

**Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2023**



**Kettering City School District
Montgomery County, Ohio**

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OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPARepor@ohioauditor.gov
(800) 282-0370

Board of Education
Kettering City School District
580 Lincoln Park Blvd Ste 105
Kettering, OH 45429

We have reviewed the *Independent Auditor's Report* of the Kettering City School District, Montgomery County, prepared by Julian & Grube, Inc., for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Kettering City School District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

March 14, 2024

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**Annual Comprehensive
Financial Report**

of the

Kettering City School District

Montgomery County, Ohio

for the

Fiscal Year Ended June 30, 2023

Prepared by:
Mr. Rick Taylor
Interim Treasurer

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
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**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

Introductory Section

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KETTERING CITY SCHOOL DISTRICT

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



January 24, 2024

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

We are pleased to present the twenty-ninth Annual Comprehensive Financial Report (ACFR) of the Kettering City School District (the District) for the fiscal year ended June 30, 2023. This report was prepared by the Treasurer's Office, and includes the unmodified opinion of our independent auditors, Julian & Grube, Inc. 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 ACFR conforms to generally accepted accounting principles (GAAP) applicable to government entities.

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

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

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

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

HISTORY AND BACKGROUND

The 2022-2023 school year marked the 182nd 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 SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

LETTER OF TRANSMITTAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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.

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 City of Kettering currently has a population of about 57,862 and covers 21.3 square miles. The City of Moraine has 6,363 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 7,526 enrolled in eight elementary schools, two middle schools and one high school during the 2022-23 school year; enrollment decreased to 7,197 students during fiscal year 2023. The District projects enrollment to remain stable. The District's school buildings range in age from 16 years to 74 years old. Other facilities operated by the District include a maintenance building, a transportation building, and the Central Office Building that had been a high school and junior high school previously. The Central Office Building also houses the District's alternative high school program. At the end of fiscal year 2019, central office functions moved to a leased space and the District is planning to vacate and ultimately demolish the Central Office Building due to the excessive cost of upkeep and renovation.

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

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

LETTER OF TRANSMITTAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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, 2023 were as follows:

Toby Henderson
Jennifer Kane
Mark Martin
Chrissie Richards
James T. Ambrose

The Superintendent is the chief executive officer of the District, responsible directly to the Board for all operations. Mindy McCarty-Stewart was appointed as Superintendent effective August 1, 2022.

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. Rick Taylor was appointed Interim Treasurer effective June 1, 2023.

ECONOMIC CONDITION AND OUTLOOK

Economic Condition and Outlook (Kettering)

The economic environment for Kettering's business community continued to be one of relative stability despite the challenges of the COVID-19 pandemic.

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), and Reynolds & Reynolds Co. KMC employs 3,570 people and recently completed construction on a new \$49 million state of the art comprehensive cancer care center on vacant land across the street from the main campus. KMC is the flagship facility of the Kettering Health Network (KHN). KHN opened its Years Ahead Center on East Stroop Road. This new, 14,000 square foot, \$5.6 million medical office building focuses on senior care and will house more than 30 employees. Reynolds & Reynolds Co., a Fortune 1000 company based in Dayton since 1866, continues to employ 1,350 people at its Miami Valley Research Park campus. Synchrony Financial chose to end its lease at the Kettering Business Park as the majority of employees now work from home. This was a direct result of the COVID-19 pandemic. The company had 1,900 employees at the Kettering location and vacated the building in September 2020. Industrial Commercial Properties (ICP) purchased the Synchrony buildings and land and is currently renovating the two 200,000 square foot buildings on the site. Tenneco announced plans in late 2021 to discontinue operations by December 31, 2023. The closing will impact 600 jobs. However, the 940,000 square foot manufacturing facility is marketable, and multiple buyers have shown interest.

Community Tissue Services (CTS) broke ground in 2018 for a 132,000 square foot expansion at its Miami Valley Research Park facility. The \$50 million project more than doubled the facility's footprint and created an additional 200 jobs. Life Connection of Ohio (LCO) purchased 9 acres at the Miami Valley Research Park for a new headquarter facility. Resonetics, LLC purchased an additional 3 acres in the Miami Valley Research Park and constructed a 30,000 square foot expansion which allowed for an additional 100 jobs. Finally, the City continues to implement the plan developed by the Wilmington Pike Improvement Committee to regenerate investment and spur economic development along the Wilmington Pike corridor.

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

LETTER OF TRANSMITTAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Economic Condition and Outlook (Moraine)

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

During 2022, Fuyao Glass America began a \$400 million investment in a new 500,000 square foot building focused on the production of OEM products for the growing EV market. This project alone is projected to add more than 800 jobs once operations begin in 2024.

Progress on the revitalization of the balance of sites left in ICP/IRG's Progress Park initiative also continues with the rehabilitation of the nearly 400,000 square foot former GM 'paint shop' – one of the few available manufacturing facilities in Ohio with a 40'+ ceiling, wide column spacing, and power to attract high tech manufacturing and a potential additional 400 jobs.

The last empty spaces within Springboro Pike Plaza and along Alex-Bell Road have been occupied with the addition of several service eateries. The southern quadrant of the City has become a hotbed of commercial activity after the neighboring Kroger Marketplace investment in 2020. Several additional outparcels have been identified as development opportunities and several fueling stations, service businesses, and food truck stations have opened.

EMPLOYEE RELATIONS

The Board employs 1,071 full-time and part-time employees (including non-teaching personnel). Of the Board's current employees, 505 are certificated by the Ohio Department of Education and Workforce serving as classroom teachers, education specialists and administrators, all of whom have at least a bachelor's degree.

Five hundred sixty-nine (569) of the Board's certificated teachers and educational specialists are members of the Kettering Education Association ("KEA"), which is a labor organization affiliated with the Ohio Education Association. The current contract between the Board and the Association became effective on July 1, 2021 and expires on June 30, 2024.

Two hundred seventy-one (271) 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, 2021 and expires on July 31, 2023.

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

MAJOR INITIATIVES

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

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

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

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

LETTER OF TRANSMITTAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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

LONG-TERM FINANCIAL PLANNING

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

The need for continued financial stability is at the forefront of concerns. The District is heavily reliant on community support to fund its operations. Although the State of Ohio implemented the Fair School Funding Model (FSFM) in 2021, the District is still consistently only receiving about 20 percent of its revenue from the State. This means to maintain current programs the District must ask for additional funding. The Board of Education placed a 5.99 mill operating property tax levy on the November 2022 ballot. The levy passed by plurality of 52%-48%. The passage of the levy will maintain financial stability through June 30, 2026. Focus will remain on maintaining and extending that stability along with advocacy efforts to further the FSFM.

FINANCIAL POLICIES IMPACTING THE FINANCIAL STATEMENTS

The District issued a \$5,000,000 financed purchase agreement during fiscal year 2023 to finance various improvements. The District monitors the market to look for opportunities to refinance debt obligations and realize savings.

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.

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

LETTER OF TRANSMITTAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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 fiscal year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than custodial funds, are legally required to be budgeted and appropriated. The primary level of budgetary control imposed by the District (the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level for all 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 fiscal 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 firm of Julian & Grube, Inc. performed the audit for the fiscal year ended June 30, 2023. 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 Annual Comprehensive Financial Report.

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

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 annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the twenty-eighth 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 annual comprehensive 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 annual comprehensive 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 annual comprehensive financial report for the year ended June 30, 2022. This award certifies that an Annual Comprehensive 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-seven consecutive years. We believe our current report continues to meet the Certificate of Excellence Program's requirements, and we are submitting it to ASBO to determine its eligibility for another certificate.

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

LETTER OF TRANSMITTAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Acknowledgments

The preparation of this twenty-ninth Annual Comprehensive Financial Report would not have been possible without the cooperation and support of the entire staff of the Treasurer's Office, especially Assistant Treasurer Gina Samson. 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 Julian & Grube, Inc. for their special support. Also, special thanks to Julian & Grube, Inc. and staff for assistance in the preparation of this financial report.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Taylor". The signature is written in a cursive style with a large, stylized initial "R".

Mr. Rick Taylor, CFO
Interim Treasurer

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

**PRINCIPAL OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Elected Officials

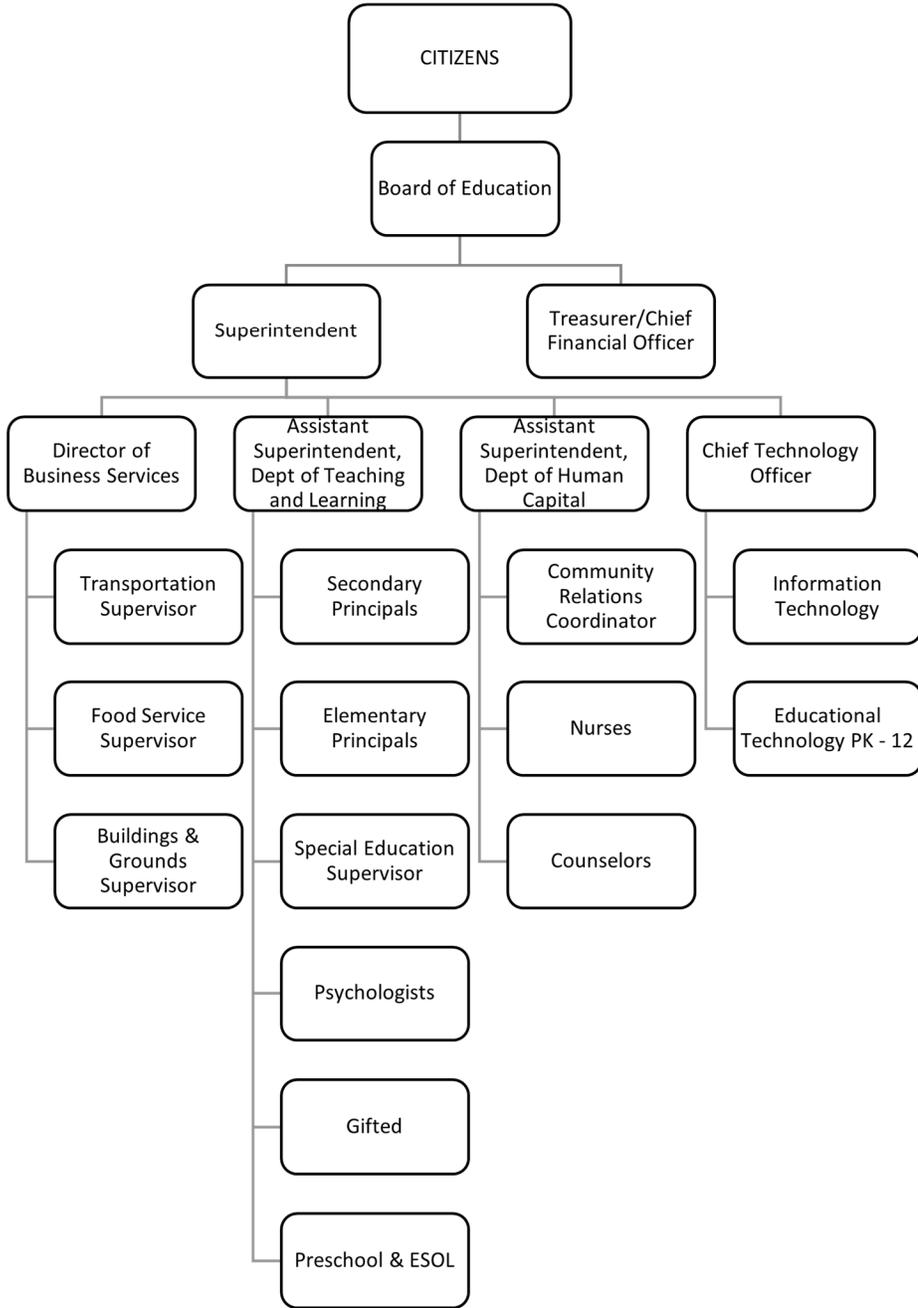
President - Board of Education..... Mr. Toby Henderson
Vice President - Board of EducationMr. Mark Martin
Board of Education MemberMs. Chrissie Richards
Board of Education MemberMr. James Ambrose
Board of Education MemberMs. Jennifer Kane

Appointed Officials

Superintendent..... Ms. Mindy Mcarty-Stewart
Interim Treasurer/Chief Financial Officer Mr. Rick Taylor
Assistant Superintendent of Teaching & Learning Mr. Dan Von Handorf
Assistant Superintendent of Human Capital Mr. Ken Miller
Director - Business Services..... Mr. Jeff Johnson
Chief Technology Officer..... Mr. Chris Merritt
Community Relations and Auxiliary Services Coordinator Ms. Kari Basson
Food and Nutrition Supervisor Ms. Mary Lynne Bierman
Special Education Services Supervisor..... Mr. Kevin Wright
Student Services Supervisor Mr. Rick Earley
Transportation Services Supervisor..... Mr. Todd Silverthorn

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

ORGANIZATIONAL CHART
FOR THE FISCAL YEAR ENDED JUNE 30, 2023





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Kettering City School District
Ohio**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Kettering City School District

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2022.**

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'John W. Hutchison'. The signature is written in a cursive style.

**John W. Hutchison
President**

A handwritten signature in black ink, reading 'Siobhán McMahon'. The signature is written in a cursive style.

**Siobhán McMahon, CAE
Chief Operations Officer/
Interim Executive Director**

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

Financial Section

Independent Auditor's Report

Kettering City School District
Montgomery County
580 Lincoln Park Boulevard
Suite 105
Kettering, Ohio 45429

To the Members of the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kettering City School District, Montgomery County, Ohio, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Kettering City School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Kettering City School District, as of June 30, 2023, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Kettering City School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Kettering City School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Kettering City School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Kettering City School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of net pension and other postemployment benefit assets and liabilities and pension and other postemployment benefit contributions, listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kettering City School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2024 on our consideration of the Kettering City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Kettering City School District's 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 Kettering City School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.
January 24, 2024

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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, 2023. 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 2023 are as follows:

- The District's net position of governmental activities increased \$7,397,760 which represents a 15.94% increase from 2022's net position.
- General revenues accounted for \$112,129,986 in revenue or 81.00% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$26,298,954 or 19.00% of total revenues of \$138,428,940.
- The District had \$131,031,180 in expenses related to governmental activities; \$26,298,954 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 \$112,129,986 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and bond retirement fund. The general fund had \$110,257,776 in revenues and other financing sources and \$109,977,080 in expenditures and other financing uses. During fiscal year 2023, the general fund's fund balance increased \$366,341 from a balance of \$13,833,053 to \$14,199,394.
- The bond retirement fund had \$6,625,764 in revenues and \$6,488,288 in expenditures. During fiscal year 2023, the bond retirement fund's fund balance increased by \$137,476 from a balance of \$6,644,997 to a balance of \$6,782,473.

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 bond retirement fund are the most significant funds and are the only funds considered major funds.

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 2023?" 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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, 2023 and June 30, 2022.

	Net Position	
	Governmental Activities 2023	Governmental Activities 2022
<u>Assets</u>		
Current and other assets	\$ 138,451,001	\$ 118,772,423
Net OPEB asset	10,704,273	8,834,267
Capital assets, net	<u>130,785,898</u>	<u>132,096,975</u>
Total assets	<u>279,941,172</u>	<u>259,703,665</u>
<u>Deferred outflows of resources</u>		
Unamortized deferred charges on debt refunding	477,672	564,905
Pension	28,392,117	28,176,194
OPEB	<u>3,209,303</u>	<u>3,262,267</u>
Total deferred outflows of resources	<u>32,079,092</u>	<u>32,003,366</u>
<u>Liabilities</u>		
Current liabilities	18,172,661	18,019,111
Long-term liabilities:		
Due within one year	8,160,526	7,210,065
Due in more than one year:		
Net pension liability	118,323,914	70,452,348
Net OPEB liability	6,992,129	8,972,061
Other amounts	<u>82,386,136</u>	<u>85,655,582</u>
Total liabilities	<u>234,035,366</u>	<u>190,309,167</u>
<u>Deferred inflows of resources</u>		
Property taxes levied for next fiscal year	86,551,795	72,198,133
Payment in lieu of taxes		
levied for next fiscal year	479,294	511,294
Unamortized deferred charges on debt refunding	415,178	557,013
Pension	12,186,192	58,273,310
OPEB	<u>17,368,090</u>	<u>16,271,525</u>
Total deferred inflows of resources	<u>117,000,549</u>	<u>147,811,275</u>
<u>Net position</u>		
Net investment in capital assets	53,944,534	49,408,363
Restricted	16,518,917	12,875,708
Unrestricted (deficit)	<u>(109,479,102)</u>	<u>(108,697,482)</u>
Total net position	<u>\$ (39,015,651)</u>	<u>\$ (46,413,411)</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)

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

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

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

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

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

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

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)**

Analysis of Net Position

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2023, the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$39,015,651.

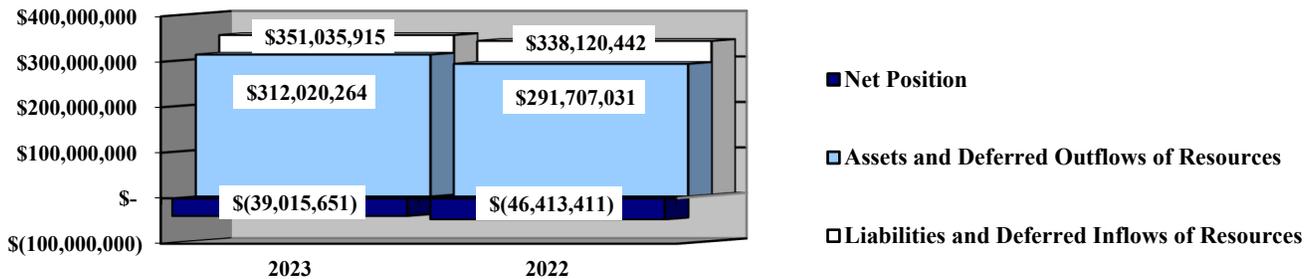
At year-end, capital assets represented 46.72% of total assets. Capital assets include land, construction in progress, buildings and improvements, furniture, fixtures and equipment, intangible right to use assets and vehicles. The District's net investment in capital assets at June 30, 2023 was \$53,944,534. These capital assets are used to provide services to students and community members and are not available for future spending. Although the District's net investment in capital assets is reported net of debt related to the acquisition of these assets, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

The net pension liability increased \$48,871,566 and deferred inflows of resources related to pension decreased \$46,087,118. These changes were the result of changes at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS). Primarily, net investment income on investments at both pension systems were negative for the fiscal year 2022 measurement date that are used for the fiscal year 2023 reporting. This caused a large decrease in their respective fiduciary net positions which was a drastic change from the previous fiscal year's large positive investment returns.

A portion of the District's net position, \$16,518,917, represents resources that are subject to external restriction on how they may be used. \$6,745,235 of the restricted balance was restricted for debt service. The remaining balance of unrestricted net position was a deficit of \$109,479,102.

The graph below illustrates the District's governmental activities assets plus deferred outflows, liabilities plus deferred inflows and net position at June 30, 2023 and 2022.

Governmental Activities



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)

Governmental Activities

The table below shows the change in net position of the governmental activities for fiscal year 2023 and 2022.

	Changes in Net Position - Governmental Activities		
	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
<u>Revenues</u>			
Program revenues:			
Charges for services and sales	\$ 5,826,348	\$ 4,958,906	\$ 867,442
Operating grants and contributions	19,272,606	27,610,510	(8,337,904)
Capital grants and contributions	1,200,000	45,000	1,155,000
General revenues:			
Property taxes	84,588,928	92,310,055	(7,721,127)
Payments in lieu of taxes	514,352	2,288,428	(1,774,076)
Grants and entitlements	25,397,913	22,679,116	2,718,797
Investment earnings	1,383,774	(78,368)	1,462,142
Miscellaneous	245,019	449,461	(204,442)
Total revenues	<u>138,428,940</u>	<u>150,263,108</u>	<u>\$ (11,834,168)</u>
Program expenses:			
Instruction:			
Regular	48,442,091	43,144,644	\$ 5,297,447
Special	24,006,015	19,612,215	4,393,800
Vocational	3,422,786	2,960,613	462,173
Other	498,269	1,715,366	(1,217,097)
Support services:			
Pupil	11,159,346	9,767,512	1,391,834
Instructional staff	4,861,813	4,845,548	16,265
Board of education	90,248	77,119	13,129
Administration	7,390,720	7,707,149	(316,429)
Fiscal	3,146,149	2,749,949	396,200
Business	999,714	1,206,978	(207,264)
Operations and maintenance	9,483,733	8,624,065	859,668
Pupil transportation	5,328,857	5,231,982	96,875
Central	1,252,922	1,359,849	(106,927)
Operation of non-instructional services	6,228,002	5,853,662	374,340
Extracurricular activities	2,356,295	2,175,842	180,453
Debt service:			
Interest and fiscal charges	<u>2,364,220</u>	<u>2,544,055</u>	<u>(179,835)</u>
Total expenses	<u>131,031,180</u>	<u>119,576,548</u>	<u>\$ 11,454,632</u>
Change in net position	7,397,760	30,686,560	
Net position (deficit) at beginning of year	<u>(46,413,411)</u>	<u>(77,099,971)</u>	
Net position (deficit) at end of year	<u>\$ (39,015,651)</u>	<u>\$ (46,413,411)</u>	

Net position of the District's governmental activities increased \$7,397,760. Total governmental expenses of \$131,031,180 were offset by program revenues of \$26,298,954 and general revenues of \$112,129,986. Program revenues supported 20.07% of the total governmental expenses.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)**

Overall, expenses of the governmental activities increased \$11,454,632 or 9.58%. This increase is primarily the result of an increase in pension expense. Pension expense increased approximately \$12.6 million. This increase was the result of an increase in expenses incurred at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS) due to a decrease in net investment income on investments compared to previous years.

The primary sources of revenue for governmental activities are derived from taxes, payments in lieu of taxes and grants and entitlements. These revenue sources represent 79.83% of total governmental revenue.

Overall, revenues of the governmental activities decreased 7.88%. A significant decrease was in property tax revenue primarily attributed to a decrease of property taxes collected by June 30, 2023, and available for advance to the District. Property taxes collected and available to the District are reported as revenue under GAAP. The fluctuation in property tax revenues resulted from timing differences of when property tax receipts are collected by Montgomery and Greene Counties.

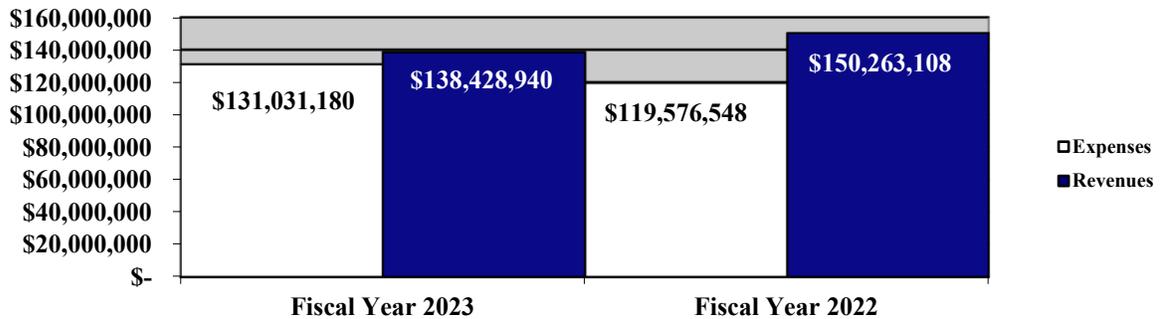
Operating grants and contributions decreased due to the District exhausting several federal grants for COVID-19 relief.

