
Reynolds and Reynolds Co.	Professional Services	1,307	3	4.75%
Kettering City School District	Education	1,032	4	3.75%
Limited Brands, Inc. (formerly Intimate Brands, Inc.)	Catalog Ordering Center	1,000	5	3.64%
Kroger	Retail Sales	630	6	2.29%
Meijer, Inc.	Retail Sales	550	7	2.00%
City of Kettering	Government	550	8	2.00%
Tenneco	Manufacturing	522	9	1.90%
Total Principal Employers		<u>10,961</u>		<u>39.86%</u>
Total Estimated Employment		<u>27,500</u>		<u>100.00%</u>

		December 31, 2005		
Employer	Nature of Business	Number of Employees	Rank	% of Total Estimated Employment
Kettering Medical Center	Private Hospital	3,100	1	11.11%
Delphi Automotive Systems, LLC	Automotive Manufacturer	1,600	2	5.73%
Reynolds and Reynolds Co.	Professional Services	1,200	3	4.30%
GE Consumer Finance	Credit Card Processing Center	1,200	4	4.30%
Kettering City School District	Education	1,075	5	3.85%
Intimate Brands, Inc.	Catalog Ordering Center	900	6	3.23%
City of Kettering	Government	900	7	3.23%
Scitex Digital Printing, Inc. (Eastman Kodak Co.)	Digital Printing	625	8	2.24%
Meijer, Inc.	Retail Sales	550	9	1.97%
Total Principal Employers		<u>11,150</u>		<u>39.96%</u>
Total Estimated Employment		<u>27,900</u>		<u>100.00%</u>

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

Notes: Information on 10th largest employer is not available.

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

DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Official Administrative	38.79	37.00	38.00
Professional - Educational	541.81	533.96	509.06
Professional - Other	38.99	40.68	34.86
Technical	14.51	14.02	12.30
Office/Clerical	158.93	150.13	150.94
Crafts and Trades	15.00	16.00	13.00
Operative	39.60	32.82	33.79
Extracurricular/Intracurricular Activities	0.00	0.00	0.00
Service Work/Laborer	117.46	108.94	103.02
Total Employees	<u>965.09</u>	<u>933.55</u>	<u>894.97</u>

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

Source: District records

2009	2010	2011	2012	2013	2014	2015
37.00	34.00	33.00	33.09	33.00	32.00	31.33
518.10	525.40	510.00	514.29	503.17	512.49	510.24
41.56	35.90	36.55	40.40	37.10	35.19	41.64
13.30	13.75	14.29	15.29	15.29	23.36	23.36
144.25	158.40	157.95	171.53	162.65	157.63	171.29
14.00	11.00	11.00	11.00	10.00	11.00	11.00
36.08	35.14	35.26	33.36	34.50	35.35	34.40
0.00	0.00	0.00	0.00	0.00	0.50	0.00
103.27	103.73	105.15	107.28	104.97	111.96	117.73
<u>907.56</u>	<u>917.32</u>	<u>903.20</u>	<u>926.24</u>	<u>900.68</u>	<u>919.48</u>	<u>940.99</u>

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

OPERATING INDICATORS - COST PER PUPIL
LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Enrollment	7,478	7,467	7,427	7,376
Modified Accrual Basis				
Operating Expenditures	\$ 81,740,159	\$ 85,518,747	\$ 86,751,045	\$ 88,045,712
Cost per Pupil	10,931	11,453	11,680	11,937
Percentage of Change	3.8%	4.8%	2.0%	2.2%
Accrual Basis				
Operating Expenses	\$ 79,245,374	\$ 88,265,326	\$ 88,976,154	\$ 90,830,341
Cost per Pupil	10,597	11,821	11,980	12,314
Percentage of Change	(0.7%)	11.5%	1.3%	2.8%
Teaching Staff	621	624	556	574

Source: District records and Ohio Department of Education

2010	2011	2012	2013	2014	2015
7,370	7,241	7,128	7,265	7,243	7,273
\$ 92,583,988	\$ 91,231,980	\$ 91,682,447	\$ 93,519,981	\$ 93,793,026	\$ 104,006,571
12,562	12,599	12,862	12,873	12,949	14,300
5.2%	0.3%	2.1%	0.1%	0.6%	10.4%
\$ 93,178,181	\$ 92,705,223	\$ 93,449,242	\$ 94,671,370	\$ 95,235,920	\$ 99,885,174
12,643	12,803	13,110	13,031	13,149	13,734
2.7%	1.3%	2.4%	(0.6%)	0.9%	4.4%
564	524	512	527	535	542

