

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2005



**Auditor of State
Betty Montgomery**

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Schedule of Federal Awards Receipts and Expenditures For the Year Ended June 30, 2005.....	1
Notes to the Schedule of Federal Awards Receipts and Expenditures For the Year Ended June 30, 2005.....	3
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	5
Independent Accountants' Report on Compliance with Requirements Applicable to Major Federal Programs and Internal Control Over Compliance in Accordance with OMB Circular A-133.....	7
Schedule of Findings.....	9
Schedule of Prior Audit Findings.....	11

This page intentionally left blank.

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2005**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursement
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed through Ohio Department of Education</i>						
Nutrition Cluster:						
Food Donation	10.550	N/A		\$231,027		\$231,027
School Breakfast Program	10.553	05-PU-2004 05-PU-2005	18,372 59,261		18,372 59,261	
Total School Breakfast Program			77,633		77,633	
National School Lunch Program	10.555	LL-P4-2004 LL-P4-2005	137,927 406,555		137,927 406,555	
Total National School Lunch Program			544,482		544,482	
Total Nutrition Cluster			622,115	231,027	622,115	231,027
Child and Adult Care Food Program	10.558	CCCP-2004 LUCP-2005 CCMO-2004 CCMO-2005	189 872 3,349 13,617		189 872 3,349 13,617	
Total Child and Adult Care Food Program			18,027		18,027	
Team Nutrition Grants	10.574	TWAD-2004			2,000	
Total United States Department of Agriculture			640,142	231,027	642,142	231,027
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed through Ohio Department of Education</i>						
Adult Education State Grant Program	84.002	AB-S1-2004 AB-S1-2004C AB-S1-2005	16,010 2,227 42,831		2,227 22,288 47,747	
Total Adult Education State Grant Program			61,068		72,262	
Title I Grants to Local Educational Agencies	84.010	C1-S1-2003 C1-S1-2004 C1-S1-2005	(5,118) 353,296		78,979 357,645	
Total Title I Grant to Local Educational Agencies			348,178		436,624	
Special Education Cluster:						
Special Education_Grants to States (IDEA Part B)	84.027	6B-SF-2004 6B-SF-2005	63,148 1,085,106		87,032 1,111,214	
Total Special Education Grant to States (IDEA Part B)			1,148,254		1,198,246	
Special Education_Preschool Grants	84.173	PG-S1-2004 PG-S1-2005	(571) 1,459		3,722 3,350	
Total Special Education Preschool Grants			888		7,072	
Total Special Education Cluster			1,149,142		1,205,318	
Safe and Drug Free Schools and Communities_National Program	84.184	T4-S1-2003 T4-S1-2004 T4-S1-2005	699 1,250		978 2,184 9,853	
Total Safe and Drug Free Schools - National Program			1,949		13,015	
Safe and Drug Free Schools and Communities_State Grants	84.186	DR-S1-2004 DR-S1-2005	(6,568) 26,039		7,566 23,698	
Total Safe and Drug Free Schools and Communities_State Grants			19,471		31,264	
Even Start State Educational Agencies	84.213	EV-S1-2001 EV-S1-2002 EV-S1-2003 EV-S1-2004 EV-S1-2005	25,833 189,406		2,461 (67) 1,758 30,983 177,320	
Total Even Start State Educational Agencies			215,239		212,455	
Eisenhower Professional Development Grant	84.281	MSS1-2001	(1,365)			
State Grants for Innovative Programs	84.298	C2-S1-2000 C2-S1-2004 C2-S1-2005	(22,099) (4,923) 48,492		16,068 44,077	
Total State Grants for Innovative Programs			21,470		60,145	
Education Technology State Grants	84.318	TJ-S1-2004 TJ-S1-2005	(538) 9,701		1,645 9,359	
Total Education Technology State Grants			9,163		11,004	

KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2005
(Continued)

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursement
English Language Acquisition Grants	84.365	T3-S1-2004	197		4,208	
		T3-S1-2005	17,414		14,899	
		T3-S2-2004	2,755		85	
		T3-S2-2005	13,614		14,198	
Total English Language Acquisition Grant			33,980		33,390	
Improving Teacher Quality State Grants	84.367	TR-S1-2004				
		TR-S1-2004				
		TR-S1-2004	54,457		20,501	
		TR-S1-2005	109,411		120,411	
Total Improving Teacher Quality State Grants			163,868		140,912	
Vocational Education_Basic Grants to States	84.048	20-AO-2004	14,000		17,896	
<i>Passed through Centerville City School District</i> Vocational Education Basic Grants to States		20-AO-2001			145	
		20-AO-2002			190	
		20-AO-2003			3,777	
		20-AO-2004			36,367	
		20-AO-2005	93,075			
			93,075		40,479	
Total Vocational Education Basic Grants to States			107,075		58,375	
Total United States Department of Education			2,129,238		2,274,764	
UNITED STATES DEPARTMENT OF HUMAN SERVICES <i>Passed through Montgomery County Educational Service Center</i>						
Medical Assistance Program	93.778	N/A	8,843		8,843	
<i>Passed through Ohio Department of Mental Retardation and Developmental Disabilities</i>						
Medical Assistance Program	93.778	N/A	415,705		415,617	
State Children's Insurance Program	93.767	N/A	50,632		50,632	
Total United States Department of Human Services -			475,180		475,092	
Total Federal Assistance			\$3,244,560	\$231,027	\$3,391,998	\$231,027

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

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2005**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - NUTRITION CLUSTER

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U. S. Department of Agriculture. Non-monetary assistance, such as food received from the United States Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the United States Department of Agriculture are commingled with state grants and local funds. It is assumed federal monies are expended first.

NOTE C - MATCHING REQUIREMENTS

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

This page intentionally left blank.



Auditor of State Betty Montgomery

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kettering City School District, Montgomery County, (the District), as of and for the fiscal year ended June 30, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 22, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated December 22, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2005-001. In a separate letter to the District's management dated December 22, 2005, we reported other matters related to noncompliance we deemed immaterial.

Kettering City School District
Montgomery County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of management, the Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

December 22, 2005



**Auditor of State
Betty Montgomery**

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

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

To the Board of Education:

Compliance

We have audited the compliance of Kettering City School District, Montgomery County, (the District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2005. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2005. In a separate letter to the District's management dated December 22, 2005, we reported a matter related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated December 22, 2005.

Federal Awards Expenditures Schedule

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District, as of and for the fiscal year ended June 30, 2005, and have issued our report thereon dated December 22, 2005. Our audit was performed to form an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying federal awards expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We intend this report solely for the information and use of management, the Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

December 22, 2005

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2005**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #93.778: Medical Assistance Program; CFDA #84.010: Title I Grants to Local Educational Agencies; Special Education Cluster: CFDA # 84.027: Special Education Grants to States; CFDA 84.173: Special Education Preschool Grants
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

FINDING NUMBER 2005-001

Ohio Rev. Code Section 5705.39 states, in part, the total appropriation from each fund shall not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. Contrary to this Section of Code, the District's appropriations exceeded estimated resources in the following funds during the year at December 31, 2004:

Fund	Total Estimated Resources	Appropriation Measure	Variance
Bond Retirement Fund	\$9,234,181	\$22,938,455	(\$13,704,274)
Non-Major Special Revenue Funds:			
Uniform School Supplies Fund	112,009	382,000	(269,991)
Special Enterprise Fund	195,108	451,716	(256,608)
Athletic Fund	541,290	775,591	(234,301)
Auxiliary Services Fund	1,747,853	1,929,065	(181,212)
EESA Title VI-B Fund	1,298,069	1,673,911	(375,842)

Additionally, other less significant variances existed at December 31, 2004. The District should routinely monitor and review the Certificates of Estimated Resources and all approved Appropriation measures to verify that Appropriations do not exceed estimated resources, as required by this section of the Ohio Rev. Code and as a means to reduce the potential overspending available resources.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	ORC Sec. 5705.39 – Appropriations exceeded Estimated Resources at December 31, 2003.	No	Not Corrected

KETTERING CITY SCHOOL DISTRICT

Montgomery County, Ohio



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2005**



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2005**

Prepared by:
Mr. Steven G. Clark
Treasurer

BOARD OF EDUCATION



James S. Trent
President



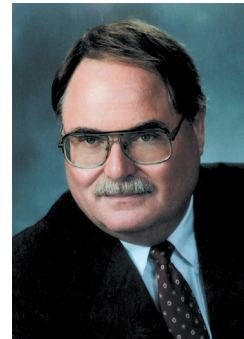
Frank Maus
Vice President



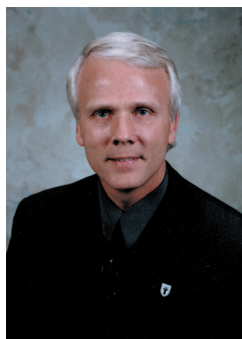
Lori Simms
Board Member



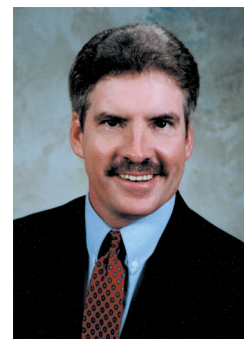
Julie A. Gilmore
Board Member



George Bayless
Board Member



Dr. Robert Mengerink
Superintendent



Steven G. Clark
Treasurer/CFO

KETTERING CITY SCHOOL DISTRICT

TABLE OF CONTENTS

I **INTRODUCTORY SECTION**

A	Letter of Transmittal	v
B	Principal Officials	xiv
C	School District Organizational Chart.....	xv
D	Office of the Treasurer.....	xvi
E	GFOA Certificate of Achievement	xvii
F	ASBO Certificate of Excellence	xviii

II **FINANCIAL SECTION**

A	Independent Accountants' Report.....	1
B	Management's Discussion and Analysis	3
C	Basic Financial Statements:	
	Government-wide Financial Statements:	
	Statement of Net Assets.....	12
	Statement of Activities	13
	Fund Financial Statements:	
	<i>Governmental Funds:</i>	
	Balance Sheet	14
	Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	15
	Statement of Revenues, Expenditures and Changes in Fund Balances	16
	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
	Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis):	
	General Fund	18
	<i>Proprietary Funds:</i>	
	Statement of Net Assets.....	20
	Statement of Revenues, Expenses and Changes in Fund Net Assets	21
	Statement of Cash Flows	22
	<i>Fiduciary Funds:</i>	
	Statement of Net Assets.....	23
	Notes to the Basic Financial Statements.....	24

KETTERING CITY SCHOOL DISTRICT

D Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Funds Statements:

Combining Balance Sheet – Nonmajor Governmental Funds.....	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	57
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	64
Combining Balance Sheet – Nonmajor Capital Projects Funds	70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds	71

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis):

Major Governmental Funds:

<i>General Fund</i>	72
<i>Debt Service Fund:</i>	
Bond Retirement Fund.....	73
<i>Capital Projects Fund:</i>	
Building Fund	74

Nonmajor Governmental Funds:

Special Revenue Funds:

Food Services Fund.....	75
Special Trust Fund	76
Uniform School Supplies Fund.....	77
Rotary Special Services Fund	78
Public School Support Fund	79
Pathfinder/Preschool Fund.....	80
Special Enterprise Fund	81
Athletic Fund	82
Auxiliary Services Fund.....	83
Career Development Fund	84
Local Professional Development Fund	85
Excellence in Education Fund.....	86
Education Management Information System Fund.....	87
Public School Preschool Fund	88
Entry Year Programs Fund	89

KETTERING CITY SCHOOL DISTRICT

Special Revenue Funds: (Continued)

Data Communications Fund.....	90
District Professional Development Fund	91
OhioReads Fund.....	92
Summer School Subsidy Fund.....	93
Vocational Education Enhancement Fund	94
Alternative Fund	95
Other State Funds Fund.....	96
Adult Basic Education Fund	97
Education for Economic Security Act (EESA Title II) Fund.....	98
Education for Economic Security Act (EESA Title VI-B) Fund	99
Carl D. Perkins Fund.....	100
Bilingual Education Fund	101
Even Start Program Fund	102
Title I Fund	103
Title VI Innovation Fund	104
Drug Free School Grant Fund.....	105
Preschool Grant Fund.....	106
Other Federal Programs Fund	107

Capital Projects Funds:

Permanent Improvement Fund.....	108
Replacement Fund.....	109
SchoolNet Plus Fund.....	110
Interactive Video Distance Learning Fund	111

Permanent Fund:

Permanent Fund	112
----------------------	-----

E Fiduciary Fund – Agency Funds:

Combining Statement of Changes in Assets and Liabilities	114
--	-----

F Capital Assets Used in the Operation of Governmental Funds:

Schedule by Source.....	116
Schedule by Function and Activity.....	117
Schedule of Changes by Function and Activity.....	118

KETTERING CITY SCHOOL DISTRICT

III

STATISTICAL SECTION

General Fund Expenditures by Function - Last Ten Fiscal Years	S 2
General Fund Revenues By Source - Last Ten Fiscal Years	S 3
Property Tax Levies and Collections – Real, Personal, and Public Utility Property - Last Ten Calendar Years.....	S 4
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Years.....	S 5
Property Tax Rates - Direct and Overlapping Governments - Last Ten Years	S 6
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita - Last Ten Years.....	S 7
Computation of Legal Debt Margin.....	S 8
Computation of Direct and Overlapping Debt.....	S 9
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Fund Expenditures - Last Ten Fiscal Years	S 10
Demographic Statistics - Last Ten Years.....	S 11
Construction, Bank Deposits, and Property Value - Last Ten Calendar Years	S 12
Top Ten Principal Taxpayers.....	S 13
Cost to Educate a 2004 Graduate.....	S 14
Enrollment Projection by Grade	S 15
Directory of School Facilities	S 16
Student Test Scores Summary	S 17
Miscellaneous Statistics - Last Ten Years	S 18



Kettering City School District

3750 Far Hills Avenue
Kettering, Ohio 45429

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

fax (937)-499-1467

December 22, 2005

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

We are pleased to present the eleventh Comprehensive Annual Financial Report (CAFR) of the Kettering City School District for the fiscal year ended June 30, 2005. This report was prepared by the Treasurer's Office, and includes the unqualified opinion of our independent auditors, The Ohio Auditor of State. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. The CAFR conforms to generally accepted accounting principles (GAAP) applicable to government entities.

The CAFR is presented in three sections:

The Introductory Section, which is unaudited, includes this letter of transmittal, an organization chart, a list of the District's elected board members and other members of the administration, the GFOA Certificate of Achievement and the ASBO Certificate for Excellence in Financial Reporting.

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

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

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

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

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2005

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

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

HISTORY AND BACKGROUND

The year 2005 marked the 163rd year of existence for the Van Buren/Kettering City School District. Van Buren Township was established on June 26, 1841, through separation from Dayton. The township was at first divided into small one-room district schools (#1, #6, #9, #10, #11 and #12) and later into Carrmonte, Pasadena and Fairmont elementary districts. Oakwood and Belmont were originally part of Van Buren Township. Oakwood formed its own district in 1926. Later, the Belmont area was annexed to Dayton.