Interest revenue increased because of higher interest rates on the District's investments during fiscal year 2023.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$76,369,161 or 58.28% of total governmental expenses for fiscal year 2023.

The graph below presents the District's governmental activities revenues and expenses for fiscal year 2023 and 2022.

Governmental Activities - Revenues and Expenses



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)

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

Governmental Activities

<u>Program expenses</u>	Total Cost of Services 2023	Net Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2022
Instruction:				
Regular	\$ 48,442,091	\$ 41,986,841	\$ 43,144,644	\$ 30,398,772
Special	24,006,015	17,433,401	19,612,215	13,604,208
Vocational	3,422,786	2,216,629	2,960,613	1,663,494
Other	498,269	498,269	1,715,366	1,715,366
Support services:				
Pupil	11,159,346	9,814,806	9,767,512	8,242,877
Instructional staff	4,861,813	3,645,385	4,845,548	3,736,687
Board of education	90,248	90,248	77,119	77,119
Administration	7,390,720	6,987,260	7,707,149	7,095,868
Fiscal	3,146,149	3,146,149	2,749,949	2,749,949
Business	999,714	999,714	1,206,978	1,206,978
Operations and maintenance	9,483,733	8,139,042	8,624,065	8,501,657
Pupil transportation	5,328,857	4,557,834	5,231,982	4,092,719
Central	1,252,922	1,183,712	1,359,849	1,336,832
Operation of non-instructional services	6,228,002	123,408	5,853,662	(1,522,134)
Extracurricular activities	2,356,295	1,545,308	2,175,842	1,517,685
Debt service:				
Interest and fiscal charges	2,364,220	2,364,220	2,544,055	2,544,055
Total expenses	<u>\$ 131,031,180</u>	<u>\$ 104,732,226</u>	<u>\$ 119,576,548</u>	<u>\$ 86,962,132</u>

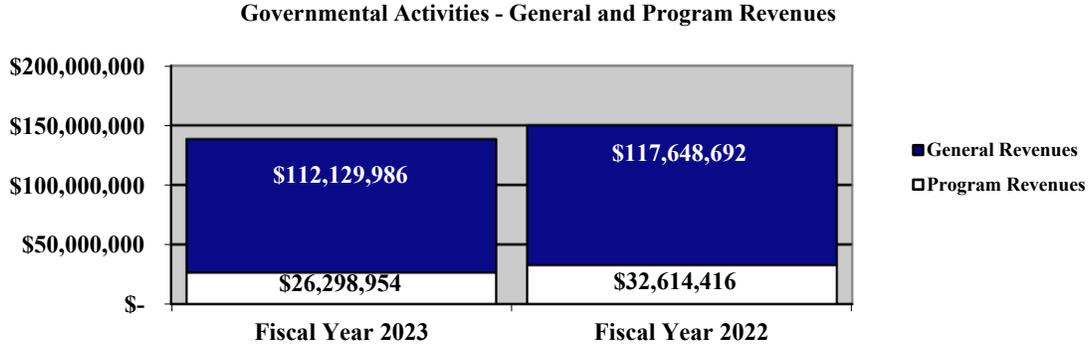
The District's dependence upon tax and other general revenues for governmental activities is apparent, as 81.36% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 79.93%. The District's taxpayers and grants and entitlements received from the State of Ohio that are not restricted in use are by far the primary support for District's students.

The reliance on property taxes is not only represented through the largest revenue source but is also represented by the continual need for new operating monies to maintain service levels. The District, on average, will need a new operating levy every three years. The District's voters approved a 5.99 mill operating levy in November 2022.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)

The graph below presents the District's governmental activities revenue for fiscal year 2023 and 2022.



The District's Funds

The District's governmental funds reported a combined fund balance of \$31,021,193, which is greater than last year's total of \$25,523,943. The schedule below shows fund balances at June 30, 2023 and June 30, 2022 and the net changes in fund balances during fiscal year 2023.

	Fund Balance June 30, 2023	Fund Balance June 30, 2022	Increase (Decrease)	Percentage Change
General fund	\$ 14,199,394	\$ 13,833,053	\$ 366,341	2.65 %
Bond retirement fund	6,782,473	6,644,997	137,476	2.07 %
Nonmajor governmental funds	10,039,326	5,045,893	4,993,433	98.96 %
Total	\$ 31,021,193	\$ 25,523,943	\$ 5,497,250	21.54 %

The bond retirement fund's fund balance is restricted for future payments of principal and interest on the District's general obligation bonds.

General Fund

Overall, revenues in the general fund decreased 3.57%. The largest component of this decrease was in taxes, which decreased approximately \$5.9 million. The change in tax revenue is attributed to a decrease of property taxes collected by June 30, 2023, and available for advance to the District. Property taxes collected and available to the District are reported as revenue under GAAP. The fluctuation in property tax revenues resulted from timing differences of when property tax receipts are collected by Montgomery and Greene Counties. Intergovernmental revenue increased approximately \$2.9 million during fiscal year 2023 due to increases in state funding. Investment earnings increased due to an increase in the interest rates on the District's investments.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)

The table that follows shows the revenues of the general fund for fiscal years 2023 and 2022.

Revenues	2023 Amount	2022 Amount	Increase/ (Decrease)	Percentage Change
Taxes	\$ 75,590,590	\$ 81,512,306	\$ (5,921,716)	(7.26) %
Payment in lieu of taxes	514,352	2,288,428	(1,774,076)	(77.52) %
Tuition and fees	2,548,556	2,633,216	(84,660)	(3.22) %
Investment earnings	1,174,216	(95,201)	1,269,417	(1,333.41) %
Extracurricular activities	280,176	231,717	48,459	20.91 %
Intergovernmental	29,472,932	26,604,186	2,868,746	10.78 %
Other	659,217	1,148,395	(489,178)	(42.60) %
Total	\$ 110,240,039	\$ 114,323,047	\$ (4,083,008)	(3.57) %

The table that follows displays the expenditures of the general fund for fiscal years 2023 and 2022.

Expenditures	2023 Amount	2022 Amount	Increase/ (Decrease)	Percentage Change
Instruction:				
Regular	\$ 42,030,152	\$ 34,778,338	\$ 7,251,814	20.85 %
Special	21,403,166	18,969,285	2,433,881	12.83 %
Vocational	3,307,434	2,833,403	474,031	16.73 %
Other	500,336	1,729,782	(1,229,446)	(71.08) %
Supporting services:				
Pupil	10,655,616	9,895,181	760,435	7.68 %
Instruction staff	3,811,108	4,093,896	(282,788)	(6.91) %
Board of education	90,248	77,119	13,129	17.02 %
Administration	6,809,154	7,437,661	(628,507)	(8.45) %
Fiscal	2,971,712	2,682,530	289,182	10.78 %
Business	458,372	736,861	(278,489)	(37.79) %
Operations and maintenance	8,799,254	8,568,813	230,441	2.69 %
Pupil transportation	5,142,161	5,309,534	(167,373)	(3.15) %
Central	1,131,266	1,388,022	(256,756)	(18.50) %
Operation of non-instructional services	246,583	500,938	(254,355)	(50.78) %
Extracurricular activities	1,560,662	1,617,551	(56,889)	(3.52) %
Facilities acquisition and construction	-	1,682	(1,682)	(100.00) %
Capital outlay	-	836,761	(836,761)	(100.00) %
Debt service:				
Principal retirement	757,056	692,263	64,793	9.36 %
Interest & fiscal charges	159,300	175,137	(15,837)	(9.04) %
Total	\$ 109,833,580	\$ 102,324,757	\$ 7,508,823	7.34 %

Expenditures of the general fund increased \$7,508,823 or 7.34%. The main reason for this increase was the District exhausting some federal COVID-19 funding, which resulted in expenditures that were reported in special revenue funds in fiscal year 2022, being moved back to the general fund in fiscal year 2023. Expenditures also increased due to inflationary factors.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)

Bond Retirement Fund

In total, the bond retirement fund recognized \$6,625,764 in revenues and \$6,488,288 in expenditures during fiscal year 2023. During fiscal year 2023, the bond retirement fund's fund balance increased by \$137,476 from a balance of \$6,644,997 to a balance of \$6,782,473.

General Fund Budgeting Highlights

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

For the general fund, original budgeted revenues and other financing sources were \$106,760,047. Final budgeted revenues and other financing sources were increased \$9,064,164 from the original. The increase between the original budget and the final budget was due to an increase in property tax revenues due to the passage of a new 5.99 mill operating levy. Actual revenues and other financing sources for fiscal year 2023 were \$114,622,217; this represents a \$1,201,994 decrease from final budgeted revenues and other financing sources.

General fund original budgeted expenditures and other financing uses totaled \$109,699,543. Final budgeted expenditures and other financing uses were increased to \$112,083,572, which is \$2,384,029 greater than the original budgeted expenditures and other financing uses. The actual budget basis expenditures and other financing uses for fiscal year 2023 totaled \$111,620,118, which is less than the final budgeted expenditures and other financing uses by \$463,454.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2023, the District had \$130,785,898 invested in land, construction in progress, buildings and improvements, furniture, fixtures and equipment, intangible right to use assets 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 2023 and 2022.

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

	2023	2022
Land	\$ 461,616	\$ 461,616
Construction in progress	2,050,717	615,864
Building and improvements	119,959,815	121,956,442
Furniture, fixtures, and equipment	1,051,710	756,069
Intangible right to use assets:		
Buildings	2,799,853	3,308,917
Equipment	543,895	711,247
Vehicles	3,918,292	4,286,820
Total	\$ 130,785,898	\$ 132,096,975

The overall decrease in capital assets of \$1,311,077 is due to depreciation/amortization expense of \$3,284,999 exceeding capital asset additions of \$2,064,960 and disposals of \$91,038 (net of accumulated depreciation). See Note 10 to the basic financial statements for additional information on the District's capital assets.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)

Debt Administration

The following table summarizes the District's long-term debt outstanding at June 30, 2023 and 2022.

Outstanding Debt at June 30 - Governmental Activities

	2023	2022
General obligation bonds	\$ 41,235,000	\$ 45,860,000
Tax anticipation notes	1,080,000	1,340,000
Certificates of participation	25,570,000	26,140,000
Leases payable	3,520,423	4,117,479
Financed purchase obligations	5,474,462	703,319
Total	<u>\$ 76,879,885</u>	<u>\$ 78,160,798</u>

At June 30, 2023, the District had \$41,235,000 in general obligation bonds outstanding, all of which were current interest bonds. The District also had \$1,080,000 in tax anticipation notes outstanding, \$25,570,000 in certificates of participation outstanding, \$3,520,423 in leases payable outstanding, and \$5,474,462 in financed purchase obligations outstanding. Of these obligations, \$6,902,916 is due within one year and \$69,976,969 is due in greater than one year. See Note 11 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

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

Contacting the District's Financial Management

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

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

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 34,433,608
Investments	4,562,377
Receivables:	
Property taxes	97,090,842
Payment in lieu of taxes	479,294
Accounts	100,131
Accrued interest	50,252
Intergovernmental	1,191,823
Prepayments	293,205
Materials and supplies inventory	210,645
Inventory held for resale	38,824
Net OPEB asset	10,704,273
Capital assets:	
Nondepreciable capital assets	2,512,333
Depreciable capital assets, net	128,273,565
Capital assets, net	130,785,898
Total assets	279,941,172
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	477,672
Pension	28,392,117
OPEB	3,209,303
Total deferred outflows of resources	32,079,092
Liabilities:	
Accounts payable	730,574
Contracts payable	299,201
Retainage payable	73,742
Accrued wages and benefits payable	14,358,631
Intergovernmental payable	350,618
Pension and postemployment benefits payable	2,063,344
Accrued interest payable	278,575
Matured bonds payable	17,976
Long-term liabilities:	
Due within one year	8,160,526
Due in more than one year:	
Net pension liability	118,323,914
Net OPEB liability	6,992,129
Other amounts due in more than one year	82,386,136
Total liabilities	234,035,366
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	86,551,795
Payment in lieu of taxes levied for the next fiscal year	479,294
Unamortized deferred charges on debt refunding	415,178
Pension	12,186,192
OPEB	17,368,090
Total deferred inflows of resources	117,000,549
Net position:	
Net investment in capital assets	53,944,534
Restricted for:	
Capital projects	3,827,931
Permanent fund - expendable	3,582
Permanent fund - nonexpendable	34,251
OPEB plan	2,520,926
Debt service	6,745,235
State funded programs	7,221
Federally funded programs	1,067,142
Food service operations	1,454,696
Student activities	763,624
Other purposes	94,309
Unrestricted (deficit)	(109,479,102)
Total net position	\$ (39,015,651)

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, 2023

			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	\$ 48,442,091	\$ 1,534,364	\$ 4,920,886	\$ -		\$ (41,986,841)
Special	24,006,015	885,322	5,687,292	-		(17,433,401)
Vocational	3,422,786	272,376	933,781	-		(2,216,629)
Other	498,269	-	-	-		(498,269)
Support services:						
Pupil	11,159,346	618,600	725,940	-		(9,814,806)
Instructional staff	4,861,813	37,241	1,179,187	-		(3,645,385)
Board of education	90,248	-	-	-		(90,248)
Administration	7,390,720	14,111	389,349	-		(6,987,260)
Fiscal	3,146,149	-	-	-		(3,146,149)
Business	999,714	-	-	-		(999,714)
Operations and maintenance	9,483,733	134,065	10,626	1,200,000		(8,139,042)
Pupil transportation	5,328,857	-	771,023	-		(4,557,834)
Central	1,252,922	7,160	62,050	-		(1,183,712)
Operation of non-instructional services:						
Other non-instructional services	6,228,002	1,529,578	4,575,016	-		(123,408)
Extracurricular activities	2,356,295	793,531	17,456	-		(1,545,308)
Interest and fiscal charges	2,364,220	-	-	-		(2,364,220)
Totals	\$ 131,031,180	\$ 5,826,348	\$ 19,272,606	\$ 1,200,000		(104,732,226)
General revenues:						
Property taxes levied for:						
						75,060,346
						5,613,418
						3,915,164
						514,352
						25,397,913
						1,383,774
						245,019
						112,129,986
						7,397,760
						(46,413,411)
						\$ (39,015,651)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and investments	\$ 20,600,628	\$ 6,140,285	\$ 7,692,695	\$ 34,433,608
Investments	-	-	4,562,377	4,562,377
Receivables:				
Property taxes	86,374,515	6,539,528	4,176,799	97,090,842
Payment in lieu of taxes	479,294	-	-	479,294
Accounts	99,254	-	877	100,131
Accrued interest	41,438	-	8,814	50,252
Interfund loans	1,641,900	-	-	1,641,900
Intergovernmental	199,566	-	992,257	1,191,823
Prepayments	281,450	-	11,755	293,205
Materials and supplies inventory	210,645	-	-	210,645
Inventory held for resale	-	-	38,824	38,824
Total assets	<u>\$ 109,928,690</u>	<u>\$ 12,679,813</u>	<u>\$ 17,484,398</u>	<u>\$ 140,092,901</u>
Liabilities:				
Accounts payable	\$ 629,937	\$ -	\$ 100,637	\$ 730,574
Contracts payable	-	-	299,201	299,201
Retainage payable	-	-	73,742	73,742
Accrued wages and benefits payable	13,290,035	-	1,068,596	14,358,631
Compensated absences payable	520,854	-	2,459	523,313
Intergovernmental payable	338,161	-	12,457	350,618
Pension and postemployment benefits payable	1,852,828	-	210,516	2,063,344
Interfund loans payable	-	-	1,641,900	1,641,900
Matured bonds payable	-	17,976	-	17,976
Total liabilities	<u>16,631,815</u>	<u>17,976</u>	<u>3,409,508</u>	<u>20,059,299</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	76,958,869	5,771,606	3,821,320	86,551,795
Payment in lieu of taxes levied for the next fiscal year	479,294	-	-	479,294
Delinquent property tax revenue not available	1,640,180	107,758	73,125	1,821,063
Intergovernmental revenue not available	-	-	132,305	132,305
Accrued interest not available	19,138	-	8,814	27,952
Total deferred inflows of resources	<u>79,097,481</u>	<u>5,879,364</u>	<u>4,035,564</u>	<u>89,012,409</u>
Fund balances:				
Nonspendable	492,095	-	46,006	538,101
Restricted	-	6,782,473	11,002,495	17,784,968
Assigned	2,563,398	-	-	2,563,398
Unassigned (deficit)	11,143,901	-	(1,009,175)	10,134,726
Total fund balances	<u>14,199,394</u>	<u>6,782,473</u>	<u>10,039,326</u>	<u>31,021,193</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 109,928,690</u>	<u>\$ 12,679,813</u>	<u>\$ 17,484,398</u>	<u>\$ 140,092,901</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, 2023

Total governmental fund balances		\$ 31,021,193
<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.		130,785,898
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Delinquent property taxes receivable	\$ 1,821,063	
Accrued interest receivable	27,952	
Intergovernmental receivable	132,305	
Total		1,981,320
Unamortized premiums on bonds issued are not recognized in the funds.		(3,613,636)
Unamortized amounts on refundings are not recognized in the funds.		62,494
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(278,575)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows of resources are not reported in governmental funds.		
Deferred outflows - pension	28,392,117	
Deferred inflows - pension	(12,186,192)	
Net pension liability	(118,323,914)	
Deferred outflows - OPEB	3,209,303	
Deferred inflows - OPEB	(17,368,090)	
Net OPEB asset	10,704,273	
Net OPEB liability	(6,992,129)	
Total		(112,564,632)
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	(41,235,000)	
Leases payable	(3,520,423)	
Compensated absences	(9,529,828)	
Financed purchase obligations	(5,474,462)	
Certificates of participation	(25,570,000)	
Tax anticipation notes	(1,080,000)	
Total		(86,409,713)
Net position (deficit) of governmental activities		\$ (39,015,651)

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, 2023

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 75,590,590	\$ 5,671,190	\$ 3,950,573	\$ 85,212,353
Intergovernmental	29,472,932	954,549	15,157,653	45,585,134
Investment earnings	1,174,216	-	259,964	1,434,180
Tuition and fees	2,548,556	-	675,028	3,223,584
Extracurricular	280,176	-	684,589	964,765
Rental income	133,988	-	-	133,988
Charges for services	39,302	-	1,294,358	1,333,660
Contributions and donations	206,990	-	25,454	232,444
Payment in lieu of taxes	514,352	-	-	514,352
Miscellaneous	278,937	25	159,971	438,933
Total revenues	<u>110,240,039</u>	<u>6,625,764</u>	<u>22,207,590</u>	<u>139,073,393</u>
Expenditures:				
Current:				
Instruction:				
Regular	42,030,152	-	5,775,264	47,805,416
Special	21,403,166	-	2,858,084	24,261,250
Vocational	3,307,434	-	73,552	3,380,986
Other	500,336	-	-	500,336
Support services:				
Pupil	10,655,616	-	618,021	11,273,637
Instructional staff	3,811,108	-	1,170,441	4,981,549
Board of education	90,248	-	-	90,248
Administration	6,809,154	-	402,009	7,211,163
Fiscal	2,971,712	96,864	64,765	3,133,341
Business	458,372	-	34,727	493,099
Operations and maintenance	8,799,254	-	1,455,575	10,254,829
Pupil transportation	5,142,161	-	-	5,142,161
Central	1,131,266	-	158,090	1,289,356
Operation of non-instructional services:				
Other non-instructional services	246,583	-	5,903,883	6,150,466
Extracurricular activities	1,560,662	-	578,043	2,138,705
Facilities acquisition and construction	-	-	1,041,678	1,041,678
Debt service:				
Principal retirement	757,056	4,465,000	1,058,857	6,280,913
Interest and fiscal charges	159,300	1,926,424	1,091,707	3,177,431
Issuance costs	-	-	67,500	67,500
Total expenditures	<u>109,833,580</u>	<u>6,488,288</u>	<u>22,352,196</u>	<u>138,674,064</u>
Excess (deficiency) of revenues over (under) expenditures	<u>406,459</u>	<u>137,476</u>	<u>(144,606)</u>	<u>399,329</u>
Other financing sources (uses):				
Issuance of financed purchase obligation	-	-	5,000,000	5,000,000
Sale of assets	4,768	-	950	5,718
Insurance recoveries	12,969	-	52,733	65,702
Transfers in	-	-	143,500	143,500
Transfers (out)	(143,500)	-	-	(143,500)
Total other financing sources (uses)	<u>(125,763)</u>	<u>-</u>	<u>5,197,183</u>	<u>5,071,420</u>
Net change in fund balances	280,696	137,476	5,052,577	5,470,749
Fund balances at beginning of year	13,833,053	6,644,997	5,045,893	25,523,943
Change in reserve for inventory	85,645	-	(59,144)	26,501
Fund balances at end of year	<u>\$ 14,199,394</u>	<u>\$ 6,782,473</u>	<u>\$ 10,039,326</u>	<u>\$ 31,021,193</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, 2023

Net change in fund balances - total governmental funds	\$	5,470,749
<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/amortization expense.		
Capital asset additions	\$ 2,064,960	
Current year depreciation	(3,284,999)	
Total		(1,220,039)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(91,038)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		
		26,501
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(623,425)	
Earnings on investments	23,091	
Intergovernmental	(62,806)	
Total		(663,140)
Repayment of long-term obligation principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		6,280,913
Issuance of financed purchase obligations are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
		(5,000,000)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in less interest being reported in the statement of activities:		
Decrease in accrued interest payable	8,612	
Amortization of bond premiums	817,497	
Amortization of deferred charges	54,602	
Total		880,711
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	10,185,557	
OPEB	338,657	
Total		10,524,214
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(11,754,082)	
OPEB	2,361,752	
Total		(9,392,330)
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.		
		581,219
Change in net position (deficit) of governmental activities	\$	7,397,760