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

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities				
Instruction				
Regular	468	446	467	480
Special	93	92	94	94
Support Services				
Pupils				
Enrollment	7,478	7,467	7,427	7,376
Graduates	568	533	539	575
Percent of Students with Disabilities	16%	14%	16%	16%
Board of Education				
Members	5	5	5	5
Regular Meetings per Year	12	12	12	12
Administration				
School Attendance Rate	95.5%	94.9%	95.1%	95.1%
Fiscal Services				
Purchase Orders Processed	6,950	6,443	5,841	5,705
Checks Issued (non payroll)	7,418	7,445	7,033	6,384
Operation and Maintenance of Plant				
District Square Footage Maintained	1,346,597	1,346,597	1,346,597	1,346,597
District Square Acreage Maintained	254	254	254	254
Pupil Transportation				
Average Daily Students Transported	3,562	3,413	3,257	3,225
Average Daily Bus Fleet Miles	2,826	2,923	2,936	3,144
Number of Buses	59	61	61	66
Operation of Non-instructional Services				
Food Service				
Student Meals Served Yearly	646,932	668,413	700,592	689,048
Free/Reduced Price Meals Daily	3,693	1,540	1,604	1,748
Uniform School Supplies	3	3	3	3
Extracurricular Activities				
High School Varsity Teams	23	23	23	23

Source: District Treasurer's Office

N/A = Not available

2010	2011	2012	2013	2014	2015
470	430	417	414	418	428
94	94	95	113	117	114
7,370	7,241	7,128	7,265	7,243	7,273
541	542	523	535	536	522
16%	16%	16%	14%	15%	14%
5	5	5	5	5	5
12	12	12	18	18	19
95.3%	95.7%	96.0%	96.0%	96.1%	N/A
5,571	5,459	4,867	5,053	4,702	4,760
6,360	6,045	5,271	4,651	3,328	2,904
1,346,597	1,346,597	1,346,597	1,346,597	1,346,597	1,346,597
254	254	254	254	254	254
3,136	3,372	3,171	3,539	2,989	3,214
2,943	2,112	2,825	3,039	3,022	3,017
66	66	66	57	57	57
715,958	708,981	722,428	704,886	674,536	664,398
2,082	2,215	2,254	2,333	2,247	2,259
3	3	3	3	3	3
26	24	27	27	27	27

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

OPERATING INDICATORS - TEACHER BASE SALARIES
LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Minimum Salary	\$ 31,828	\$ 32,465	\$ 33,439	\$ 34,442
Maximum Salary	81,480	83,110	85,604	88,172
District Average Salary	57,211	59,194	61,770	63,839
County Average Salary	50,787	51,971	54,212	55,124
State Average Salary	50,771	53,534	53,410	55,583

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

OPERATING INDICATORS - TEACHERS BY EDUCATION
LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Bachelor's Degree	191	164	178	178
Master's Degree + 15	370	397	397	396
Total	<u>561</u>	<u>561</u>	<u>575</u>	<u>574</u>

Source: District records

N/A = Not Available

	2010	2011	2012	2013	2014	2015
\$	35,484	\$ 35,484	\$ 35,484	\$ 35,484	\$ 35,484	\$ 35,484
	90,839	90,839	90,839	90,839	90,839	90,839
	64,174	67,310	66,366	64,289	63,601	N/A
	56,459	58,081	57,451	N/A	N/A	N/A
	55,958	56,715	56,715	56,307	55,916	N/A

	2010	2011	2012	2013	2014	2015
	137	136	123	142	161	174
	427	388	389	385	374	368
	564	524	512	527	535	542

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

CAPITAL ASSET STATISTICS BY BUILDING
LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Secondary					
Kettering Fairmont High School					
Square Footage	420,517	420,517	420,517	420,517	420,517
Capacity (students)	3,725	3,725	3,725	3,725	3,725
Enrollment	2,485	2,451	2,451	2,378	2,334
Middle					
Kettering Middle School					
Square Footage	245,522	245,522	245,522	245,522	245,522
Capacity (students)	2,250	2,250	2,250	2,250	2,250
Enrollment	1,041	996	996	972	1,001
Van Buren Middle School					
Square Footage	103,184	103,184	103,184	103,184	103,184
Capacity (students)	960	960	960	960	960
Enrollment	680	689	689	705	680
Elementary					
Beavertown Elementary School					
Square Footage	47,347	47,347	47,347	47,347	47,347
Capacity (students)	530	530	530	530	530
Enrollment	353	387	387	383	361
Greenmont Elementary School					
Square Footage	45,633	45,633	45,633	45,633	45,633
Capacity (students)	720	720	720	720	720
Enrollment	336	326	326	313	341
Indian Riffle Elementary School					
Square Footage	102,000	102,000	102,000	102,000	102,000
Capacity (students)	1,300	1,300	1,300	1,300	1,300
Enrollment	444	448	448	421	431
J.F.Kennedy Elementary School					
Square Footage	106,000	106,000	106,000	106,000	106,000
Capacity (students)	1,000	1,000	1,000	1,000	1,000
Enrollment	554	534	534	567	555
Moraine Meadows Elementary School *					
Square Footage	26,732	26,732	26,732	26,732	26,732
Capacity (students)	418	418	418	418	418
Enrollment	155	153	153	151	157