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

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

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

In 1954, Dayton proposed annexing the Delco facilities. The earlier annexation of Belmont did not sit well with Van Buren Township. Not wanting further erosion of the township, Van Buren countered, applied for, and was granted exempted village status, the last time such status was given in Ohio. 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.

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2005

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

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

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

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

The official opening enrollment of the District was 7,640 (approximately 152 from Moraine) enrolled in nine elementary schools, two middle schools and one high school during the 2004-05 school year. Other facilities operated by the District include a maintenance building, a transportation building, and the Central Office Building that had been a high school and junior high school previously. The Central Office Building also houses the District's alternative high school program.

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

ORGANIZATION OF THE DISTRICT

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

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2005

The Board members on June 30, 2005 were as follows:

George Bayless
Julie A. Gilmore
Frank C. Maus
Lori Simms
James S. Trent

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

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

ECONOMIC CONDITION AND OUTLOOK

The economic environment for Kettering's business community continued to be one of relative stability during 2004. Kettering's unemployment rate has consistently run well below the averages for the local area, the State of Ohio and the United States. This trend continued in 2004. Kettering's unemployment rate for 2004 was 3.2% compared to rates of 6.5% for Montgomery County, 6.1% for the State of Ohio and 6.0% for the United States.

Kettering's broad range of businesses includes several major employers. These employers include Kettering Medical Center employing 3,100 and Delphi Automotive Systems a manufacturer of automobile brake and suspension systems employing over 1,700. Reynolds and Reynolds, a fortune 1000 company based in Dayton since 1866 has completed its Phase II at the Miami Valley Research Park located in Kettering. The company moved more than 700 new employees into the site in 2002 and now employees more than 1,300 people at the Research park campus. The company is continuing work on Phase III to be completed in 2005. Monogram Services Company a credit card processing center, employees 1,200 and Intimate Brands Inc., a catalogue order center for Victoria's Secret had over 900 employees. Other major employers in the city include City of Kettering, Kodak Versamark a manufacturer of digital printers, Defense Finance and Accounting Services a federal government accounting services center, a number of engineering firms and computer hardware and software related businesses.

Economic Condition and Outlook (Moraine)

The City of Moraine continued its commitment of ensuring economic prosperity and growth by assisting numerous new and existing businesses with relocation and expansion efforts. During 2004, Moraine welcomed 10 new companies to their business friendly abode. Moraine also acknowledged 6 businesses that increased their real and/or personal property investment in the city during 2004. The dedication of Moraine's new and existing businesses has allowed the city to continue to build upon several of its economic development strategic goals.

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2005

In a continued effort to facilitate a greater knowledge of the assistance that Moraine provides to existing and new businesses, as well as expand the business community's networking opportunities, the city continued to utilize the Montgomery County Business First Retention and Expansion Program. The program uses a customer-oriented approach to R&E, which links businesses to over fifty resource partners in the Miami Valley. The goal is to ascertain information from city businesses in order to assist them with current operations and any future plans.

EMPLOYEE RELATIONS

The Board employs 1,070 full-time equivalent (FTE) employees (including non-teaching personnel). Of the Board's current employees, 620 (FTE) are certificated by the Ohio Department of Education serving as classroom teachers, education specialists and administrators, all of whom have at least a bachelor's degree. The starting salary for a teacher with bachelor's degree for the period beginning August 1, 2004 was \$30,604. The maximum teacher salary in 2004-2005 for a master's degree was \$78,346 with 28 years longevity.

567 of the Board's certificated teachers and educational specialists are members of the Kettering Education Association ("KEA") which is a labor organization affiliated with the Ohio Education Association. The present contract between the Board and the Association became effective July 1, 2003 and expires May 31, 2006.

262 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 present contract between the Board and OAPSE became effective August 1, 2003 and expires July 31, 2006.

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

MAJOR INITIATIVES

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

During fiscal year 2005, the District continued with Phase II of a Facilities Improvement Project that will result in additions at several Kettering schools, the complete renovation of every building in the District and the construction of a brand-new school – the first new school to be built in Kettering in nearly four decades.

Construction on the new Greenmont Elementary School was completed in time to open the school year 2005-06 in the brand-new building. A beautiful addition to the Greenmont neighborhood and the entire Kettering community, Greenmont School was awarded the Associated Builders and Contractors, Inc. 2005 Award of Excellence, which recognizes the "innovation, quality and vision of a winning project's construction team, including builders, contractors, architects, engineers and owners."

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2005

Construction was completed on the addition of classrooms and new gymnasiums at Orchard Park and Beavertown elementary schools and of additional classroom space and a multi-media room at Moraine Meadows Elementary School. Renovations at these buildings, as well as at Oakview and Indian Riffle elementary schools was also completed in time to open the new school year, with all buildings getting plumbing, electrical and hearing upgrades, the installation of air conditioning and new amenities such as ceiling and floor tile. The construction of a new stadium and arena also were completed this new school year, and the two facilities were dedicated as the Chester A. Roush Stadium and the James S. Trent Arena in ceremonies that were attended by thousands of Kettering community members.

As the District moves into 2006, we will also see the completion of all construction at Fairmont High School, including the addition of a new Performing Arts center, a 190-seat Recital Hall, a new main office area and a new main entrance to the school. Renovations will also wrap up at the Kettering Middle School in the spring of 2006.

Once completed, the Kettering City School District's 12 buildings will provide students with state-of-the-art facilities for learning and will also provide the Kettering and greater Miami Valley communities with excellent space for use for meetings, events, sports contests and other activities during off-hours.

FINANCIAL INFORMATION

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

Internal Controls

The management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of cost and benefits requires estimates and judgments by management.

Single Audit Act

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

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2005

The results of the District's single audit for the fiscal year ended June 30, 2005 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgetary Controls

The District maintains its accounts, appropriations and other financial records in accordance with the procedures established and prescribed by the Ohio Auditor of State. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriation resolution approved by the Board of Education. Activities of all funds are included in the annual appropriation resolution. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is at the fund level for all funds of the District except the General Fund, which is at the object level. This District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts at year-end are carried forward to succeeding years and are not re-appropriated. As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

Risk Management

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

Cash Management

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

OTHER INFORMATION

Independent Audit

The State of Ohio requires an annual audit by either the Auditor of State or by an independent public accounting firm. The State Auditor performed the audit for the fiscal year ended June 30, 2005. The auditor's report on the District's basic financial statements, combining and individual fund statements and schedules, is included in the financial section of this Comprehensive Annual Financial Report.

KETTERING CITY SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2005

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Kettering City School District for its comprehensive annual financial report for the fiscal year ended June 30, 2004. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for the preparation of the state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The Kettering City School District has received a Certificate of Achievement for the last 10 consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

The Association of School Business Officials of the United States and Canada awarded a Certificate of Excellence in Financial Reporting to the Kettering City School District for its comprehensive annual financial report for the year ended June 30, 2004. This award certifies that a Comprehensive Annual Financial Report substantially conforms to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials. This award is granted only after an extensive review of the report by an expert panel of certified public accountants and practicing school business officials.

A Certificate of Excellence is valid for a period of one year only. The Kettering City School District has received a Certificate of Excellence for the last 10 consecutive years. We believe our current report continues to conform to the Certificate of excellence program requirements, and we are submitting it to ASBO.

Acknowledgments

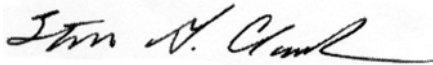
The preparation of publication of this eleventh Comprehensive Annual Financial Report would not have been possible without the cooperation and support of the entire staff of the Treasurer's Office. Sincere appreciation is extended to Rosalinda G. Revels, Assistant Treasurer, for her exceptional individual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

KETTERING CITY SCHOOL DISTRICT

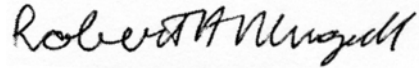
***Letter of Transmittal
For the Fiscal Year Ended June 30, 2005***

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

Sincerely,



Mr. Steven G. Clark, CFO
Treasurer



Dr. Robert A. Mengerink, PhD.
Superintendent

KETTERING CITY SCHOOL DISTRICT

Principal Officials

For the Fiscal Year Ended June, 30, 2005

Elected Officials

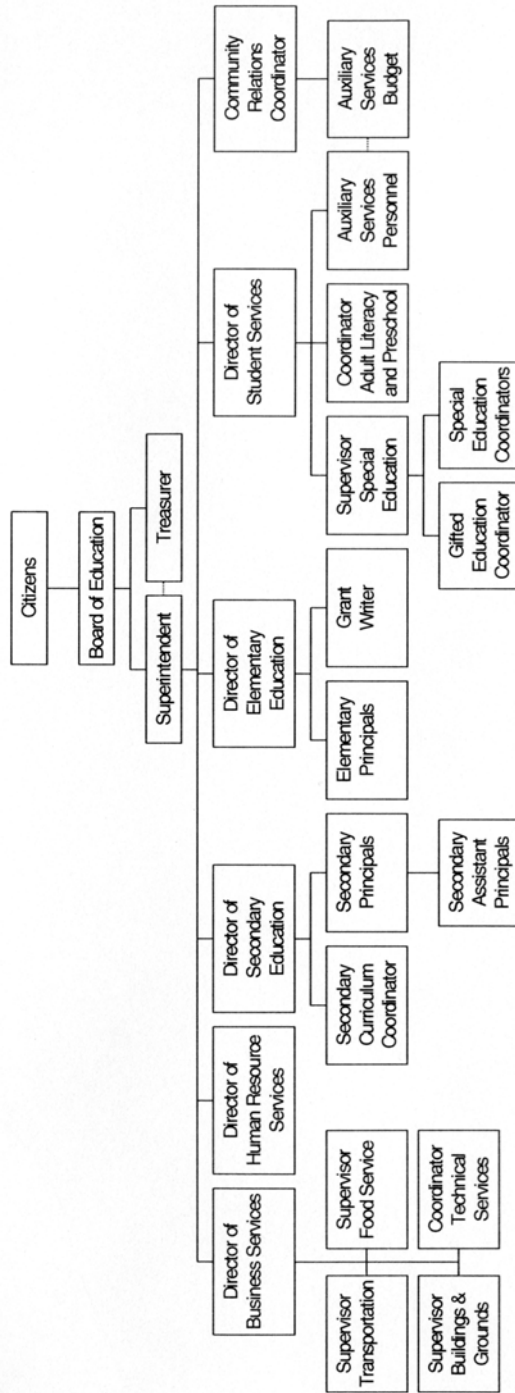
President – Board Of Education	....	Mr. James Trent
Vice President – Board Of Education	....	Mr. George Bayless
Board Member	....	Ms. Lori Simms
Board Member	....	Miss Julie Ann Gilmore
Board Member	....	Mr. Frank Maus

Administrative Officials

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

KETTERING CITY SCHOOL DISTRICT

Organizational Chart
For the Fiscal Year Ended June, 30, 2005

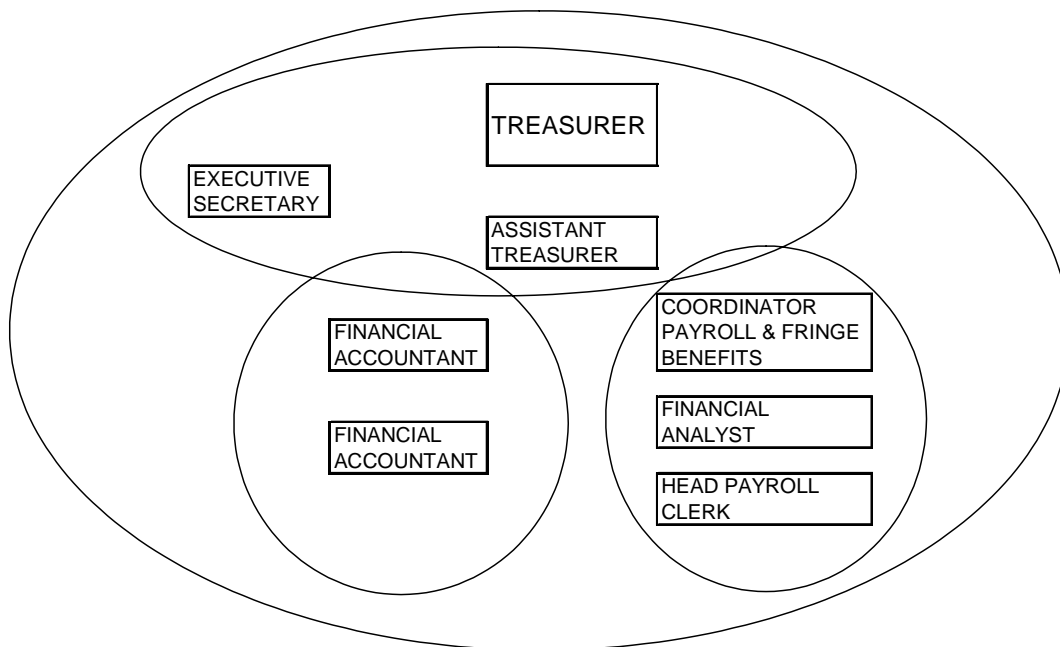


KETTERING CITY SCHOOL DISTRICT

*Office of the Treasurer
For the Fiscal Year Ended June 30, 2005*

Team Organization

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



KETTERING CITY SCHOOL DISTRICT

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

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

Presented to

**Kettering School District,
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

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



Nancy L. Zjelke

President

Jeffrey R. Emery

Executive Director

KETTERING CITY SCHOOL DISTRICT

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

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

KETTERING CITY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2004

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


President


Executive Director

FINANCIAL SECTION



KETTERING CITY SCHOOL DISTRICT





Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kettering City School District, Montgomery County, (the District), as of and for the fiscal year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2005, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

Betty Montgomery
Auditor of State

December 22, 2005

KETTERING CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005*

Unaudited

The discussion and analysis of Kettering City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2005. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2005 are as follows:

In total, net assets increased \$3,259,176, a 20.2% increase from 2004.

General revenues accounted for \$77,552,288 in revenue or 88.6% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$10,005,390 or 11.4% of total revenues of \$87,557,678.

The District had \$84,298,502 in expenses related to governmental activities; only \$10,005,390 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$77,552,288 were adequate to provide for these programs.

Among major funds, the general fund had \$69,415,485 in revenues and \$69,031,355 in expenditures. The general fund's fund balance increased \$366,288, to \$12,603,927. Revenues increased from 2004 by 21.5% primarily due to the increase in property tax revenues. Expenditures increased from 2004 by 8.54% primarily due to increases in salaries and wages. Other increases included tuition paid to the County, due to an increase in the number of special students attending the County Program. Previously the State paid the County directly but current practices require payment from the General Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

KETTERING CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005*

Unaudited

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

KETTERING CITY SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005***

Unaudited

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The following table provides a summary of the District's net assets for 2005 compared to 2004.