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, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 73,774,075	\$ 79,312,305	\$ 79,312,305	\$ -
Intergovernmental	28,097,252	30,554,169	29,277,923	(1,276,246)
Investment earnings	101,400	851,400	1,114,109	262,709
Tuition and fees	2,479,397	2,574,195	2,359,411	(214,784)
Extracurricular	59,160	61,913	64,097	2,184
Rental income	79,010	129,010	138,373	9,363
Contributions and donations	738	738	-	(738)
Payment in lieu of taxes	314,000	314,000	546,352	232,352
Miscellaneous	167,044	445,369	223,507	(221,862)
Total revenues	<u>105,072,076</u>	<u>114,243,099</u>	<u>113,036,077</u>	<u>(1,207,022)</u>
Expenditures:				
Current:				
Instruction:				
Regular	41,404,989	41,622,958	41,415,334	207,624
Special	20,049,997	21,335,524	21,035,281	300,243
Vocational	3,013,534	3,233,998	3,220,317	13,681
Other	742,522	550,352	516,283	34,069
Support services:				
Pupil	10,802,789	10,894,967	10,370,846	524,121
Instructional staff	3,916,342	3,956,715	3,822,386	134,329
Board of education	114,135	110,198	90,132	20,066
Administration	7,570,555	7,486,538	7,333,798	152,740
Fiscal	2,391,186	3,134,919	3,011,058	123,861
Business	1,014,441	1,082,635	1,057,576	25,059
Operations and maintenance	9,832,602	9,435,555	9,306,979	128,576
Pupil transportation	5,544,345	5,676,054	5,393,986	282,068
Central	1,434,849	1,413,825	1,290,372	123,453
Operation of non-instructional services:				
Other non-instructional services	287,201	175,959	167,886	8,073
Extracurricular activities	1,240,681	1,624,500	1,597,109	27,391
Facilities acquisition and construction	3,000	-	-	-
Debt service:				
Principal	165,000	160,000	160,000	-
Interest and fiscal charges	45,375	45,375	45,375	-
Total expenditures	<u>109,573,543</u>	<u>111,940,072</u>	<u>109,834,718</u>	<u>2,105,354</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,501,467)</u>	<u>2,303,027</u>	<u>3,201,359</u>	<u>898,332</u>
Other financing sources (uses):				
Refund of prior year's expenditures	150,000	25,067	28,359	3,292
Refund of prior year's receipts	(1,000)	-	-	-
Transfers in	-	2,073	2,073	-
Transfers (out)	(125,000)	(143,500)	(143,500)	-
Advances in	1,537,971	1,537,971	1,537,971	-
Advances (out)	-	-	(1,641,900)	(1,641,900)
Insurance recoveries	-	12,969	12,969	-
Sale of assets	-	3,032	4,768	1,736
Total other financing sources (uses)	<u>1,561,971</u>	<u>1,437,612</u>	<u>(199,260)</u>	<u>(1,636,872)</u>
Net change in fund balance	(2,939,496)	3,740,639	3,002,099	(738,540)
Fund balance at beginning of year	13,580,806	13,580,806	13,580,806	-
Prior year encumbrances appropriated	1,236,504	1,236,504	1,236,504	-
Fund balance at end of year	<u>\$ 11,877,814</u>	<u>\$ 18,557,949</u>	<u>\$ 17,819,409</u>	<u>\$ (738,540)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District operates under a locally elected five-member Board form of government and provides educational services in accordance with the constitution and laws of the State of Ohio and as required by federal agencies. This Board controls the District's instructional and support facilities staffed by 628 classified personnel and 505 certificated teaching and administrative personnel to provide services to students and other community members. The District currently operates one early education center, eight elementary schools, two middle schools (grades 6-8), and one comprehensive high school (grades 9-12).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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

JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association (META) Solutions - The District is a participant in META Solutions which is a computer consortium that resulted from the mergers between Tri-Rivers Educational Computer Association (TRECA), Metropolitan Educational Council (MEC), Metropolitan Dayton Educational Cooperative Association (MDECA), Southeastern Ohio Valley Voluntary Education Cooperative (SEOVEC), and South Central Ohio Computer Association (SCOCA). META Solutions develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eleven of the member districts. During fiscal year 2023, the District paid META Solutions \$186,525 for services. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

Shared Resources Center Regional Council of Governments - The District participates in the Shared Resources Center Regional Council of Governments (Council), a jointly governed organization consisting of educational entities within Montgomery County. The purpose of the Council is to provide cost effective services to its members and to other entities, enhance and facilitate relationships between stakeholders in the public and private sector, and collaborate on research and development for innovations in education and local government. The Council is governed by a Governing Board, consisting of one individual from each of the seven original members, including the District. The degree of control exercised by any participating educational entity is limited to its representation on the Governing Board. During fiscal year 2023, the District paid the Council \$21,630 for services. Financial information can be obtained from the Montgomery County Educational Service Center, 200 South Keowee Street, Dayton, Ohio 45402.

PUBLIC ENTITY RISK POOLS

Southwestern Ohio Educational Purchasing Council - The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing council made up of over 139 schools in 18 counties. The purpose of the council is to obtain prices for quality merchandise and services commonly used by schools. All members are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the members. Any member withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. During fiscal year 2023, the District made no payments to the SOEPC for membership. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, Director, 303 Corporate Center Drive Suite 208, Vandalia, Ohio 45377.

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

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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.

PROPRIETARY FUNDS

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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 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.

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.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, payment in lieu of taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 5). Revenue from payment in lieu of taxes, grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal 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 represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 13 and 14 for deferred outflows of resources related to net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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 assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 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. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 13 and 14 for deferred inflows of resources related to net pension liability and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position. In addition, deferred outflows of resources include a deferred gain on debt refunding. A deferred gain 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 debt or refunding debt.

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

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

E. Budgetary Process

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

All funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control is at the fund level for all funds of the District. 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

2. Estimated Resources - Prior to April 1, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to 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 fiscal year. The certificate may be further amended during the fiscal 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 2023.
3. Appropriations - A temporary appropriation measure to control expenditures may be passed on or about July 1 of each fiscal year for the period July 1 through September 30. An annual appropriation resolution must be passed by October 1 of each fiscal year for the period July 1 through June 30. The appropriation resolution establishes spending controls at the fund level. The appropriation resolution may be amended during the fiscal 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 fiscal year by management. During the fiscal year, several supplemental appropriations were necessary to budget the use of contingency funds. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the statement of revenues, expenditures, and changes in fund balance - budget and actual are provided on the financial statement basis to provide a comparison of actual results to the final budget, including all amendments and modifications.
4. Encumbrances - As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities.
5. Lapsing of Appropriations - At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be re-appropriated.
6. Budgetary Basis of Accounting - The District's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. Encumbrances are recorded as the equivalent of expenditures (budgetary basis) as opposed to a restricted, committed, or assigned designation of fund balance (GAAP basis).

F. Cash and Investments

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

During fiscal year 2023, the District's investments included, commercial paper, negotiable certificates of deposit, U.S. Treasury notes, federal agency securities, U.S. government money market 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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

For fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24-hour notice in advance of all deposits and withdrawals exceeding \$100 million is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2023 totaled \$1,174,216, which includes \$447,325 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 fiscal year-end is provided in Note 4.

G. Inventory

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

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

H. Capital Assets

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

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. During fiscal year 2023, the District maintained a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset life are not.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

All capital assets except land and construction in progress are depreciated/amortization. Depreciation/amortization 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
Intangible right to use assets:	
Buildings	8 years
Equipment	5 years

The District is reporting intangible right to use assets related to leased equipment and building space. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

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 fiscal year. Bonds, notes, certificates of participation, financed purchase obligations and leases payable are recognized as a liability on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

K. Compensated Absences

In accordance with the provisions of GASB Statement No. 16, “*Accounting for Compensated Absences*”, a liability for vacation leave is accrued if (a) the employees’ rights to payment are attributable to services already rendered; and (b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2023, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave for employees expected to become eligible to retire in the future, all employees with at least 5 years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2023 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

L. Fund Balance

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

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

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

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

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 fiscal year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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

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

M. Net Position

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

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

N. Pensions/Other Postemployment Benefits (OPEB)

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

O. Prepayments

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

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 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 THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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, 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 2023.

U. Fair Value

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2023, the District has implemented GASB Statement No. 91, "Conduit Debt Obligations", GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements", GASB Statement No. 96, "Subscription Based Information Technology Arrangements", certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the District.

**KETTERING CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the District.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the District.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on the financial statements of the District.

GASB Statement No. 99 to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2023 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Pathfinder/preschool	\$ 876,016
Public school preschool	10,731
Other state programs	929
IDEA part B	54,514
Title I	33,521
Supporting effective instruction	21,072
Title IV-A	4,040

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Deposits with Financial Institutions

At June 30, 2023, the carrying amount of all District deposits was \$610,315. Based on the criteria described in GASB Statement No. 40, “*Deposits and Investment Risk Disclosures*”, as of June 30, 2023, \$706,732 of the District’s bank balance of \$956,732 was exposed to custodial risk as discussed below, while \$250,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District’s and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2023, the District’s financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

B. Investments

The District’s investments at June 30, 2023, were as follows:

Measurement/ Investment type	Measurement value	Investment maturity				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Fair value:</i>						
FHLB	\$ 5,340,498	\$ 1,136,460	\$ 348,289	\$ 1,771,535	\$ 1,225,543	\$ 858,671
FFCB	544,260	196,465	347,795	-	-	-
Negotiable CDs	487,170	-	-	245,970	-	241,200
U.S. Treasury notes	1,197,075	475,153	721,922	-	-	-
Commercial paper	6,408,055	4,884,471	1,523,584	-	-	-
<i>Net Asset Value per Share:</i>						
STAR Ohio	24,366,839	24,366,839	-	-	-	-
U.S. Government money market funds	41,173	41,173	-	-	-	-
Total	\$ 38,385,070	\$ 31,100,561	\$ 2,941,590	\$ 2,017,505	\$ 1,225,543	\$ 1,099,871

At June 30, 2023, the weighted average yield to maturity of the District’s investments is 0.30 years.

The District’s investments in STAR Ohio and the U.S. Government money market funds are valued at the net asset value (NAV) per share, which is calculated on an amortized cost basis. The District’s investments in federal agency securities, negotiable certificates of deposit, commercial paper and U.S. Treasury notes are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Credit Risk: STAR Ohio and the U.S. government money market funds 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 U.S. Treasury notes and federal agency securities were rated Aaa by Moody's Investor Services and AA+ by Standard and Poor's. The District's investments in commercial paper were rated P-1 by Moody's Investor Services and A-1 or A-1+ by Standard and Poor's. The District's investments in negotiable certificates of deposit are not rated as they are fully insured by the FDIC. The District has no investment policy that would further limit its investment choices.

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

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2023:

Measurement/ Investment type	Measurement value	% of total
<i>Fair value:</i>		
FHLB	\$ 5,340,498	13.91
FFCB	544,260	1.42
Negotiable CDs	487,170	1.27
U.S. Treasury notes	1,197,075	3.12
Commercial paper	6,408,055	16.69
<i>Net Asset Value per Share:</i>		
STAR Ohio	24,366,839	63.48
U.S. Government money market funds	41,173	0.11
Total	<u>\$ 38,385,070</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2023:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 610,315
Investments	38,385,070
Cash on hand	600
Total	<u>\$ 38,995,985</u>

<u>Cash and investments per statement of net position</u>	
Governmental activities	<u>\$ 38,995,985</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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 2023 represent the collection of calendar year 2022 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2022, on the assessed values as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2023 represent the collection of calendar year 2022 taxes. Public utility real and personal property taxes received in calendar year 2023 became a lien on December 31, 2021, were levied after April 1, 2022, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Montgomery and Greene Counties. The County Auditors periodically advance to the District their portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2023, are available to finance fiscal year 2023 operations. The amount available as an advance at June 30, 2023 was \$7,775,466 in the general fund, \$660,164 in the bond retirement fund and \$282,354 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2022 was \$11,497,180 in the general fund, \$1,114,449 in the bond retirement fund and \$590,812 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, 2023 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 2023 taxes were collected are:

	2022 Second Half Collections		2023 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 1,386,296,160	89.98	\$ 1,389,934,310	89.44
Public utility personal	<u>154,403,670</u>	<u>10.02</u>	<u>164,172,010</u>	<u>10.56</u>
Total	<u>\$ 1,540,699,830</u>	<u>100.00</u>	<u>\$ 1,554,106,320</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 90.18		\$ 96.17	

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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 \$514,352 in the general fund during fiscal year 2023.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2023 consisted of property taxes, payments in lieu of taxes, accounts, accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current fiscal 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	\$ 97,090,842
Payments in lieu of taxes	479,294
Accounts	100,131
Accrued interest	50,252
Intergovernmental	<u>1,191,823</u>
Total	<u>\$ 98,912,342</u>

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

NOTE 8 - INTERFUND TRANSFERS

Following is a summary of transfers in and out for all funds at June 30, 2023:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
General fund	\$ -	\$ 143,500
Nonmajor governmental funds	<u>143,500</u>	<u>-</u>
Total	<u>\$ 143,500</u>	<u>\$ 143,500</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.

\$125,000 of the \$143,500 in transfers made from the general fund was to the Pathfinder/preschool fund, a nonmajor special revenue fund. This was to provide operating resources to maintain certain activities in that fund.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 9 - INTERFUND BALANCES

Interfund balances at June 30, 2023, as reported on the fund statements, consist of the following individual short-term interfund loans receivable and payable:

Receivable fund	Payable fund	Amount
General fund	Nonmajor governmental funds	<u>\$ 1,641,900</u>

The primary purpose of the interfund balance is to cover costs in various funds where revenues were not received by June 30, 2023. The interfund balance will be repaid once the anticipated revenues are received. The interfund balance is expected to be repaid within one fiscal year.

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

NOTE 10 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

	Balance June 30, 2022	Additions	Deductions	Balance June 30, 2023
Governmental activities:				
<i>Capital assets not being depreciated/amortized:</i>				
Land	\$ 461,616	\$ -	\$ -	\$ 461,616
Construction in progress	<u>615,864</u>	<u>1,434,853</u>	<u>-</u>	<u>2,050,717</u>
Total capital assets not being depreciated/amortized	<u>1,077,480</u>	<u>1,434,853</u>	<u>-</u>	<u>2,512,333</u>
<i>Capital assets being depreciated/amortized:</i>				
Building and improvements	169,661,566	123,442	-	169,785,008
Furniture, fixtures, and equipment	4,193,500	460,955	(189,543)	4,464,912
<i>Intangible right to use:</i>				
Buildings	3,817,981	-	-	3,817,981
Equipment	836,761	-	-	836,761
Vehicles	<u>7,101,611</u>	<u>45,710</u>	<u>(214,394)</u>	<u>6,932,927</u>
Total capital assets being depreciated/amortized	<u>185,611,419</u>	<u>630,107</u>	<u>(403,937)</u>	<u>185,837,589</u>
<i>Less: accumulated depreciation/amortization:</i>				
Building and improvements	(47,705,124)	(2,120,069)	-	(49,825,193)
Furniture, fixtures, and equipment	(3,437,431)	(152,824)	177,053	(3,413,202)
<i>Intangible right to use:</i>				
Buildings	(509,064)	(509,064)	-	(1,018,128)
Equipment	(125,514)	(167,352)	-	(292,866)
Vehicles	<u>(2,814,791)</u>	<u>(335,690)</u>	<u>135,846</u>	<u>(3,014,635)</u>
Total accumulated depreciation/amortization	<u>(54,591,924)</u>	<u>(3,284,999)</u>	<u>312,899</u>	<u>(57,564,024)</u>
Governmental activities capital assets, net	<u>\$ 132,096,975</u>	<u>\$ (1,220,039)</u>	<u>\$ (91,038)</u>	<u>\$ 130,785,898</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 10 - CAPITAL ASSETS - (Continued)

Depreciation/amortization expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 1,351,244
Special	46,474
Vocational	96,295
Support services:	
Pupil	1,458
Instructional staff	73,800
Administration	354,893
Fiscal	15,380
Business	514,410
Operations and maintenance	145,465
Pupil transportation	313,754
Central	698
Operation of non-instructional services	147,156
Extracurricular activities	<u>223,972</u>
Total depreciation expense	<u>\$ 3,284,999</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - LONG-TERM OBLIGATIONS

A. During fiscal year 2023, the following changes occurred in governmental activities long-term obligations:

	Balance June 30, 2022	Additions	Deductions	Balance June 30, 2023	Amount Due Within One Year
Governmental activities:					
General obligation bonds:					
2007 school improvement refunding	\$ 16,205,000	\$ -	\$ -	\$ 16,205,000	\$ -
2012 taxable school improvement refunding	475,000	-	(475,000)	-	-
2013 energy conservation	1,245,000	-	(160,000)	1,085,000	165,000
2016 school improvement refunding	8,255,000	-	-	8,255,000	-
2017 school improvement refunding	15,175,000	-	(3,390,000)	11,785,000	3,510,000
2022 school improvement refunding*	4,505,000	-	(600,000)	3,905,000	1,132,000
Total general obligation bonds	<u>45,860,000</u>	<u>-</u>	<u>(4,625,000)</u>	<u>41,235,000</u>	<u>4,807,000</u>
Financed purchase agreements*:					
School buses	703,319	-	(228,857)	474,462	234,395
2023 financed purchase	-	5,000,000	-	5,000,000	375,000
Total financed purchase agreements	<u>703,319</u>	<u>5,000,000</u>	<u>(228,857)</u>	<u>5,474,462</u>	<u>609,395</u>
Certificates of participation:					
2017 certificates of participation	10,520,000	-	(260,000)	10,260,000	270,000
2019 certificates of participation	15,620,000	-	(310,000)	15,310,000	325,000
Total certificates of participation	<u>26,140,000</u>	<u>-</u>	<u>(570,000)</u>	<u>25,570,000</u>	<u>595,000</u>
Compensated absences	10,273,716	934,266	(1,154,841)	10,053,141	1,257,610
Leases payable	4,117,479	-	(597,056)	3,520,423	631,521
2016B tax anticipation notes	1,340,000	-	(260,000)	1,080,000	260,000
Net pension liability	70,452,348	47,871,566	-	118,323,914	-
Net OPEB liability	8,972,061	-	(1,979,932)	6,992,129	-
Total governmental activities long-term debt	<u>\$ 167,858,923</u>	<u>\$ 53,805,832</u>	<u>\$ (9,415,686)</u>	212,249,069	<u>\$ 8,160,526</u>
Add: Unamortized premiums				3,613,636	
Total long-term liabilities reported on the statement of net position				<u>\$ 215,862,705</u>	

*direct placement or direct borrowing

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 auxiliary services fund, the other State grants fund, the IDEA Part B fund, the preschool grant fund, the ESSER fund, the bilingual education fund, Title IV-A fund, supporting effective instruction fund, and the Title I fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

C. Net Pension Liability

The District's net pension liability is described in Note 13. The District pays obligations related to employee compensation from the fund benefitting from their service, which, for the District, is primarily the general fund.

D. Net OPEB Liability/Asset

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

E. Tax Anticipation Notes

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

F. Certificates of Participation

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

G. General Obligation Bonds

At June 30, 2023, the District had six outstanding general obligation bond issuances. These bonds were used to finance the construction and/or renovation of the District's buildings, to finance renovations to reduce the District's energy consumption, and to advance or currently 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.

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 \$30,075,000 at June 30, 2023, is considered defeased (in-substance) and, accordingly, has been removed from the statement of net position.

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

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

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

2012 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.

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

The capital appreciation refunding bonds matured 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 was \$540,000.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

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

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

2016 school improvement refunding - On September 6, 2016, the District issued 2016 school improvement refunding general obligation bonds to advance refund the District's 2006 school improvement general obligation bonds. The issuance proceeds of \$9,487,185 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt, the outstanding balance of which totaled \$9,180,000 at June 30, 2023, is considered defeased (in-substance) and, accordingly, has been removed from the statement of net position.

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

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

2017 school improvement refunding - On March 7, 2017, the District issued 2017 school improvement refunding general obligation bonds to advance refund a portion of the District's 2007 school improvement general obligation bonds. The issuance proceeds of \$35,197,862 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt, the outstanding balance of which totaled \$13,245,000 at June 30, 2023, is considered defeased (in-substance) and, accordingly, has been removed from the statement of net position.

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

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

2022 school improvement refunding - direct placement - On February 23, 2022, the District issued 2022 school improvement refunding general obligation bonds to currently refund the 2012 school improvement refunding general obligation bonds. This refunded debt is considered defeased (in-substance) and, accordingly, has been removed from the statement of net position.

The issue is comprised of current interest refunding bonds, par value \$4,505,000. Interest rates on the current interest refunding bonds are 1.53% with interest payments due on June 1 and December 1 of each year until final maturity at December 1, 2028. Debt service payments are made from the bond retirement fund.

The net carrying amount of the old debt exceeded the reacquisition price by \$162,929. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt.

The bonds are considered a direct placement. Direct placements occur when the District issues a debt security directly to an investor. Direct placements have terms negotiated directly with the investor and are not offered for public sale.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

H. Financed Purchase Agreements

Financed purchase agreement - school buses - On August 15, 2020, the District entered into a financed purchase agreement for \$1,170,240 with Santander Bank for the purchase of 12 new school buses. The agreement bears an interest rate of 2.42%. Annual payments are due each September 15th in the calendar years 2020-2024. Payments are made from the permanent improvement fund, a nonmajor governmental fund.

This agreement is considered a direct borrowing with terms negotiated between the District and Santander Bank and are not offered for public sale. In the event of default, Santander Bank may (1) declare the full amount of the then unpaid loan to be immediately due and payable and/or require the District to pay any fines, penalties, interest or late charges associated with the default or (2) take possession of the buses without demand or notice.

Financed purchase agreement- series 2023 - On December 20, 2022, the District entered into a financed purchase agreement for \$5,000,000 with Webster Bank. The proceeds will be used for various capital improvements throughout the District. The agreement bears an interest rate of 3.59%. Semi-annual payments are due each June 1 and December 1 until final maturity on December 1, 2032. Payments are made from the permanent improvement fund, a nonmajor governmental fund. At June 30, 2023, \$3,962,606 of the proceeds remain unspent.

The 2023 series financed purchase agreement is considered a direct placement. Direct placements occur when the District issues a debt security directly to an investor. Direct placements have terms negotiated directly with the investor and are not offered for public sale.

I. Leases Payable

Leases Payable - The District has entered into lease agreements for the use of right to use office building space and copier equipment. Due to the implementation of GASB Statement No. 87, the District reports an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments are paid from the general fund. Lease payments have been reclassified and shown as debt service expenditures. The expenditures for these leases will be reflected as function expenditures on a budgetary basis.