2011	2012	2013	2014	2015
420,517	420,517	420,517	420,517	420,517
3,725	3,725	3,725	3,725	3,725
2,352	2,233	2,150	2,167	2,205
245,522	245,522	245,522	245,522	245,522
2,250	2,250	2,250	2,250	2,250
954	965	942	962	989
103,184	103,184	103,184	103,184	103,184
960	960	960	960	960
716	739	728	690	635
47,347	47,347	47,347	47,347	47,347
530	530	530	530	530
356	338	369	353	340
45,633	45,633	45,633	45,633	45,633
720	720	720	720	720
308	314	324	325	317
102,000	102,000	102,000	102,000	102,000
1,300	1,300	1,300	1,300	1,300
454	438	456	433	444
106,000	106,000	106,000	106,000	106,000
1,000	1,000	1,000	1,000	1,000
554	547	577	600	617
26,732	26,732	26,732	26,732	26,732
418	418	418	418	418
0	0	0	0	0

(Continued)

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

CAPITAL ASSET STATISTICS BY BUILDING (CONTINUED)
LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Oakview Elementary School					
Square Footage	49,056	49,056	49,056	49,056	49,056
Capacity (students)	500	500	500	500	500
Enrollment	409	402	402	382	395
Orchard Park Elementary School					
Square Footage	34,189	34,189	34,189	34,189	34,189
Capacity (students)	450	450	450	450	450
Enrollment	304	306	306	291	300
J.E.Prass Elementary School					
Square Footage	47,264	47,264	47,264	47,264	47,264
Capacity (students)	570	570	570	570	570
Enrollment	336	324	324	342	352
Southdale Elementary School					
Square Footage	47,185	47,185	47,185	47,185	47,185
Capacity (students)	530	530	530	530	530
Enrollment	407	451	451	471	463
All Other					
Central Administration Building					
Square Footage	26,968	26,968	26,968	26,968	26,968
Occupancy	153	153	153	153	153
Transportation Building					
Square Footage	30,000	30,000	30,000	30,000	30,000
Maintenance Building					
Square Footage	15,000	15,000	15,000	15,000	15,000

Source: District records

* Moraine Meadows Elementary School was closed during 2011.

2011	2012	2013	2014	2015
49,056	49,056	49,056	49,056	49,056
500	500	500	500	500
409	382	390	379	411
34,189	34,189	34,189	34,189	34,189
450	450	450	450	450
258	264	320	319	318
47,264	47,264	47,264	47,264	47,264
570	570	570	570	570
339	364	414	420	437
47,185	47,185	47,185	47,185	47,185
530	530	530	530	530
541	544	595	595	560
26,968	26,968	26,968	26,968	26,968
153	153	153	153	153
30,000	30,000	30,000	30,000	30,000
15,000	15,000	15,000	15,000	15,000

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

EDUCATIONAL AND OPERATIONAL STATISTICS
LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
ACT Scores (Average)				
Kettering	23.2	22.7	22.7	23.6
Ohio	21.5	21.6	21.7	21.7
National	21.1	21.2	21.1	21.1
SAT Scores (Average) (2)				
Kettering				
Verbal/Critical Reading	541	525	517	540
Mathematical	552	532	531	556
Writing	N/A	N/A	N/A	N/A
Ohio				
Verbal/Critical Reading	535	536	534	537
Mathematical	544	542	544	546
Writing	N/A	N/A	N/A	N/A
National				
Verbal/Critical Reading	503	502	502	501
Mathematical	581	515	515	515
Writing	N/A	N/A	N/A	N/A
National Merit Scholars				
Finalist	0	0	2	1
Semi-Finalist	0	0	2	2
Commended Scholars	4	6	0	1
Cost per Student (ODE)				
Kettering	\$10,593	\$10,998	\$11,078	\$8,590
Ohio (Average)	\$9,356	\$9,586	\$9,939	\$10,254
Attendance Rate				
Kettering	95.5%	94.9%	95.1%	95.1%
Ohio (Average)	94.1%	94.1%	94.2%	94.3%
Graduation Rate (1)				
Kettering	98.6%	98.7%	97.8%	97.9%
Ohio (Average)	86.2%	86.9%	86.2%	84.6%

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. Previously, only Seniors could take the test.

2010	2011	2012	2013	2014	2015
23.0	23.1	23.1	24.0	23.7	23.8
21.8	21.8	21.8	21.8	22.0	22.0
21.1	21.1	21.1	20.9	21.0	21.0
550	545	548	556	553	490
558	547	563	566	549	486
N/A	N/A	N/A	536	518	462
538	539	534	548	555	557
548	545	552	556	562	563
N/A	N/A	N/A	531	535	537
501	497	492	496	497	495
516	514	514	514	513	511
N/A	N/A	N/A	488	487	484
0	1	1	3	1	3
0	1	1	3	1	3
3	3	4	5	5	6
\$12,299	\$12,017	\$12,005	\$11,070	\$11,656	\$12,131
\$10,512	\$10,697	\$10,597	\$10,185	\$10,394	\$10,913
95.3%	95.7%	96.0%	96.0%	96.1%	N/A
94.3%	94.5%	94.5%	94.2%	94.3%	N/A
98.0%	97.1%	92.4%	92.4%	95.7%	N/A
83.0%	84.3%	80.0%	81.3%	82.2%	N/A

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



Amna Nawaz - 12th Grade