	Governmental Activities		Increase (Decrease)
	2005	2004	
Current and other assets	\$107,214,026	\$172,101,992	(\$64,887,966)
Capital assets, Net	99,170,641	42,817,898	56,352,743
Total assets	<u>206,384,667</u>	<u>214,919,890</u>	<u>(8,535,223)</u>
Long-term debt outstanding	119,131,433	121,499,592	(2,368,159)
Other liabilities	67,857,846	77,284,086	(9,426,240)
Total liabilities	<u>186,989,279</u>	<u>198,783,678</u>	<u>(11,794,399)</u>
Net assets			
Invested in capital assets, net of related debt	8,537,315	20,269,335	(11,732,020)
Restricted	3,965,989	4,287,594	(321,605)
Unrestricted	6,892,084	(8,420,717)	15,312,801
Total net assets	<u>\$19,395,388</u>	<u>\$16,136,212</u>	<u>\$3,259,176</u>

This space intentionally left blank.

KETTERING CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for fiscal years 2005 and 2004:

	Governmental Activities		Increase (Decrease)
	2005	2004	
Revenues			
Program Revenues:			
Charges for Services and Sales	\$3,198,208	\$3,215,181	(\$16,973)
Operating Grants and Contributions	6,609,782	5,085,821	1,523,961
Capital Grants and Contributions	197,400	75,676	121,724
Total Program Revenues	<u>10,005,390</u>	<u>8,376,678</u>	<u>1,628,712</u>
General revenues:			
Taxes	58,078,104	49,123,574	8,954,530
Grants and Entitlements	16,296,597	17,028,707	(732,110)
Investment earnings	1,462,565	1,520,926	(58,361)
Miscellaneous	1,715,022	729,822	985,200
Total General Revenues	<u>77,552,288</u>	<u>68,403,029</u>	<u>9,149,259</u>
Total Revenues	<u>87,557,678</u>	<u>76,779,707</u>	<u>10,777,971</u>
Program Expenses			
Instruction:			
Regular	30,303,175	30,173,674	129,501
Special	7,195,031	6,597,531	597,500
Vocational	1,938,656	1,882,912	55,744
Adult/Continuing	40,025	47,683	(7,658)
Other Instruction	2,193,266	2,032,719	160,547
Support Services:			
Pupils	6,012,755	5,840,364	172,391
Instructional Staff	4,293,737	4,118,932	174,805
Board of Education	1,551,467	47,482	1,503,985
Administration	6,220,245	6,257,514	(37,269)
Fiscal Services	1,521,850	1,570,031	(48,181)
Business	371,627	1,280,184	(908,557)
Operation and Maintenance of Plant	7,434,445	7,077,799	356,646
Pupil Transportation	3,013,238	2,887,069	126,169
Central	1,356,202	1,229,421	126,781
Non-Instructional Services	4,305,313	3,973,750	331,563
Extracurricular Activities	1,604,609	1,576,132	28,477
Interest and Fiscal Charges	4,942,861	4,855,798	87,063
Total expenses	<u>84,298,502</u>	<u>81,448,995</u>	<u>2,849,507</u>
Change in Net Assets	3,259,176	(4,669,288)	7,928,464
Net Assets Beginning of Year	<u>16,136,212</u>	<u>20,805,500</u>	<u>(4,669,288)</u>
Net Assets End of Year	<u>\$19,395,388</u>	<u>\$16,136,212</u>	<u>\$3,259,176</u>

KETTERING CITY SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005*

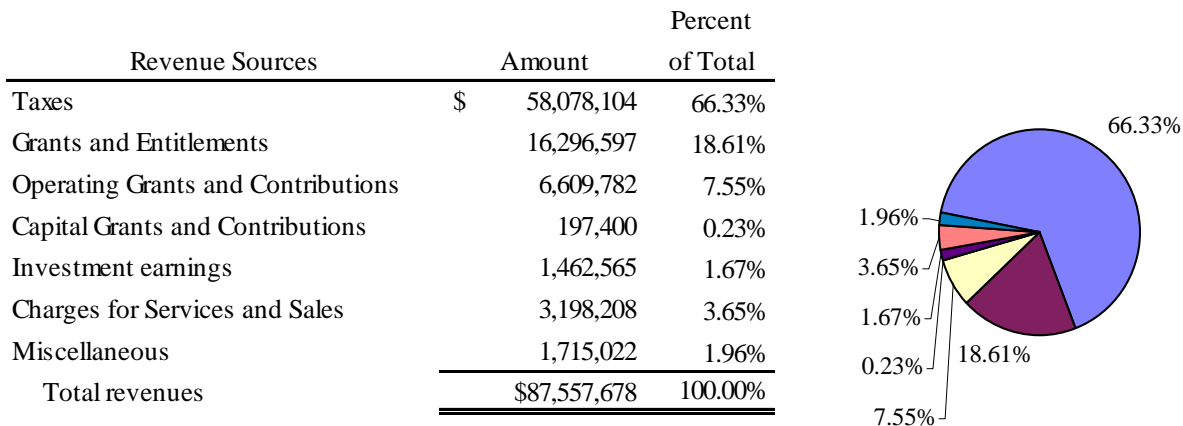
Unaudited

Governmental Activities

Net assets of the District's governmental activities increased by \$3,259,176. This was due to a combination of factors, primarily due to the increase in property taxes.

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

The District's reliance upon tax revenues is demonstrated by the following graph indicating 66.33% of total revenues from general tax revenues:



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$35,861,075, which is less than last year's total of \$91,374,886. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2005 and 2004.

	Fund Balance June 30, 2005	Fund Balance June 30, 2004	Increase (Decrease)
General	\$12,603,927	\$12,237,639	\$366,288
Debt Service	2,243,653	2,291,869	(48,216)
Building Capital Projects	18,034,345	73,948,536	(55,914,191)
Other Governmental	2,979,150	2,896,842	82,308
Total	\$35,861,075	\$91,374,886	(\$55,513,811)

KETTERING CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005**

Unaudited

General Fund – The District's General Fund balance increase is due primarily to the fact that increased revenue collections (predominately taxes) enabled total revenues to keep pace with expenditure balances. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2005 Revenues	2004 Revenues	Increase (Decrease)
Taxes	\$50,778,148	\$39,534,289	\$11,243,859
Tuition and Fees	75,966	66,253	9,713
Transportation	308,858	236,469	72,389
Interest	637,249	274,464	362,785
Intergovernmental	16,642,958	16,405,372	237,586
Extracurricular Activities	58,502	54,320	4,182
Classroom Materials and Fees	8,167	7,686	481
Miscellaneous	905,637	560,884	344,753
Total	\$69,415,485	\$57,139,737	\$12,275,748

General Fund revenues in 2005 increased approximately 21.5% compared to revenues in fiscal year 2004. The major factor contributing to this increase was a full year's collection of property tax revenues associated with the levy that passed in 2003.

	2005 Expenditures	2004 Expenditures	Increase (Decrease)
Instruction :			
Regular	\$28,779,223	\$27,785,781	\$993,442
Special	5,777,181	5,030,067	747,114
Vocational	1,738,269	1,660,689	77,580
Other Instruction	2,202,452	1,960,539	241,913
Supporting Services :			
Pupils	4,953,119	4,759,271	193,848
Instructional Staff	3,985,578	3,553,729	431,849
Board of Education	1,557,965	46,043	1,511,922
Administration	5,515,581	5,326,732	188,849
Fiscal Services	1,460,933	1,393,961	66,972
Business	552,678	623,235	(70,557)
Operation & Maintenance of Plant	7,471,142	6,621,640	849,502
Pupil Transportation	2,702,077	2,383,088	318,989
Central	930,712	1,046,833	(116,121)
Non-Instructional Services	1,910	2,252	(342)
Extracurricular Activities	1,162,947	1,068,255	94,692
Facility Acquisition and Construction	4,115	2,986	1,129
Debt Service:			
Principal Retirement	214,137	281,873	(67,736)
Interest & Fiscal Charges	21,336	50,421	(29,085)
Total	\$69,031,355	\$63,597,395	\$5,433,960

KETTERING CITY SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005***

Unaudited

The expenditures increased by \$5,433,960 or 8.54% over the prior year mostly due to salaries and wages increases which affect the increase in fringe benefits, as well. Other increases included tuition paid to the County, due to an increase in the number of special students attending the County Program. Previously the State paid the County directly but current practices require payment from the General Fund.

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

During the course of fiscal year 2005, the District amended its general fund three times, none significant.

For the General Fund, budget basis revenue of \$65 million was an increase from the original budget estimates of \$62 million. This was due to an increase in State Foundation money. The General Fund had an adequate fund balance to cover expenditures.

Building Fund – The District's Building Fund balance decrease is due to over \$56 million of expenditures relating to the District's continuing building construction project.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2005 the District had \$99,170,641 net of accumulated depreciation invested in land, buildings and improvements, furniture, vehicles and equipment and construction in progress. All capital assets are related to governmental activities. The following table shows fiscal year 2005 and 2004 balances:

	Governmental Activities		Increase (Decrease)
	2005	2004	
Land	\$466,616	\$466,616	\$0
Building and Improvements	31,578,194	31,578,194	0
Furniture, Vehicles and Equipment	5,591,119	5,410,615	180,504
Construction in Progress	82,999,126	26,107,826	56,891,300
Less: Accumulated Depreciation	(21,464,414)	(20,745,353)	(719,061)
Totals	<u>\$99,170,641</u>	<u>\$42,817,898</u>	<u>\$56,352,743</u>

The primary increase occurred in construction in progress, which include projects for building improvements such as new roofs, windows and heating system replacements. Additional information can be found in Note 9.

As of June 30, 2005, the District has contractual commitments of \$18,123,168 for additional construction and renovation items related to its facilities. Additional information can be found in Note 17.

KETTERING CITY SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005**

Unaudited

Debt

At June 30, 2005, the District had \$112,019,538 in bonds outstanding, \$2,131,319 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Governmental Activities:		
General Obligation Bonds	\$112,019,538	\$114,742,691
Capital Leases Payable	567,133	781,270
Compensated Absences	<u>6,544,762</u>	<u>5,975,631</u>
Totals	<u>\$119,131,433</u>	<u>\$121,499,592</u>

Under current state statutes, the District's combined voted and unvoted general obligation bonded debt issues are subject to a legal limitation based on 9% of the total assessed value of real and personal property. At June 30, 2005, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 12.

ECONOMIC FACTORS

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

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

REQUESTS FOR INFORMATION

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

KETTERING CITY SCHOOL DISTRICT



KETTERING CITY SCHOOL DISTRICT

Statement of Net Assets ***June 30, 2005***

	Governmental Activities
Assets:	
Cash and Cash Equivalents	\$ 25,685,050
Investments	19,502,116
Receivables:	
Taxes	58,725,982
Intergovernmental	801,583
Interest	180,811
Inventory of Supplies at Cost	292,346
Inventory Held for Resale	29,017
Restricted Assets:	
Cash and Cash Equivalents	1,997,121
Non-Depreciable Capital Assets	83,465,742
Depreciable Capital Assets, Net	15,704,899
Total Assets	<u>206,384,667</u>
Liabilities:	
Accounts Payable	4,997,021
Accrued Wages and Benefits	7,717,745
Intergovernmental Payable	1,643,877
Retainage Payable	1,984,320
Claims Payable	194,365
Deferred Revenue	50,878,356
Accrued Interest Payable	442,162
Long Term Liabilities:	
Due Within One Year	2,751,133
Due in More Than One Year	116,380,300
Total Liabilities	<u>186,989,279</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	8,537,315
Restricted For:	
Debt Service	2,144,839
Other Purposes	1,821,150
Unrestricted	6,892,084
Total Net Assets	<u>\$ 19,395,388</u>

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Statement of Activities For the Fiscal Year Ended June 30, 2005

		Program Revenues			Net (Expense) Revenues and Changes in Net Assets
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities:					
Instruction:					
Regular	\$ 30,303,175	\$ 347,741	\$ 552,018	\$ 0	\$ (29,403,416)
Special	7,195,031	308,858	2,595,060	0	(4,291,113)
Vocational	1,938,656	0	306,675	0	(1,631,981)
Adult/Continuing	40,025	34,671	87,703	0	82,349
Other Instruction	2,193,266	0	0	0	(2,193,266)
Support Services:					
Pupils	6,012,755	367,062	251,156	0	(5,394,537)
Instructional Staff	4,293,737	10,800	253,581	0	(4,029,356)
Board of Education	1,551,467	0	146,000	0	(1,405,467)
Administration	6,220,245	21,253	0	0	(6,198,992)
Fiscal Services	1,521,850	0	0	0	(1,521,850)
Business	371,627	0	0	0	(371,627)
Operation and Maintenance of Plant	7,434,445	0	0	135,765	(7,298,680)
Pupil Transportation	3,013,238	0	27,117	0	(2,986,121)
Central	1,356,202	0	59,958	61,635	(1,234,609)
Non-Instructional Services	4,305,313	1,688,221	2,330,514	0	(286,578)
Extracurricular Activities	1,604,609	419,602	0	0	(1,185,007)
Interest and Fiscal Charges	4,942,861	0	0	0	(4,942,861)
Total Governmental Activities	\$ 84,298,502	\$ 3,198,208	\$ 6,609,782	\$ 197,400	(74,293,112)
General Revenues					
Taxes					58,078,104
Grants and Entitlements not Restricted to Specific Programs					16,296,597
Investment Earnings					1,462,565
Miscellaneous					1,715,022
Total General Revenues					77,552,288
Change in Net Assets					3,259,176
Net Assets Beginning of Year					16,136,212
Net Assets End of Year					\$ 19,395,388