The District has entered into lease agreements for copier equipment and office building space at varying years and terms as follows:

<u>Purpose of Lease</u>	<u>Lease Commencement Fiscal Year</u>	<u>Years</u>	<u>Lease End Fiscal Year</u>	<u>Payment Method</u>
Office building space	2019	10	2028	Monthly
Copier equipment	2022	5	2026	Monthly

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

J. Debt Service Requirements

The following is a summary of the future debt service requirements to maturity for the District's long-term obligations:

Fiscal Year Ended	General Obligation Bonds			Direct Placement General Obligation Bond		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 3,675,000	\$ 1,722,150	\$ 5,397,150	\$ 1,132,000	\$ 51,086	\$ 1,183,086
2025	4,130,000	1,529,113	5,659,113	875,000	35,733	910,733
2026	4,490,000	1,315,337	5,805,337	732,000	23,440	755,440
2027	5,175,000	1,069,275	6,244,275	283,000	15,675	298,675
2028	5,085,000	802,294	5,887,294	645,000	8,576	653,576
2029 - 2032	14,775,000	1,143,012	15,918,012	238,000	1,821	239,821
Total	<u>\$ 37,330,000</u>	<u>\$ 7,581,181</u>	<u>\$ 44,911,181</u>	<u>\$ 3,905,000</u>	<u>\$ 136,331</u>	<u>\$ 4,041,331</u>

Fiscal Year Ended	Certificates of Participation			Tax Anticipation Note		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 595,000	\$ 962,194	\$ 1,557,194	\$ 260,000	\$ 19,000	\$ 279,000
2025	630,000	935,944	1,565,944	265,000	13,750	278,750
2026	645,000	906,943	1,551,943	275,000	8,350	283,350
2027	680,000	876,819	1,556,819	280,000	2,800	282,800
2028	720,000	844,944	1,564,944	-	-	-
2029 - 2033	4,040,000	3,705,918	7,745,918	-	-	-
2034 - 2038	4,995,000	2,781,595	7,776,595	-	-	-
2039 - 2043	5,925,000	1,821,842	7,746,842	-	-	-
2044 - 2048	6,440,000	672,427	7,112,427	-	-	-
2049	900,000	15,300	915,300	-	-	-
Total	<u>\$ 25,570,000</u>	<u>\$ 13,523,926</u>	<u>\$ 39,093,926</u>	<u>\$ 1,080,000</u>	<u>\$ 43,900</u>	<u>\$ 1,123,900</u>

Fiscal Year Ended	Leases Payable			Direct Borrowing/Placement Financed Purchase Agreements		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 631,521	\$ 97,037	\$ 728,558	\$ 609,395	\$ 184,251	\$ 793,646
2025	667,402	77,602	745,004	685,067	163,859	848,926
2026	704,860	57,070	761,930	460,000	141,805	601,805
2027	607,726	36,748	644,474	477,000	124,986	601,986
2028	598,333	19,153	617,486	494,000	107,556	601,556
2029 - 2033	310,581	2,723	313,304	2,749,000	253,652	3,002,652
Total	<u>\$ 3,520,423</u>	<u>\$ 290,333</u>	<u>\$ 3,810,756</u>	<u>\$ 5,474,462</u>	<u>\$ 976,109</u>	<u>\$ 6,450,571</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

J. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2023, are a voted debt margin of \$106,502,042 (including available funds of \$6,782,473), an unvoted debt margin of \$1,554,106, and an energy conservation debt margin of \$12,901,957.

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 2023, the District contracted with Liberty Mutual through Marsh and McLennan Agency for general liability insurance with a \$1,000,000 per occurrence limit and a \$2,000,000 aggregate. Property is protected by Liberty Mutual through Marsh and McLennan Agency and holds a \$5,000 occurrence deductible.

The District's vehicles are insured under a policy by Liberty Mutual through Marsh and McLennan Agency which carries a \$500 deductible and a \$1,000,000 combined single limit on any accident.

The District has earthquake (\$5,000,000 limit) and flood (\$1,000,000 limit) insurance with Liberty Mutual through Marsh and McLennan Agency. The District also has a \$10,000,000 limit umbrella policy with Liberty Mutual through Marsh and McLennan Agency.

Settled claims have not exceeded insurance coverage during the last three fiscal 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 Unum Insurance Company.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability/Asset

The net pension liability and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients.

The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension/OPEB liability (asset)* 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 benefits payable on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2022, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2023.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% 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 10.00% for plan members and 14.00% 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, 2023, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$2,476,674 for fiscal year 2023. Of this amount, \$409,474 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) 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 is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

**KETTERING CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all of their member contributions and 9.53% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS Ohio. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 and after termination of employment.

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. New members, on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. 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 fiscal year 2023 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2023, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$7,708,883 for fiscal year 2023. Of this amount, \$1,315,212 is reported as pension and postemployment benefits payable.

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, 2022, 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.457474000%	0.418999752%	
Proportion of the net pension liability current measurement date	<u>0.488554100%</u>	<u>0.413398950%</u>	
Change in proportionate share	<u>0.031080100%</u>	<u>-0.005600802%</u>	
Proportionate share of the net pension liability	\$ 26,424,806	\$ 91,899,108	\$ 118,323,914
Pension expense	\$ 997,394	\$ 10,756,688	\$ 11,754,082

At June 30, 2023, 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	\$ 1,070,226	\$ 1,176,426	\$ 2,246,652
Net difference between projected and actual earnings on pension plan investments	-	3,197,887	3,197,887
Changes of assumptions	260,738	10,997,562	11,258,300
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	1,125,312	378,409	1,503,721
Contributions subsequent to the measurement date	<u>2,476,674</u>	<u>7,708,883</u>	<u>10,185,557</u>
Total deferred outflows of resources	<u>\$ 4,932,950</u>	<u>\$ 23,459,167</u>	<u>\$ 28,392,117</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 173,472	\$ 351,542	\$ 525,014
Net difference between projected and actual earnings on pension plan investments	922,106	-	922,106
Changes of assumptions	-	8,278,003	8,278,003
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>606,997</u>	<u>1,854,072</u>	<u>2,461,069</u>
Total deferred inflows of resources	<u>\$ 1,702,575</u>	<u>\$ 10,483,617</u>	<u>\$ 12,186,192</u>

\$10,185,557 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 fiscal year ending June 30, 2024.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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:	SERS	STRS	Total
2024	\$ 73,497	\$ (132,854)	\$ (59,357)
2025	465,062	(789,982)	(324,920)
2026	(1,317,247)	(3,130,556)	(4,447,803)
2027	1,532,389	9,320,059	10,852,448
Total	\$ 753,701	\$ 5,266,667	\$ 6,020,368

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, 2022, are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
COLA or ad hoc COLA:	
Current measurement date	2.00%
Prior measurement date	2.00%
Investment rate of return:	
Current measurement date	7.00% net of system expenses
Prior measurement date	7.00% net of system expenses
Discount rate:	
Current measurement date	7.00%
Prior measurement date	7.00%
Actuarial cost method	Entry age normal (level percent of payroll)

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

In 2022, mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

In the prior measurement date, mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five-year period ended June 30, 2020.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	<u>100.00 %</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.00%. 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 earnings were calculated using the long-term assumed investment rate of return (7.00%). 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 7.00%, 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 (6.00%), or one percentage point higher (8.00%) than the current rate.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 38,896,053	\$ 26,424,806	\$ 15,917,950

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2022 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

Actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u>100.00 %</u>	

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS Ohio’s investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table represents the net pension liability as of June 30, 2022, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 138,826,096	\$ 91,899,108	\$ 52,213,404

Changes Between Measurement Date and Reporting Date - STRS approved a one-time 1.00% cost-of-living adjustment to eligible benefit recipients effective July 1, 2023. It is unknown what effect this change will have on the net pension liability.

**KETTERING CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 13 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2023, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the District's surcharge obligation was \$338,657.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$338,657 for fiscal year 2023. Of this amount, \$338,657 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability/asset was measured as of June 30, 2022, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.474064600%	0.418999752%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.498011200%</u>	<u>0.413398950%</u>	
Change in proportionate share	<u>0.023946600%</u>	<u>-0.005600802%</u>	
Proportionate share of the net OPEB liability	\$ 6,992,129	\$ -	\$ 6,992,129
Proportionate share of the net OPEB asset	\$ -	\$ 10,704,273	\$ 10,704,273
OPEB expense	\$ (548,904)	\$ (1,812,848)	\$ (2,361,752)

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 58,781	\$ 155,178	\$ 213,959
Net difference between projected and actual earnings on OPEB plan investments	36,339	186,332	222,671
Changes of assumptions	1,112,187	455,961	1,568,148
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	646,929	218,939	865,868
Contributions subsequent to the measurement date	<u>338,657</u>	<u>-</u>	<u>338,657</u>
Total deferred outflows of resources	<u>\$ 2,192,893</u>	<u>\$ 1,016,410</u>	<u>\$ 3,209,303</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 4,472,677	\$ 1,607,589	\$ 6,080,266
Changes of assumptions	2,870,320	7,590,373	10,460,693
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	825,336	1,795	827,131
Total deferred inflows of resources	\$ 8,168,333	\$ 9,199,757	\$ 17,368,090

\$338,657 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2024.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	\$ (1,477,528)	\$ (2,338,998)	\$ (3,816,526)
2025	(1,442,564)	(2,333,501)	(3,776,065)
2026	(1,294,380)	(1,143,057)	(2,437,437)
2027	(882,120)	(476,710)	(1,358,830)
2028	(540,378)	(625,312)	(1,165,690)
Thereafter	(677,127)	(1,265,769)	(1,942,896)
Total	\$ (6,314,097)	\$ (8,183,347)	\$ (14,497,444)

Actuarial Assumptions - SERS

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

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

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

**KETTERING CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2022 are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
Investment rate of return:	
Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.00% net of investment expense, including inflation
Municipal bond index rate:	
Current measurement date	3.69%
Prior measurement date	1.92%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	4.08%
Prior measurement date	2.27%
Medical trend assumption:	
Current measurement date	7.00 to 4.40%
Prior measurement date	
Medicare	5.125 to 4.400%
Pre-Medicare	6.750 to 4.400%

In 2022, mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

In the prior measurement date, mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five-year period ended June 30, 2020.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial 5-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2022, was 4.08%. The discount rate used to measure total OPEB liability prior to June 30, 2022, was 2.27%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69% at June 30, 2022 and 1.92% at June 30, 2021.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%).

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 8,684,330	\$ 6,992,129	\$ 5,626,063

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 5,392,186	\$ 6,992,129	\$ 9,081,914

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022 actuarial valuation, compared with June 30, 2021 actuarial valuation, are presented below:

	June 30, 2022		June 30, 2021	
Inflation	2.50%		2.50%	
Projected salary increases	Varies by service from 2.50% to 8.50%		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.00%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.00%		7.00%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	7.50%	3.94%	5.00%	4.00%
Medicare	-68.78%	3.94%	-16.18%	4.00%
Prescription Drug				
Pre-Medicare	9.00%	3.94%	6.50%	4.00%
Medicare	-5.47%	3.94%	29.98%	4.00%

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

For the June 30, 2022 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

Actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Assumption Changes Since the Prior Measurement Date - The discount rate remained unchanged at 7.00% for the June 30, 2022 valuation.

Benefit Term Changes Since the Prior Measurement Date - Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based.

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

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u>100.00 %</u>	

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 9,912,356	\$ 10,704,273	\$ 11,396,785

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 11,102,937	\$ 10,704,273	\$ 10,201,061

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, 2023.

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, 2023.

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. 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 and Workforce (ODEW) 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, ODEW has finalized the impact of enrollment adjustments to the June 30, 2023 Foundation funding for the District, which did not result in a material receivable to, or liability of, the District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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:

<u>Fund balance</u>	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:				
Materials and supplies inventory	\$ 210,645	\$ -	\$ -	\$ 210,645
Prepayments	281,450	-	11,755	293,205
Endowments	-	-	34,251	34,251
Total nonspendable	<u>492,095</u>	<u>-</u>	<u>46,006</u>	<u>538,101</u>
Restricted:				
Food service operations	-	-	1,560,757	1,560,757
Endowments	-	-	3,582	3,582
Capital improvements	-	-	7,465,860	7,465,860
State funded programs	-	-	7,150	7,150
Federally funded programs	-	-	1,066,895	1,066,895
Non-public schools	-	-	40,343	40,343
Extracurricular activities	-	-	763,599	763,599
Debt service	-	6,782,473	-	6,782,473
Other purposes	-	-	94,309	94,309
Total restricted	<u>-</u>	<u>6,782,473</u>	<u>11,002,495</u>	<u>17,784,968</u>
Assigned:				
Student instruction	842,401	-	-	842,401
Student and staff support	957,757	-	-	957,757
Other purposes	763,240	-	-	763,240
Total assigned	<u>2,563,398</u>	<u>-</u>	<u>-</u>	<u>2,563,398</u>
Unassigned (deficit)	<u>11,143,901</u>	<u>-</u>	<u>(1,009,175)</u>	<u>10,134,726</u>
Total fund balances	<u>\$ 14,199,394</u>	<u>\$ 6,782,473</u>	<u>\$ 10,039,326</u>	<u>\$ 31,021,193</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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:

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

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

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

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

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

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

Net Change in Fund Balance

	General fund
Budget basis	\$ 3,002,099
Net adjustment for revenue accruals	(3,521,986)
Net adjustment for expenditure accruals	(981,212)
Net adjustment for other sources/uses	75,570
Funds budgeted elsewhere	362,425
Adjustment for encumbrances	1,343,800
GAAP basis	\$ 280,696

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

NOTE 18 - SET-ASIDES

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 18 - SET-ASIDES - (Continued)

During fiscal years 1998, 2003, 2014, 2017, 2018, 2019 and 2023, the District issued \$141,563,000 in capital related school improvement bonds, tax anticipation notes, certificates of participation and financed purchase obligations. These proceeds may be used to reduce capital acquisition to zero in future years. The District is responsible for tracking the amount of the bond and note proceeds that may be used as an offset in future periods, which was \$141,563,000 at June 30, 2023.

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, 2022	\$ -
Current year set-aside requirement	1,613,377
Current year offsets	(4,348,426)
Total	\$ (2,735,049)
Balance carried forward to fiscal year 2024	\$ -

Although the District had offsets during the fiscal year that reduced the capital improvements set-aside amount to below zero, the excess of current year offsets 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 fiscal year-end, the District's commitments for encumbrances in the governmental funds were as follows:

Fund	Fiscal Year-End Encumbrances
General fund	\$ 1,099,341
Nonmajor governmental funds	1,616,230
Total	\$ 2,715,571

NOTE 20 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

The City of Kettering and the City of Moraine provide tax abatements through two programs - Enterprise Zone Agreements and Community Reinvestment Area (CRA) Agreements. Under the agreements, various businesses receive the abatement of property taxes to bring jobs and economic development to the Cities. The agreement affects the property tax receipts collected and distributed to the District. Under the agreements, the District property taxes were reduced by \$1,201,798 during fiscal year 2023.

NOTE 21 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During fiscal year 2023, the District received COVID-19 funding. The District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

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 TEN FISCAL YEARS			
	2023	2022	2021	2020
District's proportion of the net pension liability	0.488554100%	0.457474000%	0.502804700%	0.494142100%
District's proportionate share of the net pension liability	\$ 26,424,806	\$ 16,879,464	\$ 33,256,562	\$ 29,565,388
District's covered payroll	\$ 17,967,393	\$ 16,792,829	\$ 17,141,329	\$ 16,468,741
District's proportionate share of the net pension liability as a percentage of its covered payroll	147.07%	100.52%	194.01%	179.52%
Plan fiduciary net position as a percentage of the total pension liability	75.82%	82.86%	68.55%	70.85%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017	2016	2015	2014
0.483522800%	0.488050300%	0.456727700%	0.447736300%	0.447167000%	0.447167000%
\$ 27,692,246	\$ 29,159,927	\$ 33,428,253	\$ 25,548,267	\$ 22,630,867	\$ 26,591,586
\$ 16,559,852	\$ 16,069,043	\$ 14,184,264	\$ 13,479,203	\$ 12,993,795	\$ 12,799,552
167.23%	181.47%	235.67%	189.54%	174.17%	207.75%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	2023	2022	2021	2020
District's proportion of the net pension liability	0.413398950%	0.418999752%	0.423280660%	0.418971410%
District's proportionate share of the net pension liability	\$ 91,899,108	\$ 53,572,884	\$ 102,418,859	\$ 92,653,009
District's covered payroll	\$ 54,530,314	\$ 51,701,829	\$ 51,181,814	\$ 49,274,693
District's proportionate share of the net pension liability as a percentage of its covered payroll	168.53%	103.62%	200.11%	188.03%
Plan fiduciary net position as a percentage of the total pension liability	78.88%	87.78%	75.48%	77.40%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.414725130%	0.400713260%	0.396542900%	0.386611870%	0.384122970%	0.384122970%
\$ 91,188,744	\$ 95,190,294	\$ 132,734,862	\$ 106,848,213	\$ 93,432,000	\$ 111,295,587
\$ 45,012,714	\$ 44,517,714	\$ 41,518,136	\$ 41,120,979	\$ 39,246,754	\$ 40,155,177
202.58%	213.83%	319.70%	259.84%	238.06%	277.16%
77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 2,476,674	\$ 2,515,435	\$ 2,350,996	\$ 2,399,786
Contributions in relation to the contractually required contribution	<u>(2,476,674)</u>	<u>(2,515,435)</u>	<u>(2,350,996)</u>	<u>(2,399,786)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 17,690,529	\$ 17,967,393	\$ 16,792,829	\$ 17,141,329
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 2,223,280	\$ 2,235,580	\$ 2,249,666	\$ 1,985,797	\$ 1,776,559	\$ 1,800,940
<u>(2,223,280)</u>	<u>(2,235,580)</u>	<u>(2,249,666)</u>	<u>(1,985,797)</u>	<u>(1,776,559)</u>	<u>(1,800,940)</u>
<u>\$ -</u>					
\$ 16,468,741	\$ 16,559,852	\$ 16,069,043	\$ 14,184,264	\$ 13,479,203	\$ 12,993,795
13.50%	13.50%	14.00%	14.00%	13.18%	13.86%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 7,708,883	\$ 7,634,244	\$ 7,238,256	\$ 7,165,454
Contributions in relation to the contractually required contribution	<u>(7,708,883)</u>	<u>(7,634,244)</u>	<u>(7,238,256)</u>	<u>(7,165,454)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 55,063,450	\$ 54,530,314	\$ 51,701,829	\$ 51,181,814
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 6,898,457	\$ 6,301,780	\$ 6,232,480	\$ 5,812,539	\$ 5,756,937	\$ 5,102,078
<u>(6,898,457)</u>	<u>(6,301,780)</u>	<u>(6,232,480)</u>	<u>(5,812,539)</u>	<u>(5,756,937)</u>	<u>(5,102,078)</u>
<u>\$ -</u>					
\$ 49,274,693	\$ 45,012,714	\$ 44,517,714	\$ 41,518,136	\$ 41,120,979	\$ 39,246,754
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the net OPEB liability	0.498011200%	0.474064600%	0.506923600%	0.506957200%
District's proportionate share of the net OPEB liability	\$ 6,992,129	\$ 8,972,061	\$ 11,017,109	\$ 12,748,907
District's covered payroll	\$ 17,967,393	\$ 16,792,829	\$ 17,141,329	\$ 16,468,741
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	38.92%	53.43%	64.27%	77.41%
Plan fiduciary net position as a percentage of the total OPEB liability	30.34%	24.08%	18.17%	15.57%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>
0.492003700%	0.495919600%	0.463244590%
\$ 13,649,512	\$ 13,309,179	\$ 13,204,184
\$ 16,559,852	\$ 16,069,043	\$ 14,184,264
82.43%	82.82%	93.09%
13.57%	12.46%	11.49%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the net OPEB liability/(asset)	0.413398950%	0.418999752%	0.423280660%	0.418971410%
District's proportionate share of the net OPEB liability/(asset)	\$ (10,704,273)	\$ (8,834,267)	\$ (7,439,155)	\$ (6,939,171)
District's covered payroll	\$ 54,530,314	\$ 51,701,829	\$ 51,181,814	\$ 49,274,693
District's proportionate share of the net OPEB liability/(asset) as a percentage of its covered payroll	19.63%	17.09%	14.53%	14.08%
Plan fiduciary net position as a percentage of the total OPEB liability/(asset)	230.73%	174.73%	182.10%	174.70%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>
0.414725130%	0.400713260%	0.396542900%
\$ (6,664,209)	\$ 15,634,353	\$ 21,207,217
\$ 45,012,714	\$ 44,517,714	\$ 41,518,136
14.81%	35.12%	51.08%
176.00%	47.10%	37.33%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 338,657	\$ 317,354	\$ 315,391	\$ 255,488
Contributions in relation to the contractually required contribution	<u>(338,657)</u>	<u>(317,354)</u>	<u>(315,391)</u>	<u>(255,488)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 17,690,529	\$ 17,967,393	\$ 16,792,829	\$ 17,141,329
Contributions as a percentage of covered payroll	1.91%	1.77%	1.88%	1.49%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 394,393	\$ 355,128	\$ 273,347	\$ 236,125	\$ 338,924	\$ 240,548
<u>(394,393)</u>	<u>(355,128)</u>	<u>(273,347)</u>	<u>(236,125)</u>	<u>(338,924)</u>	<u>(240,548)</u>
<u>\$ -</u>					
\$ 16,468,741	\$ 16,559,852	\$ 16,069,043	\$ 14,184,264	\$ 13,479,203	\$ 12,993,795
2.39%	2.14%	1.70%	1.66%	2.51%	1.85%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 55,063,450	\$ 54,530,314	\$ 51,701,829	\$ 51,181,814
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 403,737
-	-	-	-	-	(403,737)
<u>\$ -</u>					
\$ 49,274,693	\$ 45,012,714	\$ 44,517,714	\$ 41,518,136	\$ 41,120,979	\$ 39,246,754
0.00%	0.00%	0.00%	0.00%	0.00%	1.00%

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal year 2014.
- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.

(Continued)

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PENSION (CONTINUED)

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.
- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- There were no changes in benefit terms from the amounts reported for fiscal year 2018.
- There were no changes in benefit terms from the amounts reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts reported for fiscal year 2021.
- There were no changes in benefit terms from the amounts reported for fiscal year 2022.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.

(Continued)

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO (CONTINUED)

Changes in assumptions :

- For fiscal year 2017, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.
- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.
- For fiscal year 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate when from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.

(Continued)

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.

Changes in assumptions :

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

(Continued)

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO (CONTINUED)

Changes in assumptions (continued) :

- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.
- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.

*Combining and Individual Fund
Statements and Schedules*

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

KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO



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

FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

Major Funds

General Fund

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

Bond Retirement Fund

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

Nonmajor Special Revenue Funds

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

Food Service Fund

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

Special Trust Fund

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

Pathfinder/Preschool Fund

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

Athletic Fund

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

Auxiliary Services Fund

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

Public School Preschool Fund

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

Data Communications Fund

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

Other State Programs 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.

Supporting Effective Instruction 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.

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

FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds (Continued)

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 and Workforce, Division of Vocational and Career Education.

Bilingual Education Fund

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

Title I Fund

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

Preschool Grant Fund

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

Other Federal Programs Fund

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

Vocational Education Enhancement Fund

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

Student Managed Activity Fund

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

Elementary and Secondary School Emergency Relief (ESSER) Fund

This fund accounts for federal emergency relief grants to school districts related to the COVID-19 pandemic. Restrictions include, but are not limited to, providing for coordination of preparedness and response efforts, training and professional development of staff, planning and coordination during long-term closure, and purchasing technology for students.

Tournament Fund

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

Student Support and Academic Enrichment Programs (Title IV-A) Fund

This fund accounts for a federal grant to improve students' academic achievement by increasing the capacity of states, local education agencies (LEAs), schools and local communities to (1) provide all students with access to a well-rounded education, (2) improve school conditions for student learning, and (3) improve the use of technology in order to improve the academic achievement and digital literacy of all students.

(Continued)

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

FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

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

Uniform School Supplies Fund

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

Rotary Special Services Fund

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

Public School Support Fund

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

Special Enterprise Fund

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

Rotary Fund

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

District Agency Fund

This fund accounts for the holding of the employer's portion of pension contributions charged to the various funds until being remitted to the state pension systems and the District's HRA/Section 125 plan.

Nonmajor Capital Projects Fund

The capital projects fund is 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.

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, 2023

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:				
Equity in pooled cash and investments	\$ 4,626,020	\$ 3,028,842	\$ 37,833	\$ 7,692,695
Investments	-	4,562,377	-	4,562,377
Receivables:				
Property taxes	-	4,176,799	-	4,176,799
Accounts	877	-	-	877
Accrued interest	-	8,814	-	8,814
Intergovernmental	992,257	-	-	992,257
Prepayments	11,755	-	-	11,755
Inventory held for resale	38,824	-	-	38,824
Total assets	<u>\$ 5,669,733</u>	<u>\$ 11,776,832</u>	<u>\$ 37,833</u>	<u>\$ 17,484,398</u>
Liabilities:				
Accounts payable	\$ 65,867	\$ 34,770	\$ -	\$ 100,637
Contracts payable	-	299,201	-	299,201
Retainage payable	-	73,742	-	73,742
Accrued wages and benefits payable	1,068,596	-	-	1,068,596
Compensated absences payable	2,459	-	-	2,459
Intergovernmental payable	12,457	-	-	12,457
Pension and postemployment benefits payable	210,516	-	-	210,516
Interfund loans payable	1,641,900	-	-	1,641,900
Total liabilities	<u>3,001,795</u>	<u>407,713</u>	<u>-</u>	<u>3,409,508</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	-	3,821,320	-	3,821,320
Delinquent property tax revenue not available	-	73,125	-	73,125
Intergovernmental revenue not available	132,305	-	-	132,305
Accrued interest not available	-	8,814	-	8,814
Total deferred inflows of resources	<u>132,305</u>	<u>3,903,259</u>	<u>-</u>	<u>4,035,564</u>
Fund balances:				
Nonspendable	11,755	-	34,251	46,006
Restricted	3,533,053	7,465,860	3,582	11,002,495
Unassigned (deficit)	(1,009,175)	-	-	(1,009,175)
Total fund balances	<u>2,535,633</u>	<u>7,465,860</u>	<u>37,833</u>	<u>10,039,326</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,669,733</u>	<u>\$ 11,776,832</u>	<u>\$ 37,833</u>	<u>\$ 17,484,398</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:				
Property taxes	\$ -	\$ 3,950,573	\$ -	\$ 3,950,573
Intergovernmental	15,068,258	89,395	-	15,157,653
Investment earnings	63,386	195,361	1,217	259,964
Tuition and fees	675,028	-	-	675,028
Extracurricular	684,589	-	-	684,589
Charges for services	1,294,358	-	-	1,294,358
Contributions and donations	25,454	-	-	25,454
Miscellaneous	158,827	1,144	-	159,971
Total revenues	<u>17,969,900</u>	<u>4,236,473</u>	<u>1,217</u>	<u>22,207,590</u>
Expenditures:				
Current:				
Instruction:				
Regular	4,758,361	1,016,903	-	5,775,264
Special	2,858,084	-	-	2,858,084
Vocational	73,552	-	-	73,552
Support services:				
Pupil	618,021	-	-	618,021
Instructional staff	1,170,441	-	-	1,170,441
Administration	402,009	-	-	402,009
Fiscal	-	64,765	-	64,765
Business	-	34,727	-	34,727
Operations and maintenance	197,798	1,257,777	-	1,455,575
Central	158,090	-	-	158,090
Operation of non-instructional services	5,903,883	-	-	5,903,883
Extracurricular activities	578,043	-	-	578,043
Facilities acquisition and construction	12,426	1,029,252	-	1,041,678
Debt service:				
Principal retirement	-	1,058,857	-	1,058,857
Interest and fiscal charges	-	1,091,707	-	1,091,707
Issuance costs	-	67,500	-	67,500
Total expenditures	<u>16,730,708</u>	<u>5,621,488</u>	<u>-</u>	<u>22,352,196</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,239,192</u>	<u>(1,385,015)</u>	<u>1,217</u>	<u>(144,606)</u>
Other financing sources:				
Issuance of financed purchase obligation	-	5,000,000	-	5,000,000
Sale of assets	950	-	-	950
Insurance recoveries	-	52,733	-	52,733
Transfers in	143,500	-	-	143,500
Total other financing sources	<u>144,450</u>	<u>5,052,733</u>	<u>-</u>	<u>5,197,183</u>
Net change in fund balances	1,383,642	3,667,718	1,217	5,052,577
Fund balances at beginning of year	1,211,135	3,798,142	36,616	5,045,893
Change in reserve for inventory	(59,144)	-	-	(59,144)
Fund balances at end of year	<u>\$ 2,535,633</u>	<u>\$ 7,465,860</u>	<u>\$ 37,833</u>	<u>\$ 10,039,326</u>

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023

	<u>Food Service</u>	<u>Special Trust</u>	<u>Pathfinder/ Preschool</u>	<u>Athletic</u>
Assets:				
Equity in pooled cash and investments	\$ 1,946,184	\$ 94,309	\$ 269,633	\$ 695,560
Receivables:				
Accounts	877	-	-	-
Intergovernmental	-	-	-	-
Prepayments	2,061	-	856	25
Inventory held for resale	38,824	-	-	-
Total assets	<u>\$ 1,987,946</u>	<u>\$ 94,309</u>	<u>\$ 270,489</u>	<u>\$ 695,585</u>
Liabilities:				
Accounts payable	\$ 10,495	\$ -	\$ 9,142	\$ 5,885
Accrued wages and benefits payable	310,779	-	20,992	-
Compensated absences payable	-	-	-	-
Intergovernmental payable	3,104	-	189	-
Pension and postemployment benefits payable	100,750	-	16,182	103
Interfund loans payable	-	-	1,100,000	-
Total liabilities	<u>425,128</u>	<u>-</u>	<u>1,146,505</u>	<u>5,988</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	2,061	-	856	25
Restricted	1,560,757	94,309	-	689,572
Unassigned (deficit)	-	-	(876,872)	-
Total fund balances (deficit)	<u>1,562,818</u>	<u>94,309</u>	<u>(876,016)</u>	<u>689,597</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,987,946</u>	<u>\$ 94,309</u>	<u>\$ 270,489</u>	<u>\$ 695,585</u>

Auxiliary Services	Public School Preschool	Data Communications	Other State Programs	Supporting Effective Instruction	IDEA Part B
\$ 200,133	\$ 766	\$ 7,150	\$ 180,144	\$ 28,762	\$ 514
-	-	-	-	-	-
56,000	91,781	-	10,725	53,428	432,153
1,000	500	-	72	321	4,768
-	-	-	-	-	-
<u>\$ 257,133</u>	<u>\$ 93,047</u>	<u>\$ 7,150</u>	<u>\$ 190,941</u>	<u>\$ 82,511</u>	<u>\$ 437,435</u>
\$ 24,540	\$ -	\$ -	\$ -	\$ 7,852	\$ -
118,028	63,948	-	7,044	34,619	295,593
2,459	-	-	-	-	-
1,485	800	-	101	497	3,654
13,278	9,298	-	925	2,222	37,419
56,000	18,500	-	182,800	37,000	96,000
<u>215,790</u>	<u>92,546</u>	<u>-</u>	<u>190,870</u>	<u>82,190</u>	<u>432,666</u>
-	11,232	-	1,000	21,393	59,283
-	<u>11,232</u>	<u>-</u>	<u>1,000</u>	<u>21,393</u>	<u>59,283</u>
1,000	500	-	72	321	4,768
40,343	-	7,150	-	-	-
-	(11,231)	-	(1,001)	(21,393)	(59,282)
<u>41,343</u>	<u>(10,731)</u>	<u>7,150</u>	<u>(929)</u>	<u>(21,072)</u>	<u>(54,514)</u>
<u>\$ 257,133</u>	<u>\$ 93,047</u>	<u>\$ 7,150</u>	<u>\$ 190,941</u>	<u>\$ 82,511</u>	<u>\$ 437,435</u>

(Continued)

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2023

	<u>Carl D. Perkins</u>	<u>Bilingual Education</u>	<u>Title I</u>	<u>Preschool Grant</u>
Assets:				
Equity in pooled cash and investments	\$ 51,092	\$ 98	\$ 9,269	\$ 73
Receivables:				
Accounts	-	-	-	-
Intergovernmental	22,908	3,654	294,755	1,027
Prepayments	-	55	1,701	112
Inventory held for resale	-	-	-	-
Total assets	<u>\$ 74,000</u>	<u>\$ 3,807</u>	<u>\$ 305,725</u>	<u>\$ 1,212</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 7,953	\$ -
Accrued wages and benefits payable	-	1,911	203,829	-
Compensated absences payable	-	-	-	-
Intergovernmental payable	-	16	2,443	-
Pension and postemployment benefits payable	-	25	28,799	-
Interfund loans payable	74,000	1,800	61,000	1,100
Total liabilities	<u>74,000</u>	<u>3,752</u>	<u>304,024</u>	<u>1,100</u>
Deferred inflows of resources:				
Intergovernmental revenue not available	-	-	35,222	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>35,222</u>	<u>-</u>
Fund balances:				
Nonspendable	-	55	1,701	112
Restricted	-	-	-	-
Unassigned (deficit)	-	-	(35,222)	-
Total fund balances (deficit)	<u>-</u>	<u>55</u>	<u>(33,521)</u>	<u>112</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 74,000</u>	<u>\$ 3,807</u>	<u>\$ 305,725</u>	<u>\$ 1,212</u>

Other Federal Programs	Student Managed Activity	ESSER	Title IV-A	Total Nonmajor Special Revenue Funds
\$ 1,066,895	\$ 74,027	\$ 82	\$ 1,329	\$ 4,626,020
-	-	-	-	877
-	-	1,447	24,379	992,257
-	-	150	134	11,755
-	-	-	-	38,824
<u>\$ 1,066,895</u>	<u>\$ 74,027</u>	<u>\$ 1,679</u>	<u>\$ 25,842</u>	<u>\$ 5,669,733</u>
\$ -	\$ -	\$ -	\$ -	\$ 65,867
-	-	337	11,516	1,068,596
-	-	-	-	2,459
-	-	5	163	12,457
-	-	487	1,028	210,516
-	-	700	13,000	1,641,900
<u>-</u>	<u>-</u>	<u>1,529</u>	<u>25,707</u>	<u>3,001,795</u>
-	-	-	4,175	132,305
-	-	-	4,175	132,305
-	-	150	134	11,755
1,066,895	74,027	-	-	3,533,053
-	-	-	(4,174)	(1,009,175)
<u>1,066,895</u>	<u>74,027</u>	<u>150</u>	<u>(4,040)</u>	<u>2,535,633</u>
<u>\$ 1,066,895</u>	<u>\$ 74,027</u>	<u>\$ 1,679</u>	<u>\$ 25,842</u>	<u>\$ 5,669,733</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, 2023

	<u>Food Service</u>	<u>Special Trust</u>	<u>Pathfinder/ Preschool</u>	<u>Athletic</u>
Revenues:				
Intergovernmental	\$ 2,907,276	\$ -	\$ -	\$ -
Investment earnings	51,721	1,595	-	-
Tuition and fees	-	-	675,028	-
Extracurricular	160	976	-	566,806
Charges for services	1,294,358	-	-	-
Contributions and donations	-	150	9,000	15,533
Miscellaneous	106,040	7,548	42,250	1,125
Total revenues	<u>4,359,555</u>	<u>10,269</u>	<u>726,278</u>	<u>583,464</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	-	64,148	-
Special	-	-	89,544	-
Vocational	-	-	-	-
Support services:				
Pupil	-	-	508,269	-
Instructional staff	-	3,529	33,151	-
Administration	-	-	16,246	-
Operations and maintenance	64,234	210	-	250
Central	-	-	8,243	-
Operation of non-instructional services	4,208,074	1,500	57,577	-
Extracurricular activities	-	1,000	-	468,297
Facilities acquisition and construction	-	-	-	-
Total expenditures	<u>4,272,308</u>	<u>6,239</u>	<u>777,178</u>	<u>468,547</u>
Excess (deficiency) of revenues over (under) expenditures	<u>87,247</u>	<u>4,030</u>	<u>(50,900)</u>	<u>114,917</u>
Other financing sources:				
Sale of assets	950	-	-	-
Transfers in	-	-	125,000	18,500
Total other financing sources	<u>950</u>	<u>-</u>	<u>125,000</u>	<u>18,500</u>
Net change in fund balances	88,197	4,030	74,100	133,417
Fund balances (deficit) at beginning of year	1,533,765	90,279	(950,116)	556,180
Change in reserve for inventory	(59,144)	-	-	-
Fund balances (deficit) at end of year	<u>\$ 1,562,818</u>	<u>\$ 94,309</u>	<u>\$ (876,016)</u>	<u>\$ 689,597</u>

Auxiliary Services	Public School Preschool	Data Communications	Other State Programs	Supporting Effective Instruction	IDEA Part B
\$ 1,244,585	\$ 479,536	\$ 19,800	\$ 56,578	\$ 226,911	\$ 2,143,439
10,070	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,254,655</u>	<u>479,536</u>	<u>19,800</u>	<u>56,578</u>	<u>226,911</u>	<u>2,143,439</u>
-	33,163	-	-	-	-
-	419,055	-	-	-	1,117,469
-	-	-	-	-	-
-	-	-	28,078	-	8,679
-	12,217	-	-	180,217	629,782
-	-	-	25,461	-	254,721
-	-	-	-	-	-
-	-	21,776	-	-	-
1,281,590	-	-	-	33,605	122,339
-	-	-	-	-	-
-	-	-	12,426	-	-
<u>1,281,590</u>	<u>464,435</u>	<u>21,776</u>	<u>65,965</u>	<u>213,822</u>	<u>2,132,990</u>
<u>(26,935)</u>	<u>15,101</u>	<u>(1,976)</u>	<u>(9,387)</u>	<u>13,089</u>	<u>10,449</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(26,935)	15,101	(1,976)	(9,387)	13,089	10,449
68,278	(25,832)	9,126	8,458	(34,161)	(64,963)
-	-	-	-	-	-
<u>\$ 41,343</u>	<u>\$ (10,731)</u>	<u>\$ 7,150</u>	<u>\$ (929)</u>	<u>\$ (21,072)</u>	<u>\$ (54,514)</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, 2023

	<u>Carl D. Perkins</u>	<u>Bilingual Education</u>	<u>Title I</u>	<u>Preschool Grant</u>
Revenues:				
Intergovernmental	\$ 175,232	\$ 40,462	\$ 1,438,955	\$ 84,561
Investment earnings	-	-	-	-
Tuition and fees	-	-	-	-
Extracurricular	-	-	-	-
Charges for services	-	-	-	-
Contributions and donations	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>175,232</u>	<u>40,462</u>	<u>1,438,955</u>	<u>84,561</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	-	-	-
Special	-	11,915	1,118,692	101,409
Vocational	36,661	-	-	-
Support services:				
Pupil	-	-	-	-
Instructional staff	34,092	-	191,334	-
Administration	-	-	67,677	-
Operations and maintenance	-	-	-	-
Central	-	-	-	-
Operation of non-instructional services	104,479	166	69,160	-
Extracurricular activities	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Total expenditures	<u>175,232</u>	<u>12,081</u>	<u>1,446,863</u>	<u>101,409</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>28,381</u>	<u>(7,908)</u>	<u>(16,848)</u>
Other financing sources:				
Sale of assets	-	-	-	-
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	28,381	(7,908)	(16,848)
Fund balances (deficit) at beginning of year	-	(28,326)	(25,613)	16,960
Change in reserve for inventory	-	-	-	-
Fund balances (deficit) at end of year	<u>\$ -</u>	<u>\$ 55</u>	<u>\$ (33,521)</u>	<u>\$ 112</u>

Other Federal Programs	Vocational Education Enhancement	Student Managed Activity	ESSER	Tournament	Title IV-A
\$ 1,328,070	\$ -	\$ -	\$ 4,799,126	\$ -	\$ 123,727
-	-	-	-	-	-
-	-	-	-	-	-
-	-	116,647	-	-	-
-	-	-	-	-	-
-	-	771	-	-	-
-	-	-	-	1,864	-
<u>1,328,070</u>	<u>-</u>	<u>117,418</u>	<u>4,799,126</u>	<u>1,864</u>	<u>123,727</u>
-	-	-	4,651,298	-	9,752
-	-	-	-	-	-
-	-	-	36,891	-	-
-	-	-	72,995	-	-
-	1	-	-	-	86,118
-	-	-	37,904	-	-
133,104	-	-	-	-	-
128,071	-	-	-	-	-
-	-	-	-	-	25,393
-	-	108,746	-	-	-
-	-	-	-	-	-
<u>261,175</u>	<u>1</u>	<u>108,746</u>	<u>4,799,088</u>	<u>-</u>	<u>121,263</u>
<u>1,066,895</u>	<u>(1)</u>	<u>8,672</u>	<u>38</u>	<u>1,864</u>	<u>2,464</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,066,895</u>	<u>(1)</u>	<u>8,672</u>	<u>38</u>	<u>1,864</u>	<u>2,464</u>
-	1	65,355	112	(1,864)	(6,504)
-	-	-	-	-	-
<u>\$ 1,066,895</u>	<u>\$ -</u>	<u>\$ 74,027</u>	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ (4,040)</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, 2023

	Total Nonmajor Special Revenue Funds
Revenues:	
Intergovernmental	\$ 15,068,258
Investment earnings	63,386
Tuition and fees	675,028
Extracurricular	684,589
Charges for services	1,294,358
Contributions and donations	25,454
Miscellaneous	158,827
Total revenues	17,969,900
Expenditures:	
Current:	
Instruction:	
Regular	4,758,361
Special	2,858,084
Vocational	73,552
Support services:	
Pupil	618,021
Instructional staff	1,170,441
Administration	402,009
Operations and maintenance	197,798
Central	158,090
Operation of non-instructional services	5,903,883
Extracurricular activities	578,043
Facilities acquisition and construction	12,426
Total expenditures	16,730,708
Excess (deficiency) of revenues over (under) expenditures	1,239,192
Other financing sources:	
Sale of assets	950
Transfers in	143,500
Total other financing sources	144,450
Net change in fund balances	1,383,642
Fund balances (deficit) at beginning of year	1,211,135
Change in reserve for inventory	(59,144)
Fund balances (deficit) at end of year	\$ 2,535,633

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MAJOR FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

BOND RETIREMENT FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 7,102,070	\$ 7,080,049	\$ (22,021)
Total expenditures and other financing uses	<u>6,569,053</u>	<u>6,488,288</u>	<u>80,765</u>
Net change in fund balance	533,017	591,761	58,744
Fund balance at beginning of year	5,548,524	5,548,524	-
Fund balance at end of year	<u>\$ 6,081,541</u>	<u>\$ 6,140,285</u>	<u>\$ 58,744</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, 2023

FOOD SERVICE FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 4,183,570	\$ 4,037,457	\$ (146,113)
Total expenditures and other financing uses	4,113,870	3,903,347	210,523
Net change in fund balance	69,700	134,110	64,410
Fund balance at beginning of year	1,748,470	1,748,470	-
Prior year encumbrances appropriated	29,796	29,796	-
Fund balance at end of year	<u>\$ 1,847,966</u>	<u>\$ 1,912,376</u>	<u>\$ 64,410</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, 2023

SPECIAL TRUST FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 10,527	\$ 10,269	\$ (258)
Total expenditures and other financing uses	18,109	6,710	11,399
Net change in fund balance	(7,582)	3,559	11,141
Fund balance at beginning of year	89,279	89,279	-
Prior year encumbrances appropriated	1,000	1,000	-
Fund balance at end of year	<u>\$ 82,697</u>	<u>\$ 93,838</u>	<u>\$ 11,141</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, 2023

PATHFINDER/PRESCHOOL FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 2,588,419	\$ 1,951,300	\$ (637,119)
Total expenditures and other financing uses	2,764,885	1,885,779	879,106
Net change in fund balance	(176,466)	65,521	241,987
Fund balance at beginning of year	179,054	179,054	-
Prior year encumbrances appropriated	6,545	6,545	-
Fund balance at end of year	<u>\$ 9,133</u>	<u>\$ 251,120</u>	<u>\$ 241,987</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, 2023

ATHLETIC FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 597,561	\$ 601,995	\$ 4,434
Total expenditures and other financing uses	<u>722,479</u>	<u>473,084</u>	<u>249,395</u>
Net change in fund balance	(124,918)	128,911	253,829
Fund balance at beginning of year	555,463	555,463	-
Prior year encumbrances appropriated	746	746	-
Fund balance at end of year	<u>\$ 431,291</u>	<u>\$ 685,120</u>	<u>\$ 253,829</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, 2023

AUXILIARY SERVICES FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 1,309,046	\$ 1,310,655	\$ 1,609
Total expenditures and other financing uses	<u>1,543,879</u>	<u>1,411,528</u>	<u>132,351</u>
Net change in fund balance	(234,833)	(100,873)	133,960
Fund balance at beginning of year	194,670	194,670	-
Prior year encumbrances appropriated	43,390	43,390	-
Fund balance at end of year	<u>\$ 3,227</u>	<u>\$ 137,187</u>	<u>\$ 133,960</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, 2023

PUBLIC SCHOOL PRESCHOOL FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 600,931	\$ 527,246	\$ (73,685)
Total expenditures and other financing uses	<u>601,163</u>	<u>526,712</u>	<u>74,451</u>
Net change in fund balance	(232)	534	766
Fund balance at beginning of year	232	232	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 766</u>	<u>\$ 766</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

DATA COMMUNICATIONS FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 19,800	\$ 19,800	\$ -
Total expenditures and other financing uses	<u>28,926</u>	<u>21,776</u>	<u>7,150</u>
Net change in fund balance	(9,126)	(1,976)	7,150
Fund balance at beginning of year	3,126	3,126	-
Prior year encumbrances appropriated	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 7,150</u>	<u>\$ 7,150</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, 2023

OTHER STATE PROGRAMS FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 289,380	\$ 281,392	\$ (7,988)
Total expenditures and other financing uses	391,807	383,675	8,132
Net change in fund balance	(102,427)	(102,283)	144
Fund balance at beginning of year	12,427	12,427	-
Prior year encumbrances appropriated	90,000	90,000	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 144</u>	<u>\$ 144</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, 2023

SUPPORTING EFFECTIVE INSTRUCTION FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 288,365	\$ 249,904	\$ (38,461)
Total expenditures and other financing uses	<u>310,768</u>	<u>271,759</u>	<u>39,009</u>
Net change in fund balance	(22,403)	(21,855)	548
Fund balance at beginning of year	4,626	4,626	-
Prior year encumbrances appropriated	<u>17,777</u>	<u>17,777</u>	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 548</u>	<u>\$ 548</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, 2023

IDEA PART B FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 2,490,679	\$ 2,154,524	\$ (336,155)
Total expenditures and other financing uses	<u>2,516,954</u>	<u>2,178,923</u>	<u>338,031</u>
Net change in fund balance	(26,275)	(24,399)	1,876
Fund balance at beginning of year	23,551	23,551	-
Prior year encumbrances appropriated	1,362	1,362	-
Fund balance (deficit) at end of year	<u>\$ (1,362)</u>	<u>\$ 514</u>	<u>\$ 1,876</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, 2023

CARL D. PERKINS FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 362,237	\$ 353,986	\$ (8,251)
Total expenditures and other financing uses	443,695	435,329	8,366
Net change in fund balance	(81,458)	(81,343)	115
Fund balance at beginning of year	48	48	-
Prior year encumbrances appropriated	81,410	81,410	-
Fund balance at end of year	\$ -	\$ 115	\$ 115