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2005

	General	Debt Service	Building Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 850,889	\$ 78,714	\$ 21,953,345	\$ 2,505,742	\$ 25,388,690
Investments	16,882,016	1,574,929	0	1,045,171	19,502,116
Receivables:					
Taxes	51,087,586	7,011,143	0	627,253	58,725,982
Intergovernmental	0	0	0	801,583	801,583
Interest	85,580	0	93,659	1,572	180,811
Due from Other Funds	79,709	0	0	0	79,709
Inventory of Supplies at Cost	292,346	0	0	0	292,346
Inventory Held for Resale	0	0	0	29,017	29,017
Restricted Assets:					
Cash and Cash Equivalents	0	0	1,984,320	12,801	1,997,121
Total Assets	\$ 69,278,126	\$ 8,664,786	\$ 24,031,324	\$ 5,023,139	\$ 106,997,375
Liabilities:					
Accounts Payable	\$ 365,971	\$ 0	\$ 4,012,659	\$ 618,391	\$ 4,997,021
Accrued Wages and Benefits	7,233,056	0	0	484,689	7,717,745
Intergovernmental Payable	1,525,458	0	0	118,419	1,643,877
Retainage Payable	0	0	1,984,320	0	1,984,320
Due to Other Funds	0	0	0	79,709	79,709
Deferred Revenue	47,549,714	6,421,133	0	742,781	54,713,628
Total Liabilities	56,674,199	6,421,133	5,996,979	2,043,989	71,136,300
Fund Balances:					
Reserved for Encumbrances	808,059	6,309	14,255,568	776,596	15,846,532
Reserved for Supplies Inventory	292,346	0	0	29,017	321,363
Reserved for Debt Service	0	1,647,334	0	0	1,647,334
Reserved for Property Taxes	3,623,452	590,010	0	54,893	4,268,355
Reserved for Endowments	0	0	0	12,801	12,801
Unreserved, Undesignated in:					
General Fund	7,880,070	0	0	0	7,880,070
Special Revenue Funds	0	0	0	1,198,474	1,198,474
Capital Projects Funds	0	0	3,778,777	906,617	4,685,394
Permanent Fund	0	0	0	752	752
Total Fund Balances	12,603,927	2,243,653	18,034,345	2,979,150	35,861,075
Total Liabilities and Fund Balances	\$ 69,278,126	\$ 8,664,786	\$ 24,031,324	\$ 5,023,139	\$ 106,997,375

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Reconciliation Of Total Governmental Fund Balances To Net Assets Of Governmental Activities June 30, 2005

Total Governmental Fund Balances		\$ 35,861,075
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		99,170,641
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
	Taxes Receivable - accrual basis	3,579,271
	Interest Receivable - accrual basis	85,580
	Grants Receivable - accrual basis	170,421
	Total	3,835,272
The internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net assets.		101,995
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
	Amounts Due Within One Year	(2,751,133)
	Amounts Due in More Than One Year	(116,380,300)
	Accrued Interest on Long-Term Debt	(442,162)
	Total	(119,573,595)
<i>Net Assets of Governmental Funds</i>		<u>\$ 19,395,388</u>

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2005

	General	Debt Service	Building Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 50,778,148	\$ 7,158,903	\$ 0	\$ 693,399	\$ 58,630,450
Tuition and Fees	75,966	0	0	101,207	177,173
Transportation	308,858	0	0	0	308,858
Interest	637,249	0	826,638	41,569	1,505,456
Sales	0	0	0	1,686,277	1,686,277
Intergovernmental	16,642,958	561,327	156,667	5,750,748	23,111,700
Extracurricular Activities	58,502	0	0	584,216	642,718
Classroom Materials and Fees	8,167	0	0	256,923	265,090
Miscellaneous	905,637	2,138	23,006	902,333	1,833,114
Total Revenue	69,415,485	7,722,368	1,006,311	10,016,672	88,160,836
Expenditures:					
Current:					
Regular	28,779,223	0	0	716,290	29,495,513
Special	5,777,181	0	0	1,393,477	7,170,658
Vocational	1,738,269	0	0	145,413	1,883,682
Adult/Continuing	0	0	0	40,193	40,193
Other Instruction	2,202,452	0	0	0	2,202,452
Supporting Services:					
Pupils	4,953,119	0	0	1,090,832	6,043,951
Instructional Staff	3,985,578	0	0	439,042	4,424,620
Board of Education	1,557,965	0	0	0	1,557,965
Administration	5,515,581	3,691	0	625,177	6,144,449
Fiscal Services	1,460,933	69,089	0	10,760	1,540,782
Business	552,678	0	0	0	552,678
Operation and Maintenance of Plant	7,471,142	0	0	102,280	7,573,422
Pupil Transportation	2,702,077	0	0	205,456	2,907,533
Central	930,712	0	0	253,656	1,184,368
Non-Instructional Services	1,910	0	0	4,299,408	4,301,318
Extracurricular Activities	1,162,947	0	0	445,456	1,608,403
Facility Acquisition and Construction	4,115	0	56,902,168	192,199	57,098,482
Debt Service:					
Principal Retirement	214,137	15,011,786	0	0	15,225,923
Interest and Fiscal Charges	21,336	5,471,032	18,334	0	5,510,702
Total Expenditures	69,031,355	20,555,598	56,920,502	9,959,639	156,467,094
Excess (Deficiency) of Revenues Over Expenditures					
	384,130	(12,833,230)	(55,914,191)	57,033	(68,306,258)
Other Financing Sources (Uses):					
Premium on the Issuance of General Obligation Bonds	0	635,025	0	0	635,025
General Obligation Bonds Issued	0	12,149,989	0	0	12,149,989
Transfers In	0	0	0	94,916	94,916
Transfers Out	(24,600)	0	0	(70,316)	(94,916)
Total Other Financing Sources (Uses)	(24,600)	12,785,014	0	24,600	12,785,014
Net Change in Fund Balance	359,530	(48,216)	(55,914,191)	81,633	(55,521,244)
Fund Balances at Beginning of Year	12,237,639	2,291,869	73,948,536	2,896,842	91,374,886
Increase in Inventory Reserve	6,758	0	0	675	7,433
Fund Balances End of Year	\$ 12,603,927	\$ 2,243,653	\$ 18,034,345	\$ 2,979,150	\$ 35,861,075

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities For The Fiscal Year Ended June 30, 2005

Net Change in Fund Balances - Total Governmental Funds	\$ (55,521,244)
<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	56,639,373
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(286,630)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(603,158)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.	2,440,909
In the statement of activities, interest is accrued on outstanding bonds whereas in governmental funds, an interest expenditure is reported when due.	567,841
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(68,625)
The internal service fund is used by management to charge the costs of services to individual funds and is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities.	<u>90,710</u>
<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$ 3,259,176</u></u>

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2005**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 47,105,346	\$ 46,662,798	\$ 48,735,608	\$ 2,072,810
Tuition and Fees	52,148	65,000	75,966	10,966
Transportation	240,682	300,000	308,858	8,858
Interest	401,137	500,000	729,155	229,155
Intergovernmental	13,177,426	16,425,109	16,642,958	217,849
Extracurricular Activities	32,091	40,000	58,502	18,502
Classroom Material and Fees	0	0	8,167	8,167
Miscellaneous	618,619	771,083	859,119	88,036
Total Revenues	61,627,449	64,763,990	67,418,333	2,654,343
Expenditures:				
Current:				
Instruction:				
Regular	28,042,547	29,402,353	29,011,513	390,840
Special	4,937,935	5,177,380	5,711,442	(534,062)
Vocational	1,674,204	1,755,387	1,733,483	21,904
Other Instruction	2,001,717	2,098,782	2,487,010	(388,228)
Support Services:				
Pupils	4,883,949	5,120,776	4,970,701	150,075
Instructional Staff	4,010,884	4,205,375	3,947,298	258,077
Board of Education	1,486,723	1,558,815	1,557,965	850
Administration	5,285,341	5,541,631	5,442,180	99,451
Fiscal Services	1,792,217	1,879,123	1,474,927	404,196
Business	514,179	539,112	558,950	(19,838)
Operation and Maintenance of Plant	7,300,261	7,654,257	7,713,777	(59,520)
Pupil Transportation	2,567,799	2,692,314	2,690,442	1,872
Central	1,088,395	1,141,172	967,671	173,501
Non-Instructional Services	2,259	2,369	1,934	435
Extracurricular Activities	1,193,511	1,251,385	1,160,154	91,231
Facility Acquisition and Construction	5,246	5,500	5,177	323
Debt Service:				
Principal Retirement	214,137	214,137	214,137	0
Interest and Fiscal Charges	21,336	21,336	21,336	0
Total Expenditures	67,022,640	70,261,204	69,670,097	591,107

(Continued)

KETTERING CITY SCHOOL DISTRICT

***Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2005***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,395,191)	(5,497,214)	(2,251,764)	3,245,450
Other Financing Sources (Uses):				
Transfers Out	(25,000)	(24,600)	(24,600)	0
Advances Out	(33,500)	(33,480)	0	33,480
Refund of Prior Year's Expenditures	0	46,000	46,518	518
Total Other Financing Sources (Uses):	(58,500)	(12,080)	21,918	33,998
Net Change in Fund Balance	(5,453,691)	(5,509,294)	(2,229,846)	3,279,448
Fund Balance at Beginning of Year	17,565,385	17,565,385	17,565,385	0
Prior Year Encumbrances	1,445,919	1,445,919	1,445,919	0
Fund Balance at End of Year	\$ 13,557,613	\$ 13,502,010	\$ 16,781,458	\$ 3,279,448

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Fund
June 30, 2005

	Governmental Activities - Internal Service Fund
Assets:	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 296,360
Total Assets	<u>296,360</u>
Liabilities:	
<i>Current Liabilities:</i>	
Claims Payable	194,365
Total Liabilities	<u>194,365</u>
Net Assets:	
Unrestricted	101,995
Total Net Assets	<u>\$ 101,995</u>

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2005

	Governmental Activities - Internal Service Fund
Operating Revenues:	
Charges for Services	\$ 864,230
Total Operating Revenues	<u>864,230</u>
Operating Expenses:	
Purchased Services	777,218
Total Operating Expenses	<u>777,218</u>
Operating Income	87,012
Nonoperating Revenue (Expenses):	
Interest	3,698
Total Nonoperating Revenues (Expenses)	<u>3,698</u>
Change in Net Assets	90,710
Net Assets Beginning of Year	11,285
Net Assets End of Year	<u>\$ 101,995</u>

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2005

	Governmental Activities - Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Interfund Charges	\$864,230
Cash Payments for Claims	<u>(762,373)</u>
Net Cash Provided by Operating Activities	<u>101,857</u>
<u>Cash Flows from Investing Activities:</u>	
Receipts of Interest	<u>3,698</u>
Net Cash Provided by Investing Activities	<u>3,698</u>
Net Increase in Cash and Cash Equivalents	105,555
Cash and Cash Equivalents at Beginning of Year	<u>190,805</u>
Cash and Cash Equivalents at End of Year	<u><u>\$296,360</u></u>
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income	\$87,012
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Claims Payable	<u>14,845</u>
Total Adjustments	<u>14,845</u>
Net Cash Provided by Operating Activities	<u><u>\$101,857</u></u>

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

***Statement of Net Assets
Fiduciary Funds
June 30, 2005***

	<u>Agency Funds</u>
Assets:	
Cash and Cash Equivalents	\$ 192,136
Total Assets	<u>192,136</u>
Liabilities:	
Claims Payable	61,596
Due to Others	61,030
Due to Students	69,510
Total Liabilities	<u>192,136</u>
Total Net Assets	<u><u>\$ 0</u></u>

See accompanying notes to the basic financial statements

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The District operates under a locally elected five-member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies. This Board controls the District's instructional and support facilities staffed by 450 (FTE) classified personnel and 620 (FTE) certificated teaching and administrative personnel to provide services to students and other community members.

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

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

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

B. Basis of Presentation - Fund Accounting

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

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

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

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

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

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

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

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

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

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

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

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

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

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

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

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

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

Current property taxes measurable at June 30, 2005, and which are not intended to finance fiscal 2005 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2005 are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

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

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

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

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

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

E. Budgetary Process

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

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

1. Tax Budget

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

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

Prior to April 1, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2005.

3. Appropriations

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

4. Encumbrances

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

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

5. Lapsing of Appropriations

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

6. Budgetary Basis of Accounting

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

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

<u>Net Change in Fund Balance</u>	
	<u>General Fund</u>
GAAP Basis (as reported)	\$359,530
Increase (Decrease):	
Accrued Revenues at June 30, 2005, received during FY 2006	(3,480,578)
Accrued Revenues at June 30, 2004, received during FY 2005	1,529,944
Accrued Expenditures at June 30, 2005, paid during FY 2006	9,124,485
Accrued Expenditures at June 30, 2004, paid during FY 2005	(8,589,197)
Encumbrances Outstanding	<u>(1,174,030)</u>
Budget Basis	<u><u>(\$2,229,846)</u></u>

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

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

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 4, "Cash, Cash Equivalents and Investments."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the District records all its investments at fair value. See Note 4, "Cash, Cash Equivalents and Investments."

The District has invested funds in the STAR Ohio during 2005. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2005. Also, the District invested in repurchase agreements which are valued at cost, and U.S. Government securities which are stated at fair value. See Note 4, "Cash, Cash Equivalents and Investments."

Under existing Ohio statutes, the Board of Education has, by resolution, specified the funds to receive allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2005 totaled \$637,249, and \$868,207 was credited to other funds of the District.

H. Inventory

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

I. Capital Assets and Depreciation

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

1. Property, Plant and Equipment - Governmental Activities

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

KETTERING CITY SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets and Depreciation (Continued)

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

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

2. Depreciation

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

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

J. Long-Term Obligations

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

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	Debt Service Fund
Capital Leases	General Fund
Compensated Absences	General Fund, Food Services Fund

K. Compensated Absences

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

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

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences (Continued)

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

L. Net Assets

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

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

M. Pensions

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

N. Interfund Activity

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

O. Restricted Assets

Restricted assets in the permanent fund represent cash and cash equivalents restricted based upon applicable trust agreements. A fund balance reserve has also been established for this amount. The restricted assets in the Building Fund represent cash and cash equivalents restricted for retainage accounts held for the District's contractors.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Reservations of Fund Balance

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

Q. Estimates

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

R. Operating Revenues and Expenses

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

This space intentionally left blank.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

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

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

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

Capital Asset Additions	\$57,426,437
Depreciation Expense	(787,064)
	<u>\$56,639,373</u>

Governmental revenues not reported in the funds:

Decrease in Delinquent Tax Revenue	(\$552,346)
Decrease in Interest Receivable	(42,891)
Decrease in Grants Receivable	(7,921)
	<u>(\$603,158)</u>

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

Bond Principal Payment	\$15,011,786
Capital Lease Payment	214,137
Bond Issuance	(12,149,989)
Premium on Bond Issuance	(635,025)
	<u>\$2,440,909</u>

Interest expense not reported in the funds:

Decrease in accrued interest on long term debt	\$52,791
Amortization of Bond Premium	515,050
	<u>\$567,841</u>

Expenses not reported in the funds:

Increase in compensated absences	(\$569,131)
Decrease in Pension payable	493,073
Increase in supplies inventory	7,433
	<u>(\$68,625)</u>

This space intentionally left blank.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

A. Fund Deficits

The fund deficits at June 30, 2005 of \$1,270 in the Education Management Information System Fund, \$1,685 in the Summer School Subsidy Fund, \$3,653 in the Adult Basic Education Fund, \$4,058 in the Bilingual Education Fund, \$3,045 in the Even Start Program Fund, and of \$99,760 in the Title I Fund (special revenue funds) arise from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. The deficits do not exist under the budgetary/cash basis of accounting. The General Fund provides operating transfers when cash is required, not when accruals occur.

B. Compliance

Ohio Rev. Code, Section 5705.39 states the total appropriation from each fund shall not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. Contrary to this section of the code, the District's appropriations exceeded estimated resources in the following funds during the year at December 31, 2004:

<u>Fund</u>	<u>Total Estimated Resources</u>	<u>Appropriation Measure</u>	<u>Variance</u>
Bond Retirement Fund	\$9,234,181	\$22,938,455	(\$13,704,274)
<u>Non-Major Special Revenue Funds:</u>			
Uniform School Supplies Fund	112,009	382,000	(269,991)
Special Enterprise Fund	195,108	451,716	(256,608)
Athletic Fund	541,290	775,591	(234,301)
Auxiliary Services Fund	1,747,853	1,929,065	(181,212)
EESA Title VI-B Fund	1,298,069	1,673,911	(375,842)

Additionally, other less significant variances existed at December 31, 2004. The conditions were corrected prior to fiscal year end June 30, 2005.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

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

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of District cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the District's deposits was \$3,290,610 and the bank balance was \$4,228,126. The Federal Deposit Insurance Corporation (FDIC) covered \$275,901 of the bank balance and \$3,952,225 was uninsured. Of the remaining uninsured bank balance, the District was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the District's name	\$3,952,225
Total Balance	\$3,952,225

B. Investments

The District's investments at June 30, 2005 were as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>		
			<u>less than 1</u>	<u>1-3</u>	<u>3-5</u>
Repurchase Agreements	\$2,143,120	N/A	\$2,143,120	\$0	\$0
STAR Ohio	2,670,805	AAA ^m ¹	2,670,805	0	0
US Treasury Money Market	19,769,772	N/A ³	19,769,772	0	0
FNMA	8,925,147	AAA ¹ , Aaa ²	2,959,400	5,965,747	0
FHLMC	999,774	AAA ¹ , Aaa ²	0	999,774	0
FFCB	990,310	AAA ¹ , Aaa ²	0	990,310	0
FHLB	5,922,860	AAA ¹ , Aaa ²	0	5,922,860	0
FHLM	2,664,025	AAA ¹ , Aaa ²	0	2,664,025	0
Total Investments	\$44,085,813		\$27,543,097	\$16,542,716	\$0

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

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

B. Investments (Continued)

¹ Standard & Poor's

² Moody's Investor Service

³ Obligations of the US Government are explicitly guaranteed by the US Government and are not considered to have credit risk.

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date.

Concentration of Credit Risk – The District places no limit on the amount the District may invest in one issuer. Of the District's total investments, 4.9% are repurchase agreements, 6.1% are STAR Ohio, 44.9% are US Treasury Money Market, 20.2% are FNMA, 2.3% are FHLMC, 2.2% are FFCB, 13.4% are FHLB and 6.0% are FHLM.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the District's investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the District.

C. Reconciliation of Cash, Cash Equivalents and Investments

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

	Cash & Cash Equivalents/ Deposits *	Investments
Per GASB Statement No. 9	\$27,874,307	\$19,502,116
Repurchase Agreements	(2,143,120)	2,143,120
STAR Ohio	(2,670,805)	2,670,805
US Treasury Money Market	(19,769,772)	19,769,772
Per GASB Statement No. 3	\$3,290,610	\$44,085,813

* - Includes restricted cash

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2005 represents collections of calendar year 2004 taxes. Real property taxes received in calendar year 2005 were levied after April 1, 2004, on the assessed value listed as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2005 represents collections of calendar year 2004 taxes. Public utility real and tangible personal property taxes received in calendar year 2005 became a lien December 31, 2003, were levied after April 1, 2004 and are collected in 2005 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2005 (other than public utility property) represents the collection of 2005 taxes. Tangible personal property taxes received in calendar year 2005 were levied after April 1, 2004, on the value as of December 31, 2004. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Montgomery County. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2005, are available to finance fiscal year 2005 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2005 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2005 was \$3,623,452 in the general fund, \$590,010 in the debt service fund, and \$54,893 in the permanent improvement capital projects fund.

KETTERING CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005**

NOTE 5 - PROPERTY TAXES (Continued)

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

The assessed values upon which the fiscal year 2005 taxes were collected are:

	2004 Second Half Collections	2005 First Half Collections
Agricultural/Residential and Other Real Estate	\$1,144,673,410	\$1,152,401,750
Public Utility Personal	68,630,430	70,404,720
Tangible Personal Property	134,709,010	142,988,855
Total Assessed Value	\$1,348,012,850	\$1,365,795,325
Tax rate per \$1,000 of assessed valuation	\$60.90	\$67.80

NOTE 6 - RECEIVABLES

Receivables at June 30, 2005 consisted of taxes, interest receivable and intergovernmental receivables. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of Federal funds.

NOTE 7 - TRANSFERS

Following is a summary of transfers in and out for all funds at June 30, 2005:

Fund	Transfer In	Transfer Out
General Fund	\$0	\$24,600
Other Governmental Funds	94,916	70,316
Total All Funds	\$94,916	\$94,916

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

NOTE 8 – DUE FROM/TO OTHER FUNDS

Due from/to other funds at June 30, 2005 from one individual fund to another are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$79,709

The Due from/to balances represent amounts due between funds resulting from timing differences.

KETTERING CITY SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005**

NOTE 9 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at June 30, 2005:

Historical Cost:

Class	June 30, 2004	Additions	Deletions	June 30, 2005
Capital assets not being depreciated:				
Land	\$466,616	\$0	\$0	\$466,616
Construction in Progress	26,107,826	56,891,300	0	82,999,126
Capital assets being depreciated:				
Buildings and Improvements	31,578,194	0	0	31,578,194
Furniture, Vehicles and Equipment	5,410,615	535,137	(354,633)	5,591,119
Total Cost	<u>\$63,563,251</u>	<u>\$57,426,437</u>	<u>(\$354,633)</u>	<u>\$120,635,055</u>

Accumulated Depreciation:

Class	June 30, 2004	Additions	Deletions	June 30, 2005
Buildings and Improvements	(\$18,411,879)	(\$394,727)	\$0	(\$18,806,606)
Furniture, Vehicles and Equipment	(2,333,474)	(392,337)	68,003	(2,657,808)
Total Depreciation	<u>(\$20,745,353)</u>	<u>(\$787,064) *</u>	<u>\$68,003</u>	<u>(\$21,464,414)</u>
Net Value:	<u>\$42,817,898</u>			<u>\$99,170,641</u>

* Depreciation expenses were charged to governmental functions as follows:

Instruction:	
Regular	\$268,488
Special	31,524
Vocational	35,337
Support Services:	
Pupils	6,531
Instructional Staff	42,713
Administration	63,563
Fiscal	9,221
Business	14,754
Operations & Maintenance of Plant	27,850
Pupil Transportation	177,485
Central	35,589
Other Noninstructional Services	70,321
Extracurricular Activities	3,688
Total Depreciation Expense	<u>\$787,064</u>

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 10 - DEFINED BENEFIT PENSION PLANS

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

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

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

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

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 10% respectively. The contribution rates are determined actuarially, and are established and may be amended, up to statutory amounts, by the School Employees Retirement Board (Retirement Board) within the rates allowed by State statute. The required employer contribution rate is allocated to basic retirement benefits and health care by the Retirement Board. At June 30, 2004, (latest information available) 9.09% was allocated to fund the pension benefit and 4.91% to fund health care. The District's contributions to the SERS of Ohio for the years ending June 30, 2005, 2004, and 2003 were \$1,052,215, \$1,150,849 and \$501,696, respectively, which were equal to the required contributions for each year.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50% for those who apply. The portion of the 2004 employer contribution rate (latest information available) that was used to fund health care for the year 2004 was 4.91%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, prorated for partial service credit. For fiscal year 2005, the minimum pay has been established as \$27,400. The amount contributed to fund health care benefits, including the surcharge amounted to \$738,722.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

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

Health care benefits are financed on a pay-as-you-go basis. The number of retirees and covered dependents currently receiving benefits is approximately 62,000. The target level for the health care reserve is 150% of annual health care expenses before premium deduction. Expenses for health care at June 30, 2004 (the latest information available) were \$223,443,805 and the target level was \$335.2 million. Net assets available for payment of benefits at June 30, 2004 were \$300.8 million.

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

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

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

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

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 10%, respectively. The contribution requirements of plan members and the District are established and may be amended by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. At June 30, 2004, (latest information available) 13% was allocated to fund the pension benefit and 1% to fund health care. The District's contributions to the STRS of Ohio for the years ending June 30, 2005, 2004, and 2003 were \$4,716,953, \$4,755,333 and \$2,905,371, respectively, which were equal to the required contributions for each year.

STRS provides postemployment health care benefits to retirees who participated in the DB or Combined Plans and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care cost will be absorbed by STRS. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, health care benefits are not guaranteed.

Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions to the Health Care Stabilization Fund. For the fiscal year ended June 30, 2004, (latest information available) the board allocated employer contributions are equal to 1% of covered payroll to the Health Care Stabilization Fund, which amounted to \$362,843 for the District. The balance of the Health Care Stabilization Fund was \$3.1 billion at June 30, 2004 (the latest information available). For the fiscal year ended June 30, 2004, the net health care costs paid by STRS were \$268,739,000. There were 111,853 eligible benefit recipients.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose social security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2005 one of the board of education members has elected social security. The Board's liability is 6.2 percent of wages paid.

NOTE 11 - NOTE PAYABLE

Note Payable activity of the District for the year ended June 30, 2005, was as follows:

Notes Payable		Balance June 30, 2004	Additions	Deletions	Balance June 30, 2005
Bond Anticipation Note	2.00%	\$15,000,000	\$0	(\$15,000,000)	\$0

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 12- LONG-TERM DEBT AND OTHER OBLIGATIONS

Detail of the changes in the long-term debt of the District for the year ended June 30, 2005 is as follows:

		Balance June 30, 2004	Additions	Deductions	Balance June 30, 2005	Amount Due Within One Year
School Improvement 1994	3.05-5.30%	\$12,780,000	\$0	(\$12,780,000)	\$0	\$0
School Improvement Refunding 2005	2.50-5.00%	0	12,149,989	0	12,149,989	0
School Improvement 2003	2.00-5.00%	82,475,000	0	(1,425,000)	81,050,000	1,450,000
School Improvement 2004	2.00-5.00%	15,000,000	0	(580,000)	14,420,000	325,000
Energy Conservation 1998	4.70-4.90%	660,000	0	(165,000)	495,000	165,000
Energy Conservation 2002	5.310%	1,001,285	0	(61,786)	939,499	65,067
Sub-Total General Obligation Bonds		111,916,285	12,149,989	(15,011,786)	109,054,488	2,005,067
Interest Accretion		0	18,669	0	18,669	0
Premium General Obligation Bond		2,826,406	635,025	(515,050)	2,946,381	126,252
Total General Obligation Bonds		114,742,691	12,803,683	(15,526,836)	112,019,538	2,131,319
Capital Leases Payable		781,270	0	(214,137)	567,133	88,937
Compensated Absences		5,975,631	6,544,762	(5,975,631)	6,544,762	530,877
Total Governmental Long-Term Debt		<u>\$121,499,592</u>	<u>\$19,348,445</u>	<u>(\$21,716,604)</u>	<u>\$119,131,433</u>	<u>\$2,751,133</u>

A summary of the District's future long-term debt funding requirements including principal and interest payments as of June 30, 2005, follows:

Years	General Obligation Bonds		
	Principal	Interest	Total
2006	\$2,005,067	\$4,825,662	\$6,830,729
2007	2,738,522	4,770,378	7,508,900
2008	2,652,160	4,867,329	7,519,489
2009	2,705,992	4,638,684	7,344,676
2010	2,985,027	4,555,229	7,540,256
2011-2015	16,803,562	21,172,815	37,976,377
2016-2020	21,094,158	17,024,431	38,118,589
2021-2025	23,855,000	11,354,418	35,209,418
2026-2030	27,055,000	5,226,988	32,281,988
2031-2032	7,160,000	222,087	7,382,087
Totals	<u>\$109,054,488</u>	<u>\$78,658,021</u>	<u>\$187,712,509</u>

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 13 - CAPITAL LEASE COMMITMENTS

The District is obligated under two leases accounted for as a capital leases. The cost of the leased assets are accounted for in the Governmental Activities Capital Assets and the related liabilities in the Governmental Activities Other Long-Term Obligations. The original cost of the assets under capital lease was \$1,131,118.

The following is a schedule of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2005

<u>Year Ending June 30,</u>	<u>Capital Leases</u>
2006	\$102,538
2007	102,538
2008	102,538
2009	102,538
2010	102,538
2011	<u>102,538</u>
Minimum Lease Payments	615,228
Less: Amount representing interest at the District's incremental borrowing rate of interest	<u>(48,095)</u>
Present value of minimum lease payments	<u><u>\$567,133</u></u>

NOTE 14 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2005, the District contracted with Indiana Insurance Company through Brower Insurance Agency for general liability insurance with a \$1,000,000 per occurrence limit and a \$2,000,000 aggregate. Property is protected by Indiana Insurance Company through Brower Insurance Agency and holds a \$5,000 occurrence deductible.

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

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

KETTERING CITY SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005***

NOTE 14 - RISK MANAGEMENT (Continued)

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

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

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

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

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

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

Changes in the fund's claims liability amount in 2005 and 2004 were:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2004	\$168,126	\$722,718	(\$711,324)	\$179,520
2005	179,520	777,218	(762,373)	194,365

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 15 – STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2005, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Acquisition Reserve
Set-aside Cash Balance as of June 30, 2004	\$0	\$0
Carryover Balance from Prior Year	(1,694,448)	(24,193,198)
Current Year Set-Aside Requirement	1,105,931	1,105,931
Current Year Offset Credits	0	(668,604)
Qualifying Disbursements	<u>(1,079,956)</u>	<u>(58,079,239)</u>
Set-aside Reserve as of June 30, 2005	<u>(\$1,668,473)</u>	<u>(\$81,835,110)</u>
Qualifying Carryover Amounts to FY 2006	<u>(\$1,668,473)</u>	<u>(\$104,000,000)</u>

Qualifying carryover amount to fiscal year 2005 cannot exceed (\$104,000,000) for capital acquisition set-aside.

NOTE 16 - CONTINGENCIES

A. Grants

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2005.

B. Litigation

The District is a defendant in a lawsuit and tax appeal cases. Although the outcome of these matters is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the District's financial condition.

KETTERING CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 16 – CONTINGENCIES (Continued)

C. State School Funding

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

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

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

NOTE 17 - CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of June 30, 2005, the District had \$18,123,168 contractual commitments outstanding related to the new construction and renovations taking place at the District's twelve schools. Only those commitments exceeding \$500,000 per vendor are listed below:

<u>Vendor</u>	<u>Remaining Contractual Commitment</u>
Kendell Construction Company	\$2,649,135
Cinfab Mechanical	2,389,642
Staffco Construction, Inc.	2,238,882
Danis Building construction Company	1,307,239
AKA Construction, Inc.	1,297,872
Chapel Electirc Company	986,137
Stephen Gross & Sons, Inc.	950,886
Thomas & Marker Construction Company	521,465
Total	<u><u>\$12,341,258</u></u>

NOTE 18 – SCHOOL DISTRICT TERRITORY TRANSFER

On April 12, 2005, the Ohio Board of Education approved the transfer of 111.08 acres of school district territory, located in Greene County, Ohio, from the Sugarcreek Local School District to the Kettering City School District pursuant to Ohio Revised Code Section 3311.06. As part of the agreement entered between the Sugarcreek Schools and Kettering Schools, Kettering Schools agreed to pay Sugarcreek Schools a one-time payment of \$1,500,000. This expenditure is reflected on the accompanying financial statements as part of the General Fund, Supporting Services – Board of Education expenditures.

KETTERING CITY SCHOOL DISTRICT

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

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

KETTERING CITY SCHOOL DISTRICT



KETTERING CITY SCHOOL DISTRICT

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

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

KETTERING CITY SCHOOL DISTRICT

Nonmajor Governmental Funds

Special Revenue Funds

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

Food Services Fund

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

Special Trust Fund

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

Uniform School Supplies Fund

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

Rotary Special Services Fund

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

Public School Support Fund

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

Pathfinder/Preschool Fund

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

Special Enterprise Fund

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

Athletic Fund

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

Auxiliary Services Fund

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

Career Development Fund

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

(Continued)

KETTERING CITY SCHOOL DISTRICT

Special Revenue Funds

Local Professional Development Fund

To support the school district's professional development and teacher training activities that is guided by Ohio's model competency-based education programming or comparable models to support student achievement, including proficiency test performance. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Excellence in Education Fund

A fund provided to account for pupil competency assessment and instructional development in English Composition. Mathematics and Reading as required by the minimum standards for Ohio schools. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Education Management Information System Fund

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

Public School Preschool Fund

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

Entry Year Programs Fund

To implement entry-year programs pursuant to division (T) of section 3317.024 of the Ohio Revised Code. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Data Communications Fund

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

District Professional Development Fund

To account for the District's professional development.

OhioReads Fund

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

Summer School Subsidy Fund

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

Vocational Education Enhancement Fund

To account for enhancements that expand student enrollment, enable career plan development and replace and update equipment.

Alternative Fund

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

Other State Funds Fund

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

(Continued)

KETTERING CITY SCHOOL DISTRICT

Special Revenue Funds

Adult Basic Education Fund

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

Education for Economic Security Act (EESA Title II) Fund

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

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

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

Carl D. Perkins Fund

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

Bilingual Education Fund

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

Even Start Program Fund

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

Title I Fund

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

Title VI Innovation Fund

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

Drug Free School Grant Fund

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

Preschool Grant Fund

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

Other Federal Programs Fund

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

KETTERING CITY SCHOOL DISTRICT

Capital Projects Funds

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

Permanent Improvement Fund

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

Replacement Fund

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

SchoolNet Plus Fund

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

Interactive Video Distance Learning Fund

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

Permanent Fund

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

Permanent Fund

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

KETTERING CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005***

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 2,295,792	\$ 209,198	\$ 752	\$ 2,505,742
Investments	0	1,045,171	0	1,045,171
Receivables:				
Taxes	0	627,253	0	627,253
Intergovernmental	801,583	0	0	801,583
Interest	1,572	0	0	1,572
Inventory Held for Resale	29,017	0	0	29,017
Restricted Assets:				
Cash and Cash Equivalents	0	0	12,801	12,801
Total Assets	\$ 3,127,964	\$ 1,881,622	\$ 13,553	\$ 5,023,139
Liabilities:				
Accounts Payable	\$ 555,280	\$ 63,111	\$ 0	\$ 618,391
Accrued Wages and Benefits	484,689	0	0	484,689
Intergovernmental Payable	118,419	0	0	118,419
Due to Other Funds	79,709	0	0	79,709
Deferred Revenue	170,421	572,360	0	742,781
Total Liabilities	1,408,518	635,471	0	2,043,989
Fund Balances:				
Reserved for Encumbrances	491,955	284,641	0	776,596
Reserved for Supplies Inventory	29,017	0	0	29,017
Reserved for Property Taxes	0	54,893	0	54,893
Reserved for Endowments	0	0	12,801	12,801
Unreserved, Undesignated in:				
Special Revenue Funds	1,198,474	0	0	1,198,474
Capital Projects Funds	0	906,617	0	906,617
Permanent Fund	0	0	752	752
Total Fund Balances	1,719,446	1,246,151	13,553	2,979,150
Total Liabilities and Fund Balances	\$ 3,127,964	\$ 1,881,622	\$ 13,553	\$ 5,023,139

KETTERING CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2005

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 0	\$ 693,399	\$ 0	\$ 693,399
Tuition and Fees	101,207	0	0	101,207
Interest	27,119	14,165	285	41,569
Sales	1,686,277	0	0	1,686,277
Intergovernmental	5,553,348	197,400	0	5,750,748
Extracurricular Activities	584,216	0	0	584,216
Classroom Materials and Fees	256,923	0	0	256,923
Miscellaneous	475,589	426,744	0	902,333
Total Revenue	8,684,679	1,331,708	285	10,016,672
Expenditures:				
Current:				
Regular	574,429	141,861	0	716,290
Special	1,369,332	24,145	0	1,393,477
Vocational	93,255	52,158	0	145,413
Adult/Continuing	40,193	0	0	40,193
Supporting Services:				
Pupils	981,927	108,905	0	1,090,832
Instructional Staff	415,222	23,720	100	439,042
Administration	604,685	20,492	0	625,177
Fiscal Services	0	10,760	0	10,760
Operation and Maintenance of Plant	14,602	87,678	0	102,280
Pupil Transportation	903	204,553	0	205,456
Central	92,796	160,860	0	253,656
Non-Instructional Services	4,299,408	0	0	4,299,408
Extracurricular Activities	445,456	0	0	445,456
Facility Acquisition and Construction	0	192,199	0	192,199
Total Expenditures	8,932,208	1,027,331	100	9,959,639
Excess (Deficiency) of Revenues Over Expenditures	(247,529)	304,377	185	57,033
Other Financing Sources (Uses):				
Transfers In	94,916	0	0	94,916
Transfers Out	(70,316)	0	0	(70,316)
Total Other Financing Sources (Uses)	24,600	0	0	24,600
Net Change in Fund Balance	(222,929)	304,377	185	81,633
Fund Balances at Beginning of Year	1,941,700	941,774	13,368	2,896,842
Increase in Inventory Reserve	675	0	0	675
Fund Balances End of Year	\$ 1,719,446	\$ 1,246,151	\$ 13,553	\$ 2,979,150

KETTERING CITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2005

	<u>Food Services</u>	<u>Special Trust</u>	<u>Uniform School Supplies</u>	<u>Rotary Special Services</u>
Assets:				
Cash and Cash Equivalents	\$ 634,578	\$ 65,170	\$ 175,959	\$ 12,406
Receivables:				
Intergovernmental	0	0	0	0
Interest	1,572	0	0	0
Inventory Held for Resale	29,017	0	0	0
Total Assets	<u>\$ 665,167</u>	<u>\$ 65,170</u>	<u>\$ 175,959</u>	<u>\$ 12,406</u>
Liabilities:				
Accounts Payable	\$ 560	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits	120,834	0	0	0
Intergovernmental Payable	53,395	0	0	0
Due to Other Funds	0	0	0	0
Deferred Revenue	0	0	0	0
Total Liabilities	<u>174,789</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:				
Reserved for Encumbrances	1,071	348	160,461	1,704
Reserved for Supplies Inventory	29,017	0	0	0
Unreserved, Undesignated in:				
Special Revenue Funds (Deficit)	460,290	64,822	15,498	10,702
Total Fund Balances (Deficit)	<u>490,378</u>	<u>65,170</u>	<u>175,959</u>	<u>12,406</u>
Total Liabilities and Fund Balances	<u>\$ 665,167</u>	<u>\$ 65,170</u>	<u>\$ 175,959</u>	<u>\$ 12,406</u>

KETTERING CITY SCHOOL DISTRICT

Public School Support	Pathfinder /Preschool	Special Enterprise	Athletic	Auxiliary Services	Career Development
\$ 200,540	\$ 16,670	\$ 176,787	\$ 48,092	\$ 640,923	\$ 30,304
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 200,540</u>	<u>\$ 16,670</u>	<u>\$ 176,787</u>	<u>\$ 48,092</u>	<u>\$ 640,923</u>	<u>\$ 30,304</u>
\$ 2,793	\$ 2,303	\$ 0	\$ 5,696	\$ 306,587	\$ 0
0	4,112	36,089	0	104,642	0
0	2,143	13,879	0	14,721	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>2,793</u>	<u>8,558</u>	<u>49,968</u>	<u>5,696</u>	<u>425,950</u>	<u>0</u>
10,756	0	11,808	45,028	177,354	0
0	0	0	0	0	0
<u>186,991</u>	<u>8,112</u>	<u>115,011</u>	<u>(2,632)</u>	<u>37,619</u>	<u>30,304</u>
<u>197,747</u>	<u>8,112</u>	<u>126,819</u>	<u>42,396</u>	<u>214,973</u>	<u>30,304</u>
<u>\$ 200,540</u>	<u>\$ 16,670</u>	<u>\$ 176,787</u>	<u>\$ 48,092</u>	<u>\$ 640,923</u>	<u>\$ 30,304</u>

(Continued)

KETTERING CITY SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2005***

	Education Management Information System	Public School Preschool	Data Communications	District Professional Development
Assets:				
Cash and Cash Equivalents	\$ 21,079	\$ 22,379	\$ 585	\$ 5,467
Receivables:				
Intergovernmental	0	0	0	0
Interest	0	0	0	0
Inventory Held for Resale	0	0	0	0
Total Assets	\$ 21,079	\$ 22,379	\$ 585	\$ 5,467
Liabilities:				
Accounts Payable	\$ 22,349	\$ 0	\$ 586	\$ 3,153
Accrued Wages and Benefits	0	6,148	0	0
Intergovernmental Payable	0	1,421	0	0
Due to Other Funds	0	0	0	0
Deferred Revenue	0	0	0	0
Total Liabilities	22,349	7,569	586	3,153
Fund Balances:				
Reserved for Encumbrances	0	0	0	0
Reserved for Supplies Inventory	0	0	0	0
Unreserved, Undesignated in:				
Special Revenue Funds (Deficit)	(1,270)	14,810	(1)	2,314
Total Fund Balances (Deficit)	(1,270)	14,810	(1)	2,314
Total Liabilities and Fund Balances	\$ 21,079	\$ 22,379	\$ 585	\$ 5,467

KETTERING CITY SCHOOL DISTRICT

OhioReads	Summer School Subsidy	Vocational Education Enhancement	Alternative	Other State Funds	Adult Basic Education
\$ 13,818	\$ 15,520	\$ 3	\$ 3,359	\$ 31,804	\$ 0
7,682	48,605	0	0	0	11,234
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 21,500</u>	<u>\$ 64,125</u>	<u>\$ 3</u>	<u>\$ 3,359</u>	<u>\$ 31,804</u>	<u>\$ 11,234</u>
\$ 4,067	\$ 2,128	\$ 0	\$ 2,427	\$ 7,671	\$ 1,808
2,787	10,903	0	0	0	4,187
1,068	4,174	0	0	0	1,512
0	0	0	0	0	4,916
7,682	48,605	0	0	0	2,464
<u>15,604</u>	<u>65,810</u>	<u>0</u>	<u>2,427</u>	<u>7,671</u>	<u>14,887</u>
2,627	1,898	0	0	5,308	0
0	0	0	0	0	0
3,269	(3,583)	3	932	18,825	(3,653)
<u>5,896</u>	<u>(1,685)</u>	<u>3</u>	<u>932</u>	<u>24,133</u>	<u>(3,653)</u>
<u>\$ 21,500</u>	<u>\$ 64,125</u>	<u>\$ 3</u>	<u>\$ 3,359</u>	<u>\$ 31,804</u>	<u>\$ 11,234</u>

(Continued)

KETTERING CITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2005

	<u>Title II</u>	<u>EESA Title VI-B</u>	<u>Carl D. Perkins</u>	<u>Bilingual Education</u>
Assets:				
Cash and Cash Equivalents	\$ 15,252	\$ 0	\$ 135,758	\$ 0
Receivables:				
Intergovernmental	151,698	524,087	0	9,018
Interest	0	0	0	0
Inventory Held for Resale	0	0	0	0
Total Assets	<u>\$ 166,950</u>	<u>\$ 524,087</u>	<u>\$ 135,758</u>	<u>\$ 9,018</u>
Liabilities:				
Accounts Payable	\$ 9,007	\$ 165,750	\$ 2,110	\$ 2,113
Accrued Wages and Benefits	0	114,132	0	0
Intergovernmental Payable	0	13,466	0	0
Due to Other Funds	0	29,617	0	1,945
Deferred Revenue	30,654	53,485	0	9,018
Total Liabilities	<u>39,661</u>	<u>376,450</u>	<u>2,110</u>	<u>13,076</u>
Fund Balances:				
Reserved for Encumbrances	38,111	13,672	3,161	5,232
Reserved for Supplies Inventory	0	0	0	0
Unreserved, Undesignated in:				
Special Revenue Funds (Deficit)	89,178	133,965	130,487	(9,290)
Total Fund Balances (Deficit)	<u>127,289</u>	<u>147,637</u>	<u>133,648</u>	<u>(4,058)</u>
Total Liabilities and Fund Balances	<u>\$ 166,950</u>	<u>\$ 524,087</u>	<u>\$ 135,758</u>	<u>\$ 9,018</u>

KETTERING CITY SCHOOL DISTRICT

Even Start Program	Title I	Title VI Innovation	Drug Free School Grant	Preschool Grant	Other Federal Programs	Total Nonmajor Special Revenue Funds
\$ 27,300	\$ 0	\$ 2,039	\$ 0	\$ 0	\$ 0	\$ 2,295,792
11,939	0	0	13,269	12,263	11,788	801,583
0	0	0	0	0	0	1,572
0	0	0	0	0	0	29,017
<u>\$ 39,239</u>	<u>\$ 0</u>	<u>\$ 2,039</u>	<u>\$ 13,269</u>	<u>\$ 12,263</u>	<u>\$ 11,788</u>	<u>\$ 3,127,964</u>
\$ 10,503	\$ 313	\$ 300	\$ 0	\$ 2,550	\$ 506	\$ 555,280
15,686	65,169	0	0	0	0	484,689
4,156	8,484	0	0	0	0	118,419
0	25,794	0	7,635	1,891	7,911	79,709
11,939	0	0	31	3,735	2,808	170,421
<u>42,284</u>	<u>99,760</u>	<u>300</u>	<u>7,666</u>	<u>8,176</u>	<u>11,225</u>	<u>1,408,518</u>
344	10,002	355	0	2,715	0	491,955
0	0	0	0	0	0	29,017
<u>(3,389)</u>	<u>(109,762)</u>	<u>1,384</u>	<u>5,603</u>	<u>1,372</u>	<u>563</u>	<u>1,198,474</u>
<u>(3,045)</u>	<u>(99,760)</u>	<u>1,739</u>	<u>5,603</u>	<u>4,087</u>	<u>563</u>	<u>1,719,446</u>
<u>\$ 39,239</u>	<u>\$ 0</u>	<u>\$ 2,039</u>	<u>\$ 13,269</u>	<u>\$ 12,263</u>	<u>\$ 11,788</u>	<u>\$ 3,127,964</u>

KETTERING CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds For the Fiscal Year Ended June 30, 2005

	Food Services	Special Trust	Uniform School Supplies	Rotary Special Services	Public School Support
Revenues:					
Tuition and Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Interest	9,017	1,007	0	0	6,222
Sales	1,686,277	0	0	0	0
Intergovernmental	808,586	0	0	0	0
Extracurricular Activities	0	16,364	0	0	206,752
Classroom Materials and Fees	0	0	196,882	8,318	51,723
Miscellaneous	1,944	3,208	0	26,353	67,675
Total Revenue	<u>2,505,824</u>	<u>20,579</u>	<u>196,882</u>	<u>34,671</u>	<u>332,372</u>
Expenditures:					
Current:					
Instruction:					
Regular	0	0	211,929	0	38,611
Special	0	0	0	0	0
Vocational	0	0	6,815	39,193	0
Adult/Continuing	0	0	0	0	0
Supporting Services:					
Pupils	0	0	0	0	0
Instructional Staff	0	22,731	0	0	2,392
Administration	0	1,378	0	0	304,008
Operation and Maintenance of Plant	11,244	0	0	0	0
Pupil Transportation	0	0	0	0	0
Central	0	0	0	0	0
Non-Instructional Services	2,585,835	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Debt Service:					
Total Expenditures	<u>2,597,079</u>	<u>24,109</u>	<u>218,744</u>	<u>39,193</u>	<u>345,011</u>
Excess (Deficiency) of Revenues					
Over Expenditures	(91,255)	(3,530)	(21,862)	(4,522)	(12,639)
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(91,255)	(3,530)	(21,862)	(4,522)	(12,639)
Fund Balances at Beginning of Year	580,958	68,700	197,821	16,928	210,386
Increase in Inventory Reserve	675	0	0	0	0
Fund Balances End of Year	<u>\$ 490,378</u>	<u>\$ 65,170</u>	<u>\$ 175,959</u>	<u>\$ 12,406</u>	<u>\$ 197,747</u>

KETTERING CITY SCHOOL DISTRICT

Pathfinder /Preschool	Special Enterprise	Athletic	Auxiliary Services	Career Development	Local Professional Development
\$ 101,207	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	10,873	0	0
0	0	0	0	0	0
16,372	0	0	1,410,265	9,362	0
0	0	361,100	0	0	0
0	0	0	0	0	0
50	367,062	9,297	0	0	0
<u>117,629</u>	<u>367,062</u>	<u>370,397</u>	<u>1,421,138</u>	<u>9,362</u>	<u>0</u>
32,380	0	0	0	0	2
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
15,746	394,340	0	0	16,414	0
33,714	0	0	0	0	0
33,221	0	0	0	0	0
0	0	3,331	0	0	0
0	0	0	0	0	0
2,161	0	0	0	0	0
0	0	0	1,542,478	0	0
0	0	445,456	0	0	0
<u>117,222</u>	<u>394,340</u>	<u>448,787</u>	<u>1,542,478</u>	<u>16,414</u>	<u>2</u>
407	(27,278)	(78,390)	(121,340)	(7,052)	(2)
0	0	24,600	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>24,600</u>	<u>0</u>	<u>0</u>	<u>0</u>
407	(27,278)	(53,790)	(121,340)	(7,052)	(2)
7,705	154,097	96,186	336,313	37,356	2
0	0	0	0	0	0
<u>\$ 8,112</u>	<u>\$ 126,819</u>	<u>\$ 42,396</u>	<u>\$ 214,973</u>	<u>\$ 30,304</u>	<u>\$ 0</u>

(Continued)

KETTERING CITY SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005**

	Excellence in Education	Education Management Information System	Public School Preschool	Entry Year Programs	Data Communications
Revenues:					
Tuition and Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Interest	0	0	0	0	0
Sales	0	0	0	0	0
Intergovernmental	0	23,958	259,321	11,000	36,000
Extracurricular Activities	0	0	0	0	0
Classroom Materials and Fees	0	0	0	0	0
Miscellaneous	0	0	0	0	0
Total Revenue	0	23,958	259,321	11,000	36,000
Expenditures:					
Current:					
Instruction:					
Regular	281	0	80,508	0	0
Special	0	0	0	15,020	0
Vocational	0	0	0	0	0
Adult/Continuing	0	0	0	0	0
Supporting Services:					
Pupils	0	0	46,328	0	0
Instructional Staff	0	0	68,066	0	0
Administration	0	0	48,924	0	0
Operation and Maintenance of Plant	0	0	27	0	0
Pupil Transportation	0	0	0	0	0
Central	0	32,099	0	0	55,383
Non-Instructional Services	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Debt Service:					
Total Expenditures	281	32,099	243,853	15,020	55,383
Excess (Deficiency) of Revenues					
Over Expenditures	(281)	(8,141)	15,468	(4,020)	(19,383)
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balance	(281)	(8,141)	15,468	(4,020)	(19,383)
Fund Balances at Beginning of Year	281	6,871	(658)	4,020	19,382
Increase in Inventory Reserve	0	0	0	0	0
Fund Balances End of Year	\$ 0	\$ (1,270)	\$ 14,810	\$ 0	\$ (1)

KETTERING CITY SCHOOL DISTRICT

District Professional Development	OhioReads	Summer School Subsidy	Vocational Education Enhancement	Alternative	Other State Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
0	0	0	0	0	0
4,140	36,353	83,086	4,661	46,373	92,411
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>4,140</u>	<u>36,353</u>	<u>83,086</u>	<u>4,661</u>	<u>46,373</u>	<u>92,411</u>
0	35,680	22,508	0	22,470	33,457
0	0	0	0	0	0
0	0	0	4,658	0	0
0	0	0	0	0	0
0	24,420	80,385	0	0	32,155
4,140	2,024	6,950	0	4,212	24,256
0	0	0	0	2,000	1,169
0	0	0	0	0	0
0	0	0	0	0	0
3,153	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>7,293</u>	<u>62,124</u>	<u>109,843</u>	<u>4,658</u>	<u>28,682</u>	<u>91,037</u>
(3,153)	(25,771)	(26,757)	3	17,691	1,374
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(3,153)	(25,771)	(26,757)	3	17,691	1,374
5,467	31,667	25,072	0	(16,759)	22,759
0	0	0	0	0	0
<u>\$ 2,314</u>	<u>\$ 5,896</u>	<u>\$ (1,685)</u>	<u>\$ 3</u>	<u>\$ 932</u>	<u>\$ 24,133</u>

(Continued)

KETTERING CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds For the Fiscal Year Ended June 30, 2005

	Adult Basic Education	Title II	EESA Title VI-B	Carl D. Perkins	Bilingual Education
Revenues:					
Tuition and Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Interest	0	0	0	0	0
Sales	0	0	0	0	0
Intergovernmental	103,476	229,773	1,618,856	100,055	31,718
Extracurricular Activities	0	0	0	0	0
Classroom Materials and Fees	0	0	0	0	0
Miscellaneous	0	0	0	0	0
Total Revenue	<u>103,476</u>	<u>229,773</u>	<u>1,618,856</u>	<u>100,055</u>	<u>31,718</u>
Expenditures:					
Current:					
Instruction:					
Regular	0	0	0	7,648	28,098
Special	0	0	840,329	0	0
Vocational	0	0	0	42,589	0
Adult/Continuing	40,193	0	0	0	0
Supporting Services:					
Pupils	26,040	0	222,487	0	7,405
Instructional Staff	27,384	147,313	46,759	0	0
Administration	4,039	0	167,492	0	0
Operation and Maintenance of Plant	0	0	0	0	0
Pupil Transportation	0	0	0	0	0
Central	0	0	0	0	0
Non-Instructional Services	0	0	152,469	0	0
Extracurricular Activities	0	0	0	0	0
Debt Service:					
Total Expenditures	<u>97,656</u>	<u>147,313</u>	<u>1,429,536</u>	<u>50,237</u>	<u>35,503</u>
Excess (Deficiency) of Revenues					
Over Expenditures	5,820	82,460	189,320	49,818	(3,785)
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Transfers Out	0	(70,316)	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>(70,316)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	5,820	12,144	189,320	49,818	(3,785)
Fund Balances at Beginning of Year	(9,473)	115,145	(41,683)	83,830	(273)
Increase in Inventory Reserve	0	0	0	0	0
Fund Balances End of Year	<u>\$ (3,653)</u>	<u>\$ 127,289</u>	<u>\$ 147,637</u>	<u>\$ 133,648</u>	<u>\$ (4,058)</u>

KETTERING CITY SCHOOL DISTRICT

Even Start Program	Title I	Title VI Innovation	Drug Free School Grant	Preschool Grant	Other Federal Programs	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 101,207
0	0	0	0	0	0	27,119
0	0	0	0	0	0	1,686,277
215,240	328,655	21,469	32,709	9,416	20,093	5,553,348
0	0	0	0	0	0	584,216
0	0	0	0	0	0	256,923
0	0	0	0	0	0	475,589
<u>215,240</u>	<u>328,655</u>	<u>21,469</u>	<u>32,709</u>	<u>9,416</u>	<u>20,093</u>	<u>8,684,679</u>
0	0	42,532	10,488	0	7,837	574,429
88,096	416,265	0	0	9,622	0	1,369,332
0	0	0	0	0	0	93,255
0	0	0	0	0	0	40,193
80,285	12,090	0	14,716	0	9,116	981,927
11,581	9,761	0	1,644	0	2,295	415,222
42,454	0	0	0	0	0	604,685
0	0	0	0	0	0	14,602
903	0	0	0	0	0	903
0	0	0	0	0	0	92,796
0	0	9,151	4,416	0	5,059	4,299,408
0	0	0	0	0	0	445,456
<u>223,319</u>	<u>438,116</u>	<u>51,683</u>	<u>31,264</u>	<u>9,622</u>	<u>24,307</u>	<u>8,932,208</u>
(8,079)	(109,461)	(30,214)	1,445	(206)	(4,214)	(247,529)
0	70,316	0	0	0	0	94,916
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(70,316)</u>
<u>0</u>	<u>70,316</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>24,600</u>
(8,079)	(39,145)	(30,214)	1,445	(206)	(4,214)	(222,929)
5,034	(60,615)	31,953	4,158	4,293	4,777	1,941,700
0	0	0	0	0	0	675
<u>\$ (3,045)</u>	<u>\$ (99,760)</u>	<u>\$ 1,739</u>	<u>\$ 5,603</u>	<u>\$ 4,087</u>	<u>\$ 563</u>	<u>\$ 1,719,446</u>

KETTERING CITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2005

	Permanent Improvement	Replacement	SchoolNet Plus	Interactive Video Distance Learning	Total Nonmajor Capital Projects Funds
Assets:					
Cash and Cash Equivalents	\$ 52,641	\$ 93,075	\$ 61,982	\$ 1,500	\$ 209,198
Investments	1,045,171	0	0	0	1,045,171
Receivables:					
Taxes	627,253	0	0	0	627,253
Total Assets	\$ 1,725,065	\$ 93,075	\$ 61,982	\$ 1,500	\$ 1,881,622
Liabilities:					
Accounts Payable	\$ 0	\$ 0	\$ 61,611	\$ 1,500	\$ 63,111
Deferred Revenue	572,360	0	0	0	572,360
Total Liabilities	572,360	0	61,611	1,500	635,471
Fund Balances:					
Reserved for Encumbrances	284,619	0	22	0	284,641
Reserved for Property Taxes	54,893	0	0	0	54,893
Unreserved, Undesignated in:					
Capital Projects Funds	813,193	93,075	349	0	906,617
Total Fund Balances	1,152,705	93,075	371	0	1,246,151
Total Liabilities and Fund Balances	\$ 1,725,065	\$ 93,075	\$ 61,982	\$ 1,500	\$ 1,881,622

KETTERING CITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Capital Projects Funds For the Fiscal Year Ended June 30, 2005

	Permanent Improvement	Replacement	SchoolNet Plus	Interactive Video Distance Learning	Total Nonmajor Capital Projects Funds
Revenues:					
Taxes	\$ 693,399	\$ 0	\$ 0	\$ 0	\$ 693,399
Interest	12,320	1,845	0	0	14,165
Intergovernmental	135,765	0	61,635	0	197,400
Miscellaneous	426,744	0	0	0	426,744
Total Revenue	<u>1,268,228</u>	<u>1,845</u>	<u>61,635</u>	<u>0</u>	<u>1,331,708</u>
Expenditures:					
Current:					
Instruction:					
Regular	78,591	1,659	61,611	0	141,861
Special	24,145	0	0	0	24,145
Vocational	52,158	0	0	0	52,158
Supporting Services:					
Pupils	108,905	0	0	0	108,905
Instructional Staff	23,720	0	0	0	23,720
Administration	20,492	0	0	0	20,492
Fiscal Services	10,760	0	0	0	10,760
Operation and Maintenance of Plant	87,678	0	0	0	87,678
Pupil Transportation	204,553	0	0	0	204,553
Central	158,160	0	0	2,700	160,860
Facility Acquisition and Construction	192,199	0	0	0	192,199
Total Expenditures	<u>961,361</u>	<u>1,659</u>	<u>61,611</u>	<u>2,700</u>	<u>1,027,331</u>
Net Change in Fund Balance	306,867	186	24	(2,700)	304,377
Fund Balances at Beginning of Year	<u>845,838</u>	<u>92,889</u>	<u>347</u>	<u>2,700</u>	<u>941,774</u>
Fund Balances End of Year	<u>\$ 1,152,705</u>	<u>\$ 93,075</u>	<u>\$ 371</u>	<u>\$ 0</u>	<u>\$ 1,246,151</u>

KETTERING CITY SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Fiscal Year Ended June 30, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 47,105,346	\$ 46,662,798	\$ 48,735,608	\$ 2,072,810
Tuition and Fees	52,148	65,000	75,966	10,966
Transportation	240,682	300,000	308,858	8,858
Interest	401,137	500,000	729,155	229,155
Intergovernmental	13,177,426	16,425,109	16,642,958	217,849
Extracurricular Activities	32,091	40,000	58,502	18,502
Classroom Materials and Fees	0	0	8,167	8,167
Miscellaneous	618,619	771,083	859,119	88,036
Total Revenues	61,627,449	64,763,990	67,418,333	2,654,343
Expenditures:				
Current:				
Salaries and Wages	44,045,995	44,226,336	44,148,002	78,334
Fringe Benefits	13,362,076	13,667,442	13,662,352	5,090
Purchased Services	6,168,988	6,724,303	6,919,101	(194,798)
Supplies and Materials	1,873,952	2,499,570	2,378,788	120,782
Other Expenditures	826,250	2,327,015	2,277,048	49,967
Capital Outlay - New	459,906	526,312	0	526,312
Capital Outlay - Replacement	50,000	54,753	49,333	5,420
Debt Service:				
Principal Retirement	214,137	214,137	214,137	0
Interest and Fiscal Charges	21,336	21,336	21,336	0
Total Expenditures	67,022,640	70,261,204	69,670,097	591,107
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,395,191)	(5,497,214)	(2,251,764)	3,245,450
Other Financing Sources (Uses):				
Transfers Out	(25,000)	(24,600)	(24,600)	0
Advances Out	(33,500)	(33,480)	0	33,480
Refund of Prior Year's Expenditures	0	46,000	46,518	518
Total Other Financing Sources (Uses)	(58,500)	(12,080)	21,918	33,998
Net Change in Fund Balance	(5,453,691)	(5,509,294)	(2,229,846)	3,279,448
Fund Balance at Beginning of Year	17,565,385	17,565,385	17,565,385	0
Prior Year Encumbrances	1,445,919	1,445,919	1,445,919	0
Fund Balance at End of Year	\$ 13,557,613	\$ 13,502,010	\$ 16,781,458	\$ 3,279,448

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Debt Service Fund
For the Fiscal Year Ended June 30, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 22,268,759	\$ 22,612,502	\$ 343,743
Total Expenditures and Other Financing Uses	22,938,455	22,933,560	4,895
Net Change in Fund Balance	(669,696)	(321,058)	348,638
Fund Balance at Beginning of Year	1,968,392	1,968,392	0
Fund Balance at End of Year	<u>\$ 1,298,696</u>	<u>\$ 1,647,334</u>	<u>\$ 348,638</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Projects Fund
For the Fiscal Year Ended June 30, 2005***

	BUILDING FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Total Revenues and Other Financing Sources	\$ 876,217	\$ 958,344	\$ 82,127
Total Expenditures and Other Financing Uses	93,280,501	90,159,726	3,120,775
Net Change in Fund Balance	(92,404,284)	(89,201,382)	3,202,902
Fund Balance at Beginning of Year	49,150,511	49,150,511	0
Prior Year Encumbrances	43,735,989	43,735,989	0
Fund Balance at End of Year	\$ 482,216	\$ 3,685,118	\$ 3,202,902

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	FOOD SERVICES FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u></u>
Total Revenues and Other Financing Sources	\$ 2,217,000	\$ 2,342,449	\$ 125,449
Total Expenditures and Other Financing Uses	2,337,831	2,337,082	749
Net Change in Fund Balance	(120,831)	5,367	126,198
Fund Balance at Beginning of Year	563,711	563,711	0
Prior Year Encumbrances	63,869	63,869	0
Fund Balance at End of Year	<u>\$ 506,749</u>	<u>\$ 632,947</u>	<u>\$ 126,198</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	SPECIAL TRUST FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u> </u>
Total Revenues and Other Financing Sources	\$ 18,239	\$ 20,579	\$ 2,340
Total Expenditures and Other Financing Uses	39,351	26,687	12,664
Net Change in Fund Balance	(21,112)	(6,108)	15,004
Fund Balance at Beginning of Year	67,866	67,866	0
Prior Year Encumbrances	3,064	3,064	0
Fund Balance at End of Year	<u>\$ 49,818</u>	<u>\$ 64,822</u>	<u>\$ 15,004</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 191,402	\$ 196,882	\$ 5,480
Total Expenditures and Other Financing Uses	386,497	381,720	4,777
Net Change in Fund Balance	(195,095)	(184,838)	10,257
Fund Balance at Beginning of Year	112,008	112,008	0
Prior Year Encumbrances	88,328	88,328	0
Fund Balance at End of Year	<u>\$ 5,241</u>	<u>\$ 15,498</u>	<u>\$ 10,257</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 34,000	\$ 34,671	\$ 671
Total Expenditures and Other Financing Uses	41,049	40,897	152
Net Change in Fund Balance	(7,049)	(6,226)	823
Fund Balance at Beginning of Year	13,012	13,012	0
Prior Year Encumbrances	3,916	3,916	0
Fund Balance at End of Year	<u>\$ 9,879</u>	<u>\$ 10,702</u>	<u>\$ 823</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 318,987	\$ 332,372	\$ 13,385
Total Expenditures and Other Financing Uses	434,118	376,434	57,684
Net Change in Fund Balance	(115,131)	(44,062)	71,069
Fund Balance at Beginning of Year	197,240	197,240	0
Prior Year Encumbrances	33,813	33,813	0
Fund Balance at End of Year	<u>\$ 115,922</u>	<u>\$ 186,991</u>	<u>\$ 71,069</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 109,840	\$ 117,629	\$ 7,789
Total Expenditures and Other Financing Uses	124,055	117,306	6,749
Net Change in Fund Balance	(14,215)	323	14,538
Fund Balance at Beginning of Year	13,207	13,207	0
Prior Year Encumbrances	1,008	1,008	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 14,538</u>	<u>\$ 14,538</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	SPECIAL ENTERPRISE FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u> </u>
Total Revenues and Other Financing Sources	\$ 362,666	\$ 367,062	\$ 4,396
Total Expenditures and Other Financing Uses	466,004	399,623	66,381
Net Change in Fund Balance	(103,338)	(32,561)	70,777
Fund Balance at Beginning of Year	195,108	195,108	0
Prior Year Encumbrances	2,432	2,432	0
Fund Balance at End of Year	<u>\$ 94,202</u>	<u>\$ 164,979</u>	<u>\$ 70,777</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	ATHLETIC FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	\$ 393,050	\$ 394,997	\$ 1,947
Total Expenditures and Other Financing Uses	550,633	517,354	33,279
Net Change in Fund Balance	(157,583)	(122,357)	35,226
Fund Balance at Beginning of Year	87,939	87,939	0
Prior Year Encumbrances	31,786	31,786	0
Fund Balance at End of Year	<u>\$ (37,858)</u>	<u>\$ (2,632)</u>	<u>\$ 35,226</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 1,416,225	\$ 1,421,138	\$ 4,913
Total Expenditures and Other Financing Uses	1,923,641	1,769,120	154,521
Net Change in Fund Balance	(507,416)	(347,982)	159,434
Fund Balance at Beginning of Year	307,853	307,853	0
Prior Year Encumbrances	197,111	197,111	0
Fund Balance at End of Year	<u>\$ (2,452)</u>	<u>\$ 156,982</u>	<u>\$ 159,434</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 9,362	\$ 9,362	\$ 0
Total Expenditures and Other Financing Uses	23,974	16,604	7,370
Net Change in Fund Balance	(14,612)	(7,242)	7,370
Fund Balance at Beginning of Year	36,870	36,870	0
Prior Year Encumbrances	676	676	0
Fund Balance at End of Year	<u>\$ 22,934</u>	<u>\$ 30,304</u>	<u>\$ 7,370</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>2</u>	<u>2</u>	<u>0</u>
Net Change in Fund Balance	(2)	(2)	0
Fund Balance at Beginning of Year	<u>2</u>	<u>2</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>281</u>	<u>281</u>	<u>0</u>
Net Change in Fund Balance	(281)	(281)	0
Fund Balance at Beginning of Year	<u>281</u>	<u>281</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 23,957	\$ 23,958	\$ 1
Total Expenditures and Other Financing Uses	28,871	9,750	19,121
Net Change in Fund Balance	(4,914)	14,208	19,122
Fund Balance at Beginning of Year	6,871	6,871	0
Fund Balance at End of Year	<u>\$ 1,957</u>	<u>\$ 21,079</u>	<u>\$ 19,122</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 240,642	\$ 262,721	\$ 22,079
Total Expenditures and Other Financing Uses	248,844	248,545	299
Net Change in Fund Balance	(8,202)	14,176	22,378
Fund Balance at Beginning of Year	6,097	6,097	0
Prior Year Encumbrances	2,106	2,106	0
Fund Balance at End of Year	<u>\$ 1</u>	<u>\$ 22,379</u>	<u>\$ 22,378</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 11,000	\$ 11,000	\$ 0
Total Expenditures and Other Financing Uses	15,020	15,020	0
Net Change in Fund Balance	(4,020)	(4,020)	0
Fund Balance at Beginning of Year	4,020	4,020	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 36,000	\$ 36,000	\$ 0
Total Expenditures and Other Financing Uses	85,283	84,698	585
Net Change in Fund Balance	(49,283)	(48,698)	585
Fund Balance at Beginning of Year	19,382	19,382	0
Prior Year Encumbrances	29,901	29,901	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 585</u>	<u>\$ 585</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 4,140	\$ 4,140	\$ 0
Total Expenditures and Other Financing Uses	5,961	4,140	1,821
Net Change in Fund Balance	(1,821)	0	1,821
Fund Balance at Beginning of Year	5,467	5,467	0
Fund Balance at End of Year	<u>\$ 3,646</u>	<u>\$ 5,467</u>	<u>\$ 1,821</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	OHIOREADS FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u> </u>
Total Revenues and Other Financing Sources	\$ 42,968	\$ 39,818	\$ (3,150)
Total Expenditures and Other Financing Uses	65,008	65,721	(713)
Net Change in Fund Balance	(22,040)	(25,903)	(3,863)
Fund Balance at Beginning of Year	17,863	17,863	0
Prior Year Encumbrances	15,164	15,164	0
Fund Balance at End of Year	<u>\$ 10,987</u>	<u>\$ 7,124</u>	<u>\$ (3,863)</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 96,354	\$ 96,354	\$ 0
Total Expenditures and Other Financing Uses	126,300	114,892	11,408
Net Change in Fund Balance	(29,946)	(18,538)	11,408
Fund Balance at Beginning of Year	29,347	29,347	0
Prior Year Encumbrances	685	685	0
Fund Balance at End of Year	<u>\$ 86</u>	<u>\$ 11,494</u>	<u>\$ 11,408</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 4,661	\$ 4,661	\$ 0
Total Expenditures and Other Financing Uses	4,661	4,658	3
Net Change in Fund Balance	0	3	3
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 3</u>	<u>\$ 3</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	ALTERNATIVE FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u> </u>
Total Revenues and Other Financing Sources	<u>\$ 36,299</u>	<u>\$ 46,373</u>	<u>\$ 10,074</u>
Total Expenditures and Other Financing Uses	<u>31,704</u>	<u>30,986</u>	<u>718</u>
Net Change in Fund Balance	4,595	15,387	10,792
Fund Balance at Beginning of Year	(16,780)	(16,780)	0
Prior Year Encumbrances	<u>2,333</u>	<u>2,333</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (9,852)</u>	<u>\$ 940</u>	<u>\$ 10,792</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	OTHER STATE FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	\$ 116,786	\$ 92,411	\$ (24,375)
Total Expenditures and Other Financing Uses	117,457	105,208	12,249
Net Change in Fund Balance	(671)	(12,797)	(12,126)
Fund Balance at Beginning of Year	16,979	16,979	0
Prior Year Encumbrances	14,643	14,643	0
Fund Balance at End of Year	<u>\$ 30,951</u>	<u>\$ 18,825</u>	<u>\$ (12,126)</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 105,940	\$ 94,706	\$ (11,234)
Total Expenditures and Other Financing Uses	112,200	107,699	4,501
Net Change in Fund Balance	(6,260)	(12,993)	(6,733)
Fund Balance at Beginning of Year	(727)	(727)	0
Prior Year Encumbrances	7,005	7,005	0
Fund Balance at End of Year	<u>\$ 18</u>	<u>\$ (6,715)</u>	<u>\$ (6,733)</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	TITLE II FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 132,454</u>	<u>\$ 109,411</u>	<u>\$ (23,043)</u>
Total Expenditures and Other Financing Uses	<u>279,587</u>	<u>259,028</u>	<u>20,559</u>
Net Change in Fund Balance	(147,133)	(149,617)	(2,484)
Fund Balance at Beginning of Year	71,125	71,125	0
Prior Year Encumbrances	46,626	46,626	0
Fund Balance at End of Year	<u>\$ (29,382)</u>	<u>\$ (31,866)</u>	<u>\$ (2,484)</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	EESA TITLE VI-B FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u></u>
Total Revenues and Other Financing Sources	\$ 1,457,936	\$ 1,148,254	\$ (309,682)
Total Expenditures and Other Financing Uses	<u>1,478,307</u>	<u>1,377,668</u>	<u>100,639</u>
Net Change in Fund Balance	(20,371)	(229,414)	(209,043)
Fund Balance at Beginning of Year	(1,930)	(1,930)	0
Prior Year Encumbrances	22,305	22,305	0
Fund Balance at End of Year	<u>\$ 4</u>	<u>\$ (209,039)</u>	<u>\$ (209,043)</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 100,055	\$ 100,055	\$ 0
Total Expenditures and Other Financing Uses	107,728	63,646	44,082
Net Change in Fund Balance	(7,673)	36,409	44,082
Fund Balance at Beginning of Year	92,350	92,350	0
Prior Year Encumbrances	1,728	1,728	0
Fund Balance at End of Year	<u>\$ 86,405</u>	<u>\$ 130,487</u>	<u>\$ 44,082</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 35,739	\$ 31,718	\$ (4,021)
Total Expenditures and Other Financing Uses	40,736	40,735	1
Net Change in Fund Balance	(4,997)	(9,017)	(4,020)
Fund Balance at Beginning of Year	(3,614)	(3,614)	0
Prior Year Encumbrances	3,341	3,341	0
Fund Balance at End of Year	<u>\$ (5,270)</u>	<u>\$ (9,290)</u>	<u>\$ (4,020)</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 225,179	\$ 215,240	\$ (9,939)
Total Expenditures and Other Financing Uses	224,411	223,299	1,112
Net Change in Fund Balance	768	(8,059)	(8,827)
Fund Balance at Beginning of Year	10,608	10,608	0
Prior Year Encumbrances	13,904	13,904	0
Fund Balance at End of Year	<u>\$ 25,280</u>	<u>\$ 16,453</u>	<u>\$ (8,827)</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	TITLE I FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	\$ 474,689	\$ 472,950	\$ (1,739)
Total Expenditures and Other Financing Uses	521,144	520,919	225
Net Change in Fund Balance	(46,455)	(47,969)	(1,514)
Fund Balance at Beginning of Year	5,080	5,080	0
Prior Year Encumbrances	6,780	6,780	0
Fund