**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, 2023

BILINGUAL EDUCATION FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 56,911	\$ 55,056	\$ (1,855)
Total expenditures and other financing uses	<u>57,116</u>	<u>55,163</u>	<u>1,953</u>
Net change in fund balance	(205)	(107)	98
Fund balance at beginning of year	38	38	-
Prior year encumbrances appropriated	167	167	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 98</u>	<u>\$ 98</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, 2023

TITLE I FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 1,727,309	\$ 1,489,474	\$ (237,835)
Total expenditures and other financing uses	<u>1,736,378</u>	<u>1,498,127</u>	<u>238,251</u>
Net change in fund balance	(9,069)	(8,653)	416
Fund balance at beginning of year	96	96	-
Prior year encumbrances appropriated	8,973	8,973	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 416</u>	<u>\$ 416</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, 2023

PRESCHOOL GRANT FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 121,668	\$ 121,741	\$ 73
Total expenditures and other financing uses	121,732	121,732	-
Net change in fund balance	(64)	9	73
Fund balance at beginning of year	64	64	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 73</u>	<u>\$ 73</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, 2023

OTHER FEDERAL PROGRAMS FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 1,328,070	\$ 1,328,070	\$ -
Total expenditures and other financing uses	1,328,070	454,042	874,028
Net change in fund balance	-	874,028	874,028
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ 874,028	\$ 874,028

**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, 2023

VOCATIONAL EDUCATION ENHANCEMENT FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 10,098	\$ 10,098	\$ -
Total expenditures and other financing uses	<u>11,374</u>	<u>11,374</u>	<u>-</u>
Net change in fund balance	(1,276)	(1,276)	-
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	<u>1,276</u>	<u>1,276</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, 2023

STUDENT MANAGED ACTIVITY FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 116,791	\$ 117,418	\$ 627
Total expenditures and other financing uses	<u>165,767</u>	<u>108,746</u>	<u>57,021</u>
Net change in fund balance	(48,976)	8,672	57,648
Fund balance at beginning of year	63,173	63,173	-
Prior year encumbrances appropriated	2,182	2,182	-
Fund balance at end of year	<u>\$ 16,379</u>	<u>\$ 74,027</u>	<u>\$ 57,648</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, 2023

ESSER FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 5,342,256	\$ 5,341,509	\$ (747)
Total expenditures and other financing uses	5,342,368	5,341,539	829
Net change in fund balance	(112)	(30)	82
Fund balance at beginning of year	112	112	-
Fund balance at end of year	\$ -	\$ 82	\$ 82

**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, 2023

TITLE IV-A FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 136,840	\$ 125,462	\$ (11,378)
Total expenditures and other financing uses	136,845	125,388	11,457
Net change in fund balance	(5)	74	79
Fund balance at beginning of year	5	5	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 79</u>	<u>\$ 79</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, 2023

UNIFORM SCHOOL SUPPLIES FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 230,032	\$ 236,509	\$ 6,477
Total expenditures and other financing uses	291,129	254,584	36,545
Net change in fund balance	(61,097)	(18,075)	43,022
Fund balance at beginning of year	248,558	248,558	-
Prior year encumbrances appropriated	21,841	21,841	-
Fund balance at end of year	<u>\$ 209,302</u>	<u>\$ 252,324</u>	<u>\$ 43,022</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, 2023

ROTARY SPECIAL SERVICES FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 17,407	\$ 16,586	\$ (821)
Total expenditures and other financing uses	28,754	18,881	9,873
Net change in fund balance	(11,347)	(2,295)	9,052
Fund balance at beginning of year	10,599	10,599	-
Prior year encumbrances appropriated	954	954	-
Fund balance at end of year	<u>\$ 206</u>	<u>\$ 9,258</u>	<u>\$ 9,052</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, 2023

PUBLIC SCHOOL SUPPORT FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 391,072	\$ 396,140	\$ 5,068
Total expenditures and other financing uses	433,501	291,765	141,736
Net change in fund balance	(42,429)	104,375	146,804
Fund balance at beginning of year	340,101	340,101	-
Prior year encumbrances appropriated	11,299	11,299	-
Fund balance at end of year	<u>\$ 308,971</u>	<u>\$ 455,775</u>	<u>\$ 146,804</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, 2023

SPECIAL ENTERPRISE FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 78,023	\$ 78,062	\$ 39
Total expenditures and other financing uses	148,817	129,038	19,779
Net change in fund balance	(70,794)	(50,976)	19,818
Fund balance at beginning of year	381,767	381,767	-
Prior year encumbrances appropriated	28,667	28,667	-
Fund balance at end of year	<u>\$ 339,640</u>	<u>\$ 359,458</u>	<u>\$ 19,818</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, 2023

ROTARY FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total expenditures and other financing uses	\$ 2,073	\$ 2,073	\$ -
Net change in fund balance	(2,073)	(2,073)	-
Fund balance at beginning of year	<u>2,073</u>	<u>2,073</u>	-
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</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, 2023

DISTRICT AGENCY FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total revenues and other financing sources	\$ 13,574,707	\$ 10,912,790	\$ (2,661,917)
Total expenditures and other financing uses	<u>10,734,025</u>	<u>10,742,217</u>	<u>(8,192)</u>
Net change in fund balance	2,840,682	170,573	(2,670,109)
Fund balance at beginning of year	221,269	221,269	-
Fund balance at end of year	<u><u>\$ 3,061,951</u></u>	<u><u>\$ 391,842</u></u>	<u><u>\$ (2,670,109)</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 FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PERMANENT IMPROVEMENT FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 9,733,761	\$ 9,769,424	\$ 35,663
Total expenditures and other financing uses	11,342,972	6,647,524	4,695,448
Net change in fund balance	(1,609,211)	3,121,900	4,731,111
Fund balance at beginning of year	1,702,168	1,702,168	-
Prior year encumbrances appropriated	1,503,051	1,503,051	-
Fund balance at end of year	<u>\$ 1,596,008</u>	<u>\$ 6,327,119</u>	<u>\$ 4,731,111</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, 2023

PERMANENT FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Total revenues and other financing sources	\$ 945	\$ 1,217	\$ 272
Net change in fund balance	945	1,217	272
Fund balance at beginning of year	36,616	36,616	-
Fund balance at end of year	<u>\$ 37,561</u>	<u>\$ 37,833</u>	<u>\$ 272</u>

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

Statistical Section

KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO



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

STATISTICAL SECTION

This part of the Kettering City School District's annual comprehensive 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.	166-167
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.	168-183

Sources: Unless otherwise noted, the information in these schedules is derived from annual comprehensive 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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities				
Net investment in capital assets	\$ 23,611,501	\$ 26,144,415	\$ 28,744,903	\$ 28,762,216
Restricted for:				
Capital projects	834,883	1,134,197	501,355	2,607,868
Debt service	2,696,993	2,998,825	2,824,484	3,789,810
Permanent	13,695	13,522	13,353	13,459
OPEB plan	-	-	-	-
State funded programs	260,053	1,408,671	126,319	23,807
Federally funded programs	197,904	1,124,813	210,672	103,399
Student activities	290,476	339,644	384,726	398,866
Other purposes	839,948	851,755	1,085,783	1,113,761
Unrestricted (deficit)	<u>(128,483,988)</u>	<u>(118,893,609)</u>	<u>(112,723,237)</u>	<u>(155,812,243)</u>
Total governmental activities net position	<u>\$ (99,738,535)</u>	<u>\$ (84,877,767)</u>	<u>\$ (78,831,642)</u>	<u>\$ (118,999,057)</u>

Source: District financial records.

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 33,481,779	\$ 39,107,298	\$ 39,455,395	\$ 44,647,261	\$ 49,408,363	\$ 53,944,534
2,698,313	719,743	4,067,152	3,782,066	3,888,164	3,827,931
3,704,520	4,011,958	4,395,697	5,612,014	6,650,242	6,745,235
13,662	45,221	46,116	46,039	36,616	37,833
-	-	-	-	-	2,520,926
47,626	252,786	1,184,894	62,540	9,127	7,221
73,849	207,043	71,952	58,739	150,578	1,067,142
454,732	543,927	569,095	576,920	621,535	763,624
1,033,232	918,290	365,403	267,005	1,519,446	1,549,005
(111,745,788)	(106,208,473)	(123,881,596)	(132,152,555)	(108,697,482)	(109,479,102)
<u>\$ (70,238,075)</u>	<u>\$ (60,402,207)</u>	<u>\$ (73,725,892)</u>	<u>\$ (77,099,971)</u>	<u>\$ (46,413,411)</u>	<u>\$ (39,015,651)</u>

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

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Expenses				
Governmental activities:				
Instruction:				
Regular	\$ 36,363,264	\$ 41,231,524	\$ 37,126,604	\$ 42,513,509
Special	12,931,044	12,022,267	12,699,706	15,449,518
Vocational	2,630,263	2,390,795	2,598,543	3,175,243
Adult/continuing	92,941	105,455	140,961	157,873
Other instructional	4,515,328	4,602,409	4,705,340	5,610,945
Support services:				
Pupil	7,399,986	7,191,640	7,567,845	9,726,629
Instructional staff	3,465,511	3,883,487	4,136,935	5,121,367
Board of education	78,949	40,157	49,887	102,105
Administration	5,684,412	5,521,070	5,960,346	7,243,081
Fiscal	1,962,857	2,131,832	2,104,772	2,212,381
Business	550,804	504,545	588,140	602,151
Operations and maintenance	8,006,649	8,038,558	9,158,808	9,048,894
Pupil transportation	3,860,361	3,762,241	3,821,722	4,885,690
Central	877,877	940,385	1,512,012	1,296,358
Operation of non-instructional services	5,337,227	6,036,568	5,796,310	6,673,517
Extracurricular activities	1,478,447	1,482,241	1,539,334	1,980,461
Debt service:				
Interest and fiscal charges	3,874,893	3,685,941	3,435,947	3,197,457
Total governmental activities expenses	<u>\$ 99,110,813</u>	<u>\$ 103,571,115</u>	<u>\$ 102,943,212</u>	<u>\$ 118,997,179</u>

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 21,281,900	\$ 38,967,265	\$ 50,454,304	\$ 52,211,723	\$ 43,144,644	\$ 48,442,091
7,375,473	14,160,516	18,656,664	18,652,668	19,612,215	24,006,015
1,588,632	2,772,251	3,257,367	3,438,231	2,960,613	3,422,786
54,843	114,734	1,139	238	-	-
6,123,576	5,359,312	6,481,742	6,862,393	1,715,366	498,269
5,181,977	9,135,588	10,964,179	10,769,806	9,767,512	11,159,346
2,625,470	4,362,791	5,540,436	4,569,762	4,845,548	4,861,813
83,155	127,633	65,153	41,027	77,119	90,248
3,832,935	6,640,852	8,164,194	8,079,615	7,707,149	7,390,720
1,730,354	2,536,345	3,011,199	2,745,430	2,749,949	3,146,149
413,575	536,991	971,662	1,009,340	1,206,978	999,714
5,592,911	8,011,879	10,041,325	9,054,638	8,624,065	9,483,733
2,738,201	4,951,953	5,323,731	5,071,672	5,231,982	5,328,857
1,014,476	1,082,724	1,449,512	1,150,516	1,359,849	1,252,922
4,816,740	5,829,228	6,700,173	5,226,344	5,853,662	6,228,002
1,014,874	1,939,346	2,149,912	2,114,947	2,175,842	2,356,295
2,981,450	2,959,085	2,999,519	2,645,265	2,544,055	2,364,220
<u>\$ 68,450,542</u>	<u>\$ 109,488,493</u>	<u>\$ 136,232,211</u>	<u>\$ 133,643,615</u>	<u>\$ 119,576,548</u>	<u>\$ 131,031,180</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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities:				
Charges for services and sales:				
Instruction:				
Regular	\$ 833,159	\$ 484,616	\$ 935,793	\$ 737,742
Special	160,630	163,978	253,057	84,106
Vocational	91,964	86,416	20,333	104,218
Adult/continuing	-	-	66,722	-
Support services:				
Pupil	291,301	360,981	445,199	791,383
Instructional staff	179,752	263,346	321,760	161,640
Administration	13,579	17,527	19,388	15,613
Business	-	1,148	-	-
Operations and maintenance	55,884	47,428	75,807	54,800
Pupil transportation	42,201	45,477	48,018	47,155
Central	2,585	682	496	470
Operation of non-instructional services	1,951,446	2,070,894	2,223,488	2,199,298
Extracurricular activities	430,862	433,890	437,980	474,557
Operating grants and contributions:				
Instruction:				
Regular	185,977	7,754,536	134,776	177,429
Special	4,007,433	4,550,043	3,666,080	4,911,836
Vocational	423,911	444,481	387,753	499,817
Adult/continuing	96,774	121,631	133,368	148,330
Other instructional	82,781	101,664	69,890	83,113
Support services:				
Pupil	285,134	333,734	263,071	438,611
Instructional staff	295,220	808,276	487,272	769,059
Board of education	2,400	-	-	-
Administration	297,761	424,293	283,419	400,532
Operations and maintenance	23	222	3,341	-
Pupil transportation	270,393	270,705	278,869	279,935
Central	18,804	19,835	19,818	19,800
Operation of non-instructional services	3,398,721	3,869,754	3,824,287	4,076,339
Extracurricular activities	2,148	8,252	3,266	6,757
Capital grants and contributions:				
Instruction:				
Regular	-	562,204	-	-
Vocational	-	-	-	121,249
Support services:				
Operations and maintenance	-	-	-	-
Pupil transportation	-	-	-	-
Total governmental program revenues	<u>13,420,843</u>	<u>23,246,013</u>	<u>14,403,251</u>	<u>16,603,789</u>
Net (expense)/revenue				
Governmental activities	<u>(85,689,970)</u>	<u>(80,325,102)</u>	<u>(88,539,961)</u>	<u>(102,393,390)</u>
Total primary government net expense	<u>\$ (85,689,970)</u>	<u>\$ (80,325,102)</u>	<u>\$ (88,539,961)</u>	<u>\$ (102,393,390)</u>

	2018	2019	2020	2021	2022	2023
\$	1,736,040	\$ 1,152,720	\$ 1,385,655	\$ 1,104,505	\$ 1,530,614	\$ 1,534,364
	339,456	362,049	539,166	870,937	959,928	885,322
	174,437	144,984	85,403	1,305	205,184	272,376
	-	19,989	-	-	-	-
	744,148	713,418	446,301	304,624	664,750	618,600
	158,908	132,848	146,190	52,272	40,227	37,241
	11,163	10,732	9,713	8,637	10,574	14,111
	-	-	-	-	-	-
	57,516	94,864	46,922	64,111	119,712	134,065
	11,986	14,712	2,390	-	-	-
	30,000	-	2,386	-	3,194	7,160
	2,264,697	2,233,515	1,866,119	345,183	771,363	1,529,578
	455,049	642,745	515,263	320,373	653,360	793,531
	244,593	321,243	402,379	2,105,146	11,215,258	4,920,886
	4,865,931	4,974,775	5,457,551	5,495,564	5,048,079	5,687,292
	1,284,455	988,463	979,719	1,088,813	1,091,935	933,781
	135,673	143,157	-	-	-	-
	88,326	75,840	-	132,891	-	-
	438,289	563,279	1,442,972	1,314,358	859,885	725,940
	552,947	751,142	602,201	703,966	1,068,634	1,179,187
	-	-	-	-	-	-
	410,630	446,952	336,663	463,563	600,707	389,349
	-	6,430	-	563,505	2,696	10,626
	403,064	362,776	332,678	320,249	1,094,263	771,023
	19,800	49,800	19,800	127,997	19,823	62,050
	4,004,172	3,739,160	3,506,639	4,037,423	6,604,433	4,575,016
	8,555	7,809	16,292	799	4,797	17,456
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	1,200,000
	-	-	-	33,410	45,000	-
	<u>18,439,835</u>	<u>17,953,402</u>	<u>18,142,402</u>	<u>19,459,631</u>	<u>32,614,416</u>	<u>26,298,954</u>
	<u>(50,010,707)</u>	<u>(91,535,091)</u>	<u>(118,089,809)</u>	<u>(114,183,984)</u>	<u>(86,962,132)</u>	<u>(104,732,226)</u>
	<u>\$ (50,010,707)</u>	<u>\$ (91,535,091)</u>	<u>\$ (118,089,809)</u>	<u>\$ (114,183,984)</u>	<u>\$ (86,962,132)</u>	<u>\$ (104,732,226)</u>

(Continued)

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

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General revenues and other changes in net position				
Governmental activities:				
Property taxes	\$ 65,014,848	\$ 68,245,757	\$ 66,924,832	\$ 70,550,876
Payment in lieu of taxes	633,323	406,797	402,177	398,038
Grants and entitlements not restricted to specific programs	24,145,012	26,015,342	25,162,006	24,512,181
Investment earnings	162,671	68,161	124,392	213,275
Miscellaneous	461,224	449,813	1,972,679	689,659
Total governmental activities	<u>90,417,078</u>	<u>95,185,870</u>	<u>94,586,086</u>	<u>96,364,029</u>
Change in net position				
Governmental activities	<u>\$ 4,727,108</u>	<u>\$ 14,860,768</u>	<u>\$ 6,046,125</u>	<u>\$ (6,029,361)</u>

Source: District financial records.

2018	2019	2020	2021	2022	2023
\$ 73,352,331	\$ 75,869,324	\$ 81,747,046	\$ 85,761,498	\$ 92,310,055	\$ 84,588,928
238,478	126,593	332,258	745,552	2,288,428	514,352
23,470,946	23,014,065	21,242,214	21,806,315	22,679,116	25,397,913
449,329	923,131	719,427	24,625	(78,368)	1,383,774
1,260,605	1,254,470	725,179	2,471,915	449,461	245,019
<u>98,771,689</u>	<u>101,187,583</u>	<u>104,766,124</u>	<u>110,809,905</u>	<u>117,648,692</u>	<u>112,129,986</u>
<u>\$ 48,760,982</u>	<u>\$ 9,652,492</u>	<u>\$ (13,323,685)</u>	<u>\$ (3,374,079)</u>	<u>\$ 30,686,560</u>	<u>\$ 7,397,760</u>

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

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General fund:				
Nonspendable	\$ 241,196	\$ 253,919	\$ 298,314	\$ 367,704
Assigned	5,325,510	8,280,756	9,876,858	12,646,189
Unassigned (deficit)	-	997,964	5,679,056	2,055,988
Total general fund	<u>5,566,706</u>	<u>9,532,639</u>	<u>15,854,228</u>	<u>15,069,881</u>
All other governmental funds:				
Nonspendable	75,208	23,744	23,972	19,944
Restricted	6,211,091	6,411,211	5,349,526	7,127,585
Committed	20,745	18,285	5,523	3,080
Unassigned (deficit)	<u>(644,271)</u>	<u>(304,556)</u>	<u>(1,355,877)</u>	<u>(1,065,078)</u>
Total all other governmental funds	<u>5,662,773</u>	<u>6,148,684</u>	<u>4,023,144</u>	<u>6,085,531</u>
Total governmental funds	<u>\$ 11,229,479</u>	<u>\$ 15,681,323</u>	<u>\$ 19,877,372</u>	<u>\$ 21,155,412</u>

Source: District financial records.

2018	2019	2020	2021	2022	2023
\$ 377,153	\$ 312,221	\$ 269,155	\$ 268,640	\$ 440,297	\$ 492,095
11,999,701	8,552,211	1,721,789	869,462	3,672,343	2,563,398
-	-	(372,458)	-	9,720,413	11,143,901
<u>12,376,854</u>	<u>8,864,432</u>	<u>1,618,486</u>	<u>1,138,102</u>	<u>13,833,053</u>	<u>14,199,394</u>
15,719	45,711	60,705	57,722	63,627	46,006
13,653,769	22,635,478	11,647,161	10,259,559	12,772,438	17,784,968
13	12	12	-	-	-
<u>(1,052,397)</u>	<u>(1,350,968)</u>	<u>(1,794,255)</u>	<u>(1,725,727)</u>	<u>(1,145,175)</u>	<u>(1,009,175)</u>
<u>12,617,104</u>	<u>21,330,233</u>	<u>9,913,623</u>	<u>8,591,554</u>	<u>11,690,890</u>	<u>16,821,799</u>
<u>\$ 24,993,958</u>	<u>\$ 30,194,665</u>	<u>\$ 11,532,109</u>	<u>\$ 9,729,656</u>	<u>\$ 25,523,943</u>	<u>\$ 31,021,193</u>

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

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues				
From local sources:				
Property taxes	\$ 64,774,216	\$ 68,112,932	\$ 66,964,174	\$ 69,924,962
Payment in lieu of taxes	633,323	406,797	402,177	398,038
Tuition	1,240,584	1,078,899	1,701,906	1,508,764
Transportation fees	42,201	45,477	48,018	47,155
Earnings on investments	168,717	74,313	127,867	223,459
Charges for services	1,430,120	1,424,763	1,531,369	1,557,655
Extracurricular	654,001	660,066	656,823	699,400
Classroom materials and fees	164,675	167,984	165,706	198,357
Rental income	55,433	47,428	75,807	54,800
Contributions and donations	77,654	76,582	100,205	76,832
Contract services	466,125	526,147	575,937	516,903
Other local revenues	459,448	475,432	2,157,578	866,856
Intergovernmental	34,194,621	43,333,152	36,168,258	36,253,357
Total revenues	<u>104,361,118</u>	<u>116,429,972</u>	<u>110,675,825</u>	<u>112,326,538</u>
Expenditures				
Current:				
Instruction:				
Regular	35,291,949	42,869,785	36,206,615	38,543,746
Special	12,704,073	12,881,537	12,748,248	14,500,383
Vocational	2,608,737	2,530,733	2,532,114	2,957,987
Adult/continuing	102,281	110,171	143,698	146,517
Other	4,507,303	4,612,838	4,707,311	5,597,739
Support services:				
Pupil	7,411,865	7,747,320	7,540,388	9,137,763
Instructional staff	3,415,173	4,027,511	4,121,704	4,782,042
Board of education	78,949	40,157	49,887	102,105
Administration	5,548,374	5,738,086	5,859,133	6,459,545
Fiscal	1,947,797	2,218,653	2,108,463	2,157,013
Business	519,969	537,359	573,723	624,573
Operations and maintenance	8,412,588	8,363,446	9,577,240	10,468,614
Pupil transportation	3,852,619	3,906,427	3,937,663	5,196,585
Central	937,351	995,181	1,493,489	1,256,896
Operation of non-instructional services	5,181,719	6,098,387	5,705,429	6,392,027
Extracurricular activities	1,272,279	1,328,980	1,400,977	1,649,496
Facilities acquisition and construction	2,676,433	213,335	90,270	1,193,536
Capital outlay	-	-	-	729,093
Debt service:				
Principal retirement	3,738,427	4,178,654	4,300,158	4,004,619
Interest and fiscal charges	3,692,977	3,580,378	3,441,977	3,428,674
Issuance costs	74,812	-	-	611,726
Total expenditures	<u>\$ 103,975,675</u>	<u>\$ 111,978,938</u>	<u>\$ 106,538,487</u>	<u>\$ 119,940,679</u>

2018	2019	2020	2021	2022	2023
\$ 74,250,363	\$ 75,996,641	\$ 81,735,192	\$ 84,634,377	\$ 93,177,165	\$ 85,212,353
238,478	126,593	332,258	745,552	2,288,428	514,352
2,856,889	2,182,157	2,268,376	2,274,309	3,030,756	3,023,664
11,986	14,712	2,390	-	-	-
457,304	929,556	767,626	24,926	(77,904)	1,434,180
1,526,079	1,494,569	1,235,928	9,201	227,390	1,294,358
658,592	825,524	655,379	371,174	793,648	964,765
208,562	216,009	209,508	28,182	179,172	199,920
57,210	94,864	46,922	64,111	119,712	133,988
66,315	113,996	74,583	58,095	107,327	232,444
581,756	565,335	530,254	271,467	527,806	39,302
1,285,674	1,695,532	1,328,466	3,275,322	529,883	438,933
35,909,101	35,165,390	33,537,634	37,425,008	51,028,452	45,585,134
<u>118,108,309</u>	<u>119,420,878</u>	<u>122,724,516</u>	<u>129,181,724</u>	<u>151,931,835</u>	<u>139,073,393</u>
40,834,222	42,158,754	44,628,691	46,727,919	46,784,471	47,805,416
15,024,340	15,693,883	17,030,164	17,092,171	21,512,339	24,261,250
3,033,008	3,186,859	3,004,274	3,073,512	3,150,954	3,380,986
137,512	133,723	-	238	-	-
6,223,571	5,380,849	6,482,106	6,858,165	1,729,782	500,336
9,945,392	10,132,335	10,097,065	9,925,163	10,880,330	11,273,637
4,768,828	4,809,012	4,920,672	4,192,268	5,217,050	4,981,549
83,155	127,633	65,153	41,027	77,119	90,248
6,711,008	7,131,807	7,374,659	7,158,111	8,088,137	7,211,163
2,142,284	2,645,340	2,973,642	2,861,857	2,851,202	3,133,341
586,946	619,090	886,330	1,089,444	737,103	493,099
9,328,576	9,483,082	10,062,702	9,017,660	9,954,663	10,254,829
4,677,106	5,287,144	5,093,185	4,461,186	5,441,083	5,142,161
1,247,360	1,143,539	1,357,420	1,157,626	1,418,133	1,289,356
6,532,152	6,144,151	6,232,934	4,972,842	5,944,285	6,150,466
1,622,674	1,890,356	1,797,510	1,710,976	2,166,054	2,138,705
4,760,994	6,812,640	10,018,846	1,263,906	103,607	1,041,678
-	-	-	1,170,240	836,761	-
5,492,109	5,379,157	5,536,122	5,562,538	6,575,712	6,280,913
3,464,852	3,324,689	3,779,788	3,947,579	3,413,804	3,177,431
265,407	285,210	-	-	53,500	67,500
<u>\$ 126,881,496</u>	<u>\$ 131,769,253</u>	<u>\$ 141,341,263</u>	<u>\$ 132,284,428</u>	<u>\$ 136,936,089</u>	<u>\$ 138,674,064</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)

	2014	2015	2016	2017
Excess of revenues over (under) expenditures	\$ 385,443	\$ 4,451,034	\$ 4,137,338	\$ (7,614,141)
Other financing sources (uses)				
Issuance of general obligation bonds	2,823,000	-	-	-
Premium on general obligation bonds	73,122	-	-	-
Issuance of refunding bonds	-	-	-	39,190,000
Premium on refunding bonds	-	-	-	6,135,447
Issuance of certificates of participation	-	-	-	-
Premium on certificates of participation	-	-	-	-
Issuance of tax anticipation notes	-	-	-	5,000,000
Premium on tax anticipation notes	-	-	-	101,120
Payment to refunded bonds escrow agent	-	-	-	(44,685,047)
Issuance of financed purchase obligation	-	-	-	-
Proceeds from lease transaction	-	-	-	729,093
Proceeds from lease purchase transaction	-	-	-	-
Insurance recoveries	-	-	-	-
Sale of assets	-	-	-	-
Transfers in	13,500	13,500	18,500	2,518,500
Transfers (out)	(13,500)	(13,500)	(18,500)	(18,500)
Total other financing sources (uses)	2,896,122	-	-	8,970,613
Net change in fund balances	\$ 3,281,565	\$ 4,451,034	\$ 4,137,338	\$ 1,356,472
Debt service as a percentage of noncapital expenditures	7.39%	7.01%	7.33%	6.48%

Source: District financial records.

2018	2019	2020	2021	2022	2023
\$ (8,773,187)	\$ (12,348,375)	\$ (18,616,747)	\$ (3,102,704)	\$ 14,995,746	\$ 399,329
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	4,505,000	-
-	-	-	-	-	-
11,530,000	15,620,000	-	-	-	-
236,553	1,102,418	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(4,505,000)	-
-	-	-	-	-	5,000,000
-	-	-	-	836,761	-
-	-	-	1,170,240	-	-
-	-	-	-	-	65,702
225	82,571	-	-	-	5,718
858,719	18,500	18,500	18,500	143,500	143,500
(18,500)	(18,500)	(18,500)	(18,500)	(143,500)	(143,500)
<u>12,606,997</u>	<u>16,804,989</u>	<u>-</u>	<u>1,170,240</u>	<u>836,761</u>	<u>5,071,420</u>
<u>\$ 3,833,810</u>	<u>\$ 4,456,614</u>	<u>\$ (18,616,747)</u>	<u>\$ (1,932,464)</u>	<u>\$ 15,832,507</u>	<u>\$ 5,470,749</u>
7.43%	7.07%	7.18%	7.37%	7.39%	6.92%

**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	2014	2015	2016	2017	2018
Real Property					
Assessed	\$ 1,166,011,970	\$ 1,112,021,360	\$ 1,115,708,750	\$ 1,115,070,750	\$ 1,190,723,510
Actual	3,331,462,771	3,177,203,886	3,187,739,286	3,185,916,429	3,402,067,171
Public Utility					
Assessed	112,802,920	114,250,870	117,490,250	118,785,510	127,844,760
Actual	128,185,136	129,830,534	133,511,648	134,983,534	145,278,136
Total					
Assessed	1,278,814,890	1,226,272,230	1,233,199,000	1,233,856,260	1,318,568,270
Actual	3,459,647,908	3,307,034,420	3,321,250,934	3,320,899,963	3,547,345,307
Assessed Value as a Percentage of Actual Value					
	36.96%	37.08%	37.13%	37.15%	37.17%
Total Direct Tax Rate					
	\$82.89	\$82.99	\$82.99	\$85.39	\$85.26

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%.

2019	2020	2021	2022	2023
\$ 1,202,733,770	\$ 1,209,787,720	\$ 1,392,588,360	\$ 1,386,296,160	\$ 1,389,934,310
3,436,382,200	3,456,536,343	3,978,823,886	3,960,846,171	3,971,240,886
129,461,040	144,268,050	148,554,650	154,403,670	164,172,010
147,114,818	163,940,966	168,812,102	175,458,716	186,559,102
1,332,194,810	1,354,055,770	1,541,143,010	1,540,699,830	1,554,106,320
3,583,497,018	3,620,477,309	4,147,635,988	4,136,304,887	4,157,799,988
37.18%	37.40%	37.16%	37.25%	37.38%
\$91.25	\$91.03	\$90.50	\$90.18	\$96.17

**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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Direct district rates				
General fund	\$76.39	\$76.39	\$76.39	\$76.39
Permanent improvement fund	0.60	0.60	0.60	3.40
Bond retirement fund	5.90	6.00	6.00	5.60
Total	<u>82.89</u>	<u>82.99</u>	<u>82.99</u>	<u>85.39</u>
Overlapping rates				
City of Kettering	6.79	6.79	6.79	6.79
City of Moraine	2.50	2.50	2.50	2.50
Montgomery County	17.74	18.74	18.74	18.74
Sinclair Community College	3.20	3.20	4.20	4.20
Greene County	12.25	12.65	14.45	14.45
Dayton Metro Library	3.31	3.31	3.31	3.31
Total	<u>\$128.68</u>	<u>\$130.18</u>	<u>\$132.98</u>	<u>\$135.38</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>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$76.39	\$82.38	\$82.38	\$82.38	\$82.38	\$88.37
3.40	3.40	3.40	3.40	3.40	3.40
5.47	5.47	5.25	4.72	4.40	4.40
<u>85.26</u>	<u>91.25</u>	<u>91.03</u>	<u>90.50</u>	<u>90.18</u>	<u>96.17</u>
6.79	6.79	6.67	6.63	6.63	6.63
2.50	2.50	2.50	2.50	2.50	2.50
18.74	18.94	18.94	18.94	18.94	18.94
4.20	4.20	4.20	4.20	4.20	4.20
13.95	14.45	14.45	14.45	14.45	13.95
3.31	3.31	3.15	3.15	3.09	3.04
<u>\$134.75</u>	<u>\$141.44</u>	<u>\$140.94</u>	<u>\$140.37</u>	<u>\$139.99</u>	<u>\$145.43</u>

KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO



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

PRINCIPAL TAXPAYERS
REAL ESTATE AND PUBLIC UTILITY PROPERTY TAXES
DECEMBER 31, 2022 AND DECEMBER 31, 2013

		December 31, 2022		
Name of Taxpayer	Nature of Business	Assessed Value	Rank	Percent of Total Assessed Value
Dayton Power and Light	Gas and Electric Utility	\$108,826,500	1	7.06%
Vectren	Utility	32,933,730	2	2.14%
Tait Electric Generating Station	Utility	25,371,090	3	1.65%
Reynolds and Reynolds Co.	Retail business forms	12,301,500	4	0.80%
Residenz LLC	Property Management	11,578,000	5	0.75%
Huber Management Corp.	Property Management	9,370,430	6	0.61%
MIMG LXXXIX Van Buren Village	Property Management	5,738,480	7	0.37%
G&E Healthcare Reit Lincoln	Healthcare	4,618,500	8	0.30%
Dayton Town and Country	Property Management	4,534,320	9	0.29%
Chimneys of Oak Creek LLC	Real Estate	4,305,230	10	0.28%
Total Principal Taxpayers		219,577,780		14.25%
All Others		1,321,122,050		85.75%
Total Assessed Value		<u>\$1,540,699,830</u>		<u>100.00%</u>

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

Source: Montgomery County Auditor - Land and Buildings based on valuation of property in 2022 and 2013

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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total Tax Levy (1)	\$ 76,121,264	\$ 74,540,824	\$ 75,038,035	\$ 77,600,882
Collections within the Fiscal Year of the Levy				
Current Tax Collections (2)	\$ 74,133,882	\$ 72,672,977	\$ 72,869,095	\$ 76,240,787
Percent of Levy Collected	97.39%	97.49%	97.11%	98.25%
Delinquent Tax Collections	<u>2,482,559</u>	<u>1,607,891</u>	<u>2,032,735</u>	<u>1,360,095</u>
Total Tax Collections	<u>\$ 76,616,441</u>	<u>\$ 74,280,868</u>	<u>\$ 74,901,830</u>	<u>\$ 77,600,882</u>
Percent of Total Tax Collections To Tax Levy	100.65%	99.65%	99.82%	100.00%
Accumulated Outstanding Delinquent Taxes (3)	\$ 2,478,575	\$ 2,611,400	\$ 2,572,058	\$ 3,197,973
Percentage of Accumulated Delinquent Taxes to Total Tax Levy	3.26%	3.50%	3.43%	4.12%

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.

N/A indicates the information is not available.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 79,583,644	\$ 88,345,394	\$ 87,623,916	\$ 89,000,630	\$ 90,614,113	\$ 100,283,979
\$ 78,739,158	\$ 86,804,463	\$ 86,083,813	\$ 87,548,701	\$ 88,609,749	\$ 96,837,166
98.94%	98.26%	98.24%	98.37%	97.79%	96.56%
2,809,114	2,009,496	2,004,179	1,475,964	471,846	2,197,166
<u>\$ 81,548,272</u>	<u>\$ 88,813,959</u>	<u>\$ 88,087,992</u>	<u>\$ 89,024,665</u>	<u>\$ 89,081,595</u>	<u>\$ 99,034,332</u>
102.47%	100.53%	100.53%	100.03%	98.31%	98.75%
\$ 2,299,940	\$ 2,172,622	\$ 1,273,613	\$ 2,312,589	\$ 2,444,488	\$ 1,821,062
2.89%	2.46%	1.45%	2.60%	2.70%	1.82%

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

RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities (1)				
General obligation bonds payable*	\$ 89,776,084	\$ 85,503,967	\$ 81,085,012	\$ 75,707,311
Leases	-	-	-	602,468
Financed purchase agreements	-	-	-	-
Certificates of participation*	-	-	-	-
Tax anticipation notes*	-	-	-	5,161,924
Total primary government	<u>\$ 89,776,084</u>	<u>\$ 85,503,967</u>	<u>\$ 81,085,012</u>	<u>\$ 81,471,703</u>
 Population (2)				
Cities of Kettering and Moraine	62,167	61,918	61,766	61,613
Outstanding debt per capita*	1,444	1,381	1,313	1,322
 Income (3)				
Personal (in thousands)	\$ 2,119,372	\$ 2,184,210	\$ 2,285,571	\$ 2,353,618
Percentage of personal income*	4.24%	3.91%	3.55%	3.46%

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, certificates of participation, tax anticipation notes, outstanding debt per capita, and outstanding debt as a percentage of personal income include premiums, discounts, and accreted interest on bonds.

2018	2019	2020	2021	2022	2023
\$ 70,346,389	\$ 65,338,659	\$ 60,277,393	\$ 54,884,909	\$ 49,068,453	\$ 43,683,777
469,359	325,202	169,080	3,817,981	4,117,479	3,520,423
-	-	-	926,768	703,319	5,474,462
11,694,487	28,176,065	27,900,724	27,615,383	27,320,042	26,704,701
4,466,564	3,716,203	2,950,843	2,170,484	1,382,638	1,110,158
<u>\$ 86,976,799</u>	<u>\$ 97,556,129</u>	<u>\$ 91,298,040</u>	<u>\$ 89,415,525</u>	<u>\$ 82,591,931</u>	<u>\$ 80,493,521</u>
61,482	61,545	61,325	64,369	64,255	64,255
1,415	1,585	1,489	1,389	1,285	1,253
\$ 2,360,194	\$ 2,544,199	\$ 2,515,404	\$ 2,633,145	\$ 2,690,833	N/A
3.69%	3.83%	3.63%	3.40%	3.07%	N/A

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

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Year	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Population (1)	62,167	61,918	61,766	61,613
Assessed value (in thousands) (2)	\$ 1,278,815	\$ 1,226,272	\$ 1,233,199	\$ 1,233,856
Estimated actual value (in thousands) (2)	3,459,648	3,307,034	3,321,251	3,320,900
General bonded debt (3)				
General obligation bonds*	89,776,084	85,503,967	81,085,012	75,707,311
Resources available to pay principal (4)	2,696,993	2,998,825	2,824,484	3,789,810
Net general bonded debt *	87,079,091	82,505,142	78,260,528	71,917,501
Ratio of net general bonded Debt to assessed value *	6.81%	6.73%	6.35%	5.83%
Ratio of net general bonded Debt to estimated actual value	2.52%	2.49%	2.36%	2.17%
Net general bonded debt per capita *	\$ 1,401	\$ 1,332	\$ 1,267	\$ 1,167

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.

2018	2019	2020	2021	2022	2023
61,482	61,545	61,325	64,369	64,255	64,255
\$ 1,318,568	\$ 1,332,195	\$ 1,354,056	\$ 1,541,143	\$ 1,540,700	\$ 1,554,106
3,547,345	3,583,497	3,620,477	4,147,636	4,136,305	4,157,800
70,346,389	65,338,659	60,277,393	54,884,909	49,068,453	43,683,777
3,704,520	4,011,958	4,395,697	5,612,014	6,650,242	6,745,235
66,641,869	61,326,701	55,881,696	49,272,895	42,418,211	36,938,542
5.05%	4.60%	4.13%	3.20%	2.75%	2.38%
1.88%	1.71%	1.54%	1.19%	1.03%	0.89%
\$ 1,084	\$ 996	\$ 911	\$ 765	\$ 660	\$ 575

KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO



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

COMPUTATION OF DIRECT AND OVERLAPPING
DEBT ATTRIBUTABLE TO GOVERNMENTAL ACTIVITIES
JUNE 30, 2023

<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	\$ 82,591,931	100.00%	\$ 82,591,931
Overlapping:			
Montgomery County	59,646,500	13.97%	8,332,616
City of Kettering	23,708,106	98.71%	23,402,271
City of Moraine	13,248,314	69.44%	9,199,629
Greene County	10,909,249	0.32%	34,910
Dayton Metro Library	124,489,986	17.98%	22,383,299
Subtotal	<u>232,002,155</u>		<u>63,352,725</u>
Total	<u>\$ 314,594,086</u>		<u>\$ 145,944,656</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, 2022 as this is the latest information available.

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

DEBT LIMITATIONS
LAST TEN FISCAL YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Net Assessed Valuation	\$ 1,278,814,890	\$ 1,226,272,230	\$ 1,233,199,000	\$ 1,233,856,260
Overall Direct Debt Limitation				
Legal Debt Limitation (%) (1)	9.00%	9.00%	9.00%	9.00%
Legal Debt Limitation (\$) (1)	115,093,340	110,364,501	110,987,910	111,047,063
Applicable District Debt Outstanding	81,852,930	78,432,980	74,381,980	66,138,986
Less: Applicable Debt Service				
Fund Amounts (2)	<u>(3,502,105)</u>	<u>(3,480,330)</u>	<u>(3,486,254)</u>	<u>(3,948,459)</u>
Net Indebtedness Subject to Limitation	<u>78,350,825</u>	<u>74,952,650</u>	<u>70,895,726</u>	<u>62,190,527</u>
Overall Legal Debt Margin	<u>\$ 36,742,515</u>	<u>\$ 35,411,851</u>	<u>\$ 40,092,184</u>	<u>\$ 48,856,536</u>
Unvoted Direct Debt Limitation				
Legal Debt Limitation (%) (1)	0.10%	0.10%	0.10%	0.10%
Legal Debt Limitation (\$) (1)	\$ 1,278,815	\$ 1,226,272	\$ 1,233,199	\$ 1,233,856
Applicable District Debt Outstanding	-	-	-	-
Unvoted Legal Debt Margin	<u>\$ 1,278,815</u>	<u>\$ 1,226,272</u>	<u>\$ 1,233,199</u>	<u>\$ 1,233,856</u>
Energy Conservation Bond Limitation				
Legal Debt Limitation (%) (1)	0.90%	0.90%	0.90%	0.90%
Legal Debt Limitation (\$) (1)	\$ 11,509,334	\$ 11,036,450	\$ 11,098,791	\$ 11,104,706
Authorized by the Board	<u>(2,622,812)</u>	<u>(2,384,158)</u>	<u>(2,135,000)</u>	<u>(1,990,000)</u>
Unvoted Energy Conservation				
Bond Legal Debt Margin	<u>\$ 8,886,522</u>	<u>\$ 8,652,292</u>	<u>\$ 8,963,791</u>	<u>\$ 9,114,706</u>
Total Net Indebtedness Subject to Limitation as a Percentage of Debt Limit	68.08%	67.91%	63.88%	56.00%

Source: Montgomery County Auditor, Ohio Department of Taxation

- (1) Ohio Bond Law sets a limit of 9% for overall debt, 1/10 of 1% for unvoted debt, and 9/10 of 1% for energy conservation debt.
- (2) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 1,318,568,270	\$ 1,332,194,810	\$ 1,354,055,770	\$ 1,541,143,010	\$ 1,540,699,830	\$ 1,554,106,320
9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
118,671,144	119,897,533	121,865,019	138,702,871	138,662,985	139,869,569
61,659,986	57,519,986	53,259,986	49,255,000	44,615,000	40,150,000
<u>(4,002,344)</u>	<u>(4,354,714)</u>	<u>(4,876,330)</u>	<u>(5,551,498)</u>	<u>(6,644,997)</u>	<u>(6,782,473)</u>
<u>57,657,642</u>	<u>53,165,272</u>	<u>48,383,656</u>	<u>43,703,502</u>	<u>37,970,003</u>	<u>33,367,527</u>
<u>\$ 61,013,502</u>	<u>\$ 66,732,261</u>	<u>\$ 73,481,363</u>	<u>\$ 94,999,369</u>	<u>\$ 100,692,982</u>	<u>\$ 106,502,042</u>
0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
\$ 1,318,568	\$ 1,332,195	\$ 1,354,056	\$ 1,541,143	\$ 1,540,700	\$ 1,554,106
-	-	-	-	-	-
<u>\$ 1,318,568</u>	<u>\$ 1,332,195</u>	<u>\$ 1,354,056</u>	<u>\$ 1,541,143</u>	<u>\$ 1,540,700</u>	<u>\$ 1,554,106</u>
0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
\$ 11,867,114	\$ 11,989,753	\$ 12,186,502	\$ 13,870,287	\$ 13,866,298	\$ 13,986,957
<u>(1,845,000)</u>	<u>(1,700,000)</u>	<u>(1,550,000)</u>	<u>(1,400,000)</u>	<u>(1,245,000)</u>	<u>(1,085,000)</u>
<u>\$ 10,022,114</u>	<u>\$ 10,289,753</u>	<u>\$ 10,636,502</u>	<u>\$ 12,470,287</u>	<u>\$ 12,621,298</u>	<u>\$ 12,901,957</u>
48.59%	44.34%	39.70%	31.51%	27.38%	23.86%

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

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Calendar Year	2013	2014	2015	2016
Population (1)				
Cities of Kettering and Moraine	62,167	61,918	61,766	61,613
Montgomery County	535,846	533,116	532,258	531,239
Income (2) (a)				
Total Personal (in thousands)	\$ 2,067,089	\$ 2,119,372	\$ 2,184,210	\$ 2,285,571
Per Capita	33,251	34,229	35,363	37,096
Unemployment Rate				
Federal (3)	7.4%	6.2%	5.3%	4.9%
State (3)	7.1%	5.7%	4.9%	4.9%
Montgomery County (4)	7.5%	6.0%	5.0%	4.8%
Fiscal Year				
	2014	2015	2016	2017
School Enrollment (5)				
Grades K - 5	3,424	3,444	3,500	3,523
Grades 6 - 8	1,652	1,624	1,635	1,657
Grades 9 - 12	2,167	2,205	2,234	2,225
Total	<u>7,243</u>	<u>7,273</u>	<u>7,369</u>	<u>7,405</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

2017	2018	2019	2020	2021	2022
61,482	61,545	61,325	64,369	64,255	64,255
531,542	532,331	531,687	537,309	535,840	537,741
\$ 2,353,618	\$ 2,360,194	\$ 2,544,199	\$ 2,515,404	\$ 2,633,145	\$ 2,690,833
38,281	38,349	41,487	39,078	40,980	41,877
4.4%	3.9%	3.7%	8.1%	3.9%	3.6%
5.0%	4.6%	4.2%	8.1%	4.5%	4.0%
4.9%	4.5%	3.7%	5.4%	4.4%	4.1%
2018	2019	2020	2021	2022	2023
3,473	3,428	3,719	3,259	3,228	3,191
1,712	1,756	1,810	1,752	1,698	1,625
2,276	2,233	2,310	2,318	2,600	2,381
<u>7,461</u>	<u>7,417</u>	<u>7,839</u>	<u>7,329</u>	<u>7,526</u>	<u>7,197</u>

KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO



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

PRINCIPAL EMPLOYERS
DECEMBER 31, 2022 AND DECEMBER 31, 2013

		December 31, 2022		
Employer	Nature of Business	Number of Employees	Rank	% of Total Estimated Employment
Kettering Medical Center	Private Hospital	3,570	1	13.10%
Reynolds and Reynolds Co.	Professional Services	1,350	2	4.95%
Kettering City School District	Education	1,155	3	4.24%
Alternate Solutions Health Network	Healthcare	811	4	2.98%
Community Tissue Center	Healthcare	650	5	2.39%
Meijer, Inc.	Retail Sales	550	6	2.02%
Spectrum	Cable/Internet Provider	500	7	1.84%
City of Kettering	Government	570	8	2.09%
Kroger	Retail Sales	420	9	1.54%
N/A		-	10	0.00%
Total Principal Employers		<u>9,576</u>		<u>35.15%</u>
Total Estimated Employment		<u>27,246</u>		<u>100.00%</u>

		December 31, 2013		
Employer	Nature of Business	Number of Employees	Rank	% of Total Estimated Employment
Kettering Medical Center	Hospital	3,570	1	13.95%
GE Money	Finance Services	1,800	2	7.03%
Reynolds and Reynolds Co.	Fortune 1000	1,307	3	5.11%
Kettering City School District	Education	1,032	4	4.03%
Limited Brands, Inc.	Catalog Ordering Center	1,000	5	3.91%
Kroger	Retail Sales	630	6	2.46%
Meijer, Inc.	Retail Sales	550	7	2.15%
City of Kettering	Government	550	8	2.15%
Tenneco	Manufacturing	522	9	2.04%
N/A		-	10	0.00%
Total Principal Employers		<u>10,961</u>		<u>42.83%</u>
Total Estimated Employment		<u>25,600</u>		<u>100.00%</u>

Sources: City of Kettering ACFR, and Kettering City School District ACFR, 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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Official Administrative	32.00	31.33	33.33	36.50
Professional - Educational	512.49	510.24	516.60	530.54
Professional - Other	35.19	41.64	43.80	44.20
Technical	23.36	23.36	23.56	24.64
Office/Clerical	157.63	171.29	172.40	190.49
Crafts and Trades	11.00	11.00	11.00	12.00
Operative	35.35	34.40	35.98	40.36
Service Work/Laborer	111.96	117.73	119.21	125.57
Total Employees	<u>918.98</u>	<u>940.99</u>	<u>955.88</u>	<u>1,004.30</u>

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

Source: District records

2018	2019	2020	2021	2022	2023
38.00	38.00	40.00	44.68	39.00	42.68
540.71	560.74	567.65	557.98	557.84	550.84
46.05	50.80	51.00	54.00	56.50	56.50
24.16	21.00	21.00	23.80	25.00	25.64
187.71	190.36	192.70	190.96	189.25	206.88
12.00	13.00	13.00	12.00	12.00	12.00
44.52	41.71	42.20	52.85	50.29	48.57
123.71	127.50	131.00	135.03	137.43	128.14
<u>1,016.86</u>	<u>1,043.11</u>	<u>1,058.55</u>	<u>1,071.30</u>	<u>1,067.31</u>	<u>1,071.25</u>

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

OPERATING INDICATORS - COST PER PUPIL
LAST TEN FISCAL YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017 (1)</u>
Enrollment	7,243	7,273	7,369	7,405
Modified Accrual Basis				
Operating Expenditures	\$ 93,793,026	\$ 104,006,571	\$ 98,706,082	\$ 109,973,031
Cost per Pupil	12,949	14,300	13,395	14,851
Percentage of Change	0.6%	10.4%	(6.3%)	10.9%
Accrual Basis				
Operating Expenses	\$ 95,235,920	\$ 99,885,174	\$ 99,507,265	\$ 115,799,722
Cost per Pupil	13,149	13,734	13,503	15,638
Percentage of Change	0.9%	4.4%	(1.7%)	15.8%
Teaching Staff	535	542	543	492

Source: District records and Ohio Department of Education and Workforce

(1) Number of teachers decreased due to no longer accounting for virtual teachers. Virtual teachers are teachers at other districts teaching our students via on-line courses. All virtual courses have been brought in house and taught by current teachers.

2018	2019	2020	2021	2022	2023
7,461	7,417	7,839	7,329	7,526	7,197
\$ 112,898,134	\$ 115,967,557	\$ 122,006,507	\$ 120,340,165	\$ 125,952,705	\$ 128,106,542
15,132	15,635	15,564	16,420	16,736	17,800
1.9%	3.3%	(0.5%)	5.5%	1.9%	6.4%
\$ 65,469,092	\$ 106,529,408	\$ 133,232,692	\$ 130,998,350	\$ 117,032,493	\$ 128,666,960
8,775	14,363	16,996	17,874	15,550	17,878
(43.9%)	63.7%	18.3%	5.2%	(13.0%)	15.0%
487	490	514	511	505	505

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

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017 (1)</u>
Governmental activities				
Instruction				
Regular	418	428	421	398
Special	117	114	122	94
Support Services				
Pupils				
Enrollment	7,243	7,273	7,369	7,405
Graduates	536	522	511	501
Percent of Students with Disabilities	15%	14%	15%	15%
Board of Education				
Members	5	5	5	5
Regular Meetings per Year	18	19	27	20
Administration				
School Attendance Rate	96.1%	96.0%	96.0%	95.5%
Fiscal Services				
Purchase Orders Processed	4,702	4,760	4,529	4,670
Checks Issued (non payroll)	3,328	2,904	2,967	2,710
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	2,989	3,214	3,175	3,017
Average Daily Bus Fleet Miles	3,022	3,017	2,951	2,477
Number of Buses	57	57	57	63
Operation of Non-instructional Services				
Food Service				
Student Meals Served Yearly	674,536	664,398	675,339	663,690
Free/Reduced Price Meals Daily	2,247	2,259	1,314	2,229
Uniform School Supplies	3	3	3	3
Extracurricular Activities				
High School Varsity Teams	27	27	27	29

Source: District Treasurer's Office

N/A = Not available

(1) Number of regular and special instruction teachers decreased due to no longer accounting for virtual teachers. Virtual teachers are teachers at other districts teaching our students via on-line courses. All virtual courses have been brought in house and taught by current teachers.

2018	2019	2020	2021	2022	2023
392	393	403	408	460	460
95	97	113	103	45	45
7,461	7,417	7,839	7,329	7,526	7,197
552	546	528	539	522	594
15%	N/A	15%	15%	16%	15%
5	5	5	5	5	5
21	22	16	17	16	16
95.6%	95.7%	96.4%	97.2%	94.4%	94.1%
4,353	4,376	3,755	3,158	3,629	3,978
2,687	2,561	2,366	2,719	4,393	4,805
1,346,597	1,352,597	1,352,597	1,483,800	1,483,800	1,483,800
254	254	254	254	254	254
3,074	3,108	3,290	642	2,812	4,221
3,564	3,554	3,994	2,037	3,037	3,103
66	65	61	69	59	55
636,906	619,614	N/A	N/A	N/A	911,877
2,174	2,465	N/A	N/A	N/A	1,915
3	3	3	3	3	3
29	29	29	29	29	29

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

OPERATING INDICATORS - TEACHER BASE SALARIES
LAST TEN FISCAL YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Minimum Salary	\$ 35,484	\$ 35,484	\$ 36,918	\$ 37,656
Maximum Salary	90,839	90,839	94,510	96,399
District Average Salary	63,601	66,021	65,045	65,961
State Average Salary	55,916	55,242	57,154	59,100

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

OPERATING INDICATORS - TEACHERS BY EDUCATION
LAST TEN FISCAL YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Bachelor's Degree	161	174	175	139
Master's Degree + 15	374	368	368	353
Total	<u>535</u>	<u>542</u>	<u>543</u>	<u>492</u>

Source: District records

(1) Number of teachers decreased due to no longer accounting for virtual teachers. Virtual teachers are teachers at other districts teaching our students via on-line courses. All virtual courses have been brought in house and taught by current teachers.

2018	2019	2020	2021	2022	2023
\$ 38,786	\$ 39,756	\$ 40,651	\$ 40,651	\$ 41,464	\$ 42,086
99,292	101,777	104,067	104,067	106,148	108,271
68,331	72,969	75,097	76,766	79,038	80,760
60,380	60,810	65,754	67,654	64,353	68,022

2018 (1)	2019	2020	2021	2022	2023
131	140	146	147	114	124
356	350	368	364	391	381
487	490	514	511	505	505

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

CAPITAL ASSET STATISTICS BY BUILDING
LAST TEN FISCAL YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Secondary				
Kettering Fairmont High School				
Square Footage	420,517	420,517	420,517	420,517
Capacity (students)	3,725	3,725	3,725	3,725
Enrollment	2,167	2,205	2,234	2,225
Middle				
Kettering Middle School				
Square Footage	245,522	245,522	245,522	245,522
Capacity (students)	2,250	2,250	2,250	2,250
Enrollment	962	989	1,004	1,004
Van Buren Middle School				
Square Footage	103,184	103,184	103,184	103,184
Capacity (students)	960	960	960	960
Enrollment	690	635	631	653
Elementary				
Beavertown Elementary School				
Square Footage	47,347	47,347	47,347	47,347
Capacity (students)	530	530	530	530
Enrollment	353	340	346	376
Greenmont Elementary School				
Square Footage	45,633	45,633	45,633	45,633
Capacity (students)	720	720	720	720
Enrollment	325	317	344	343
Indian Riffle Elementary School				
Square Footage	102,000	102,000	102,000	102,000
Capacity (students)	1,300	1,300	1,300	1,300
Enrollment	433	444	470	497
J.F.Kennedy Elementary School				
Square Footage	106,000	106,000	106,000	106,000
Capacity (students)	1,000	1,000	1,000	1,000
Enrollment	600	617	615	616
Moraine Meadows Elementary School *				
Square Footage	26,732	26,732	26,732	26,732
Capacity (students)	418	418	418	418
Enrollment	0	0	0	0

2018	2019	2020	2021	2022	2023
420,517	426,517	426,517	449,242	449,242	449,242
3,725	3,725	3,725	3,725	3,725	3,725
2,276	2,233	2,310	2,293	2,347	2,432
245,522	245,522	245,522	245,522	245,522	245,522
2,250	2,250	2,250	2,250	2,250	2,250
1,028	1,024	1,096	1,080	1,061	1,070
103,184	103,184	103,184	115,985	115,985	115,985
960	960	960	960	960	960
684	732	714	672	637	587
47,347	47,347	47,347	58,755	58,755	58,755
530	530	530	530	530	530
368	332	381	317	334	356
45,633	45,633	45,633	70,000	70,000	70,000
720	720	720	720	720	720
333	342	404	297	288	271
102,000	102,000	102,000	102,000	102,000	102,000
1,300	1,300	1,300	1,300	1,300	1,300
484	486	581	524	523	552
106,000	106,000	106,000	109,672	109,672	109,672
1,000	1,000	1,000	1,000	1,000	1,000
636	592	622	524	608	622
26,732	26,732	26,732	26,732	26,732	26,732
418	418	418	418	418	418
0	0	0	0	0	0

(Continued)

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

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Oakview Elementary School				
Square Footage	49,056	49,056	49,056	49,056
Capacity (students)	500	500	500	500
Enrollment	379	411	412	412
Orchard Park Elementary School				
Square Footage	34,189	34,189	34,189	34,189
Capacity (students)	450	450	450	450
Enrollment	319	318	330	342
J.E.Prass Elementary School				
Square Footage	47,264	47,264	47,264	47,264
Capacity (students)	570	570	570	570
Enrollment	420	437	415	428
Southdale Elementary School				
Square Footage	47,185	47,185	47,185	47,185
Capacity (students)	530	530	530	530
Enrollment	595	560	568	509
All Other				
Central Administration Building				
Square Footage	26,968	26,968	26,968	26,968
Occupancy	153	153	153	153
Transportation Building				
Square Footage	30,000	30,000	30,000	30,000
Maintenance Building				
Square Footage	15,000	15,000	15,000	15,000

Source: District records

* Moraine Meadows Elementary School was closed during 2011.

2018	2019	2020	2021	2022	2023
49,056	49,056	49,056	60,636	60,636	60,636
500	500	500	500	500	500
398	401	439	406	456	458
34,189	34,189	34,189	54,026	54,026	54,026
450	450	450	450	450	450
358	335	337	350	340	332
47,264	47,264	47,264	59,274	59,274	59,274
570	570	570	570	570	570
403	427	432	428	426	435
47,185	47,185	47,185	62,948	62,948	62,948
530	530	530	530	530	530
493	513	523	512	506	496
26,968	26,968	26,968	24,008	24,008	24,008
153	153	153	153	153	153
30,000	30,000	30,000	30,000	30,000	30,000
15,000	15,000	15,000	15,000	15,000	15,000

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

EDUCATIONAL AND OPERATIONAL STATISTICS
LAST TEN FISCAL YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
ACT Scores (Average)				
Kettering	23.7	23.8	23.6	20.9
Ohio	22.0	22.0	22.0	19.8
National	21.0	21.0	20.8	21.0
SAT Scores (Average) (1)				
Kettering				
Verbal/Critical Reading	553	551	479	588
Mathematical	549	556	485	589
Writing	518	514	457	N/A
Ohio				
Verbal/Critical Reading	555	557	556	570
Mathematical	562	563	563	565
Writing	535	537	537	N/A
National				
Verbal/Critical Reading	497	495	494	538
Mathematical	513	511	508	533
Writing	487	484	482	N/A
National Merit Scholars				
Finalist	1	3	2	2
Semi-Finalist	1	3	2	0
Commended Scholars	5	6	3	4
Hispanic Scholars	N/A	N/A	1	0
Cost per Student (ODEW)				
Kettering	\$11,656	\$12,131	\$10,230	\$10,336
Ohio (Average)	\$10,394	\$10,913	\$8,840	\$9,149
Attendance Rate				
Kettering	96.1%	96.0%	96.0%	95.9%
Ohio (Average)	94.3%	94.1%	94.1%	93.1%
Graduation Rate				
Kettering	95.7%	94.3%	92.6%	92.5%
Ohio (Average)	82.2%	82.2%	83.0%	83.6%

Source:

District records and Ohio Department of Education and Workforce
N/A = Not Available

Notes:

(1) Beginning in fiscal year 2015, Juniors who are college bound were able to take the test. However, only the scores of Seniors are reported in the table above.

2018	2019	2020	2021	2022	2023
21.0	20.4	21.0	20.5	20.6	20.3
20.3	20.3	19.9	20.0	19.4	19.2
20.9	20.9	20.8	20.3	19.8	19.5
622	607	591	619	604	604
628	584	602	634	596	596
N/A	N/A	N/A	N/A	N/A	N/A
552	550	578	525	528	525
547	548	570	523	525	519
N/A	N/A	N/A	N/A	N/A	N/A
536	531	528	533	529	520
531	528	523	528	549	508
N/A	N/A	N/A	N/A	N/A	N/A
0	3	0	0	1	1
1	0	0	0	0	0
4	7	2	2	1	2
2	1	0	0	0	1
\$11,020	\$11,122	\$11,208	\$11,561	\$12,673	\$12,450
\$9,353	\$9,724	\$9,883	\$10,336	\$11,306	\$11,896
96.0%	95.7%	96.4%	97.2%	94.4%	94.1%
N/A	N/A	N/A	N/A	90.4%	91.0%
93.6%	95.3%	90.7%	94.2%	95.6%	94.9%
84.1%	85.3%	85.9%	85.9%	87.0%	87.3%

KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

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

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**KETTERING SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM/CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER / ADDITIONAL AWARD IDENTIFICATION	TOTAL FEDERAL EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through the Ohio Department of Education and Workforce</i>			
Child Nutrition Cluster			
School Breakfast Program	10.553	2022	\$ 277,810
School Breakfast Program	10.553	2023	435,782
Total School Breakfast Program			<u>713,592</u>
National School Lunch Program	10.555	2022	1,108,101
COVID-19 - National School Lunch Program - CN COVID FOOD PRO MANF	10.555	COVID-19, 2023	186,904
National School Lunch Program	10.555	2023	1,857,807
National School Lunch Program - Food Donation	10.555	2023	325,092
Total National School Lunch Program			<u>3,477,904</u>
Total Child Nutrition Cluster			<u>4,191,496</u>
COVID-19 - State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	10.649	COVID-19, 2023	3,135
Total U.S. Department of Agriculture			<u>4,194,631</u>
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through Ohio Office of Budget and Management</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - School Safety Round #2	21.027	COVID-19	83,137
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - School Safety Round #3	21.027	COVID-19	44,970
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - School Safety Round #4	21.027	COVID-19	4,997
Total Coronavirus State and Local Fiscal Recovery Funds			<u>133,104</u>
Total U.S. Department of Treasury			<u>133,104</u>
U.S. FEDERAL COMMUNICATIONS COMMISSION			
<i>Direct</i>			
COVID-19 - Emergency Connectivity Fund (ECF) Program - Equipment	32.009	COVID-19, ECOECF219002926911	128,071
Total U.S. Federal Communications Commission			<u>128,071</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through the Ohio Department of Education and Workforce</i>			
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2022	259,263
Title I Grants to Local Educational Agencies - Expanding Opportunities for Each Child Non-Competitive Grant	84.010A	84.010A, 2022	7,151
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2023	1,182,650
Title I Grants to Local Educational Agencies - Expanding Opportunities for Each Child Non-Competitive Grant	84.010A	84.010A, 2023	640
Total Title I Grants to Local Educational Agencies			<u>1,449,704</u>
Special Education Cluster (IDEA)			
Special Education-Grants to States (IDEA, Part B)	84.027A	84.027A, 2022	276,407
COVID-19 - Special Education-Grants to States (IDEA, Part B) - ARP	84.027X	COVID-19, 84.027X, 2022	5,193
Special Education-Grants to States (IDEA, Part B)	84.027A	84.027A, 2023	1,641,879
COVID-19 - Special Education-Grants to States (IDEA, Part B) - ARP	84.027X	COVID-19, 84.027X, 2023	222,645
Total Special Education-Grants to States (IDEA, Part B)			<u>2,146,124</u>
Special Education-Preschool Grants (IDEA Preschool)	84.173A	84.173A, 2022	10,109
COVID-19 - Special Education-Preschool Grants (IDEA Preschool) - ARP	84.173X	COVID-19, 84.173X, 2022	17,131
Special Education-Preschool Grants (IDEA Preschool)	84.173A	84.173A, 2023	71,617
COVID-19 - Special Education-Preschool Grants (IDEA Preschool) - ARP	84.173X	COVID-19, 84.173X, 2023	11,674
Total Special Education-Preschool Grants (IDEA Preschool)			<u>110,531</u>
Total Special Education Cluster (IDEA)			<u>2,256,655</u>
<i>Partnership Spent On-Behalf of Members Grants (Total Member Share) as Partnership Lead</i>			
Career and Technical Education Basic Grants to States	84.048A	84.048A, 2022	67,585
Career and Technical Education Basic Grants to States	84.048A	84.048A, 2023	171,068
Total Career and Technical Education Basic Grants to States			<u>238,653</u>
English Language Acquisition State Grants - Title III - Language Instruction for English Learners	84.365A	84.365A, 2022	5,104
English Language Acquisition State Grants - Title III - Language Instruction for English Learners	84.365A	84.365A, 2023	37,060
Total English Language Acquisition State Grants - Title III			<u>42,164</u>
Supporting Effective Instruction State Grants	84.367A	84.367A, 2022	48,613
Supporting Effective Instruction State Grants	84.367A	84.367A, 2023	194,932
Total Supporting Effective Instruction State Grants			<u>243,545</u>
Student Support and Academic Enrichment Program	84.424A	84.424A, 2022	9,843
Student Support and Academic Enrichment Program	84.424A	84.424A, 2023	114,195
Total Student Support and Academic Enrichment Program			<u>124,038</u>
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	COVID-19, 84.425D, 2023	736,288
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	COVID-19, 84.425U, 2022	1,466,685
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	COVID-19, 84.425U, 2023	3,102,491
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund - Homeless Round II	84.425W	COVID-19, 84.425W, 2023	33,574
Total Education Stabilization Fund (ESF)			<u>5,339,038</u>
Total U.S. Department of Education			<u>9,693,797</u>
Total Federal Expenditures			<u>\$ 14,149,603</u>

The accompanying notes are an integral part of this schedule.

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Kettering City School District under programs of the federal government for the fiscal year ended June 30, 2023 and is prepared in accordance with the cash basis of accounting. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Kettering City School District, it is not intended to and does not present the financial position, or changes in net position, of the Kettering City School District. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited as to reimbursement.

NOTE 2 – DE MINIMIS COST RATE

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. Kettering City School District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – CHILD NUTRITION CLUSTER

The Kettering City School District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the Kettering City School District assumes it expends federal monies first.

NOTE 4 – FOOD DONATION PROGRAM

The Kettering City School District reports commodities consumed on the Schedule at the entitlement value. The Kettering City School District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

NOTE 5 – PASS THROUGH FUNDS

The Kettering City School District was awarded federal program allocations as part of a partnership with the Centerville-Kettering-Oakwood Career Tech Compact, with Kettering City School District as the partnership lead. For fiscal year 2023, the Kettering City School District's allocations from partnership members was as follows:

<u>Grant/Program Name</u>	<u>ALN</u>	<u>Grant Year</u>	<u>Passed/Transferred From</u>	<u>Amount</u>
Career and Technical Education Basic Grants to States	84.048A	2022	Centerville City School District	\$ 25,060
Career and Technical Education Basic Grants to States	84.048A	2023	Centerville City School District	\$ 104,479

**Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Kettering City School District
Montgomery County
580 Lincoln Park Boulevard
Suite 105
Kettering, Ohio 45429

To the Members of the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kettering City School District, Montgomery County, Ohio, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Kettering City School District’s basic financial statements, and have issued our report thereon dated January 24, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Kettering City School District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Kettering City School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Kettering City School District’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Kettering City School District’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Kettering City School District

Montgomery County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Kettering City School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Kettering City School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Kettering City School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.

January 24, 2024

**Independent Auditor’s Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance and on the Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Kettering City School District
Montgomery County
580 Lincoln Park Boulevard
Suite 105
Kettering, Ohio 45429

To the Members of the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Kettering City School District’s compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Kettering City School District’s major federal programs for the fiscal year ended June 30, 2023. The Kettering City School District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings.

In our opinion, the Kettering City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the “Auditor’s Responsibilities for the Audit of Compliance” section of our report.

We are required to be independent of the Kettering City School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Kettering City School District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Kettering City School District’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Kettering City School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Kettering City School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Kettering City School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Kettering City School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Kettering City School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Kettering City School District

Montgomery County

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kettering City School District, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Kettering City School District's basic financial statements. We issued our report thereon dated January 24, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Julian & Grube, Inc.

January 24, 2024

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material weaknesses in internal control reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Education Stabilization Fund (ALN – 84.425)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: \$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE KEITH FABER



KETTERING CITY SCHOOL DISTRICT

MONTGOMERY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/26/2024

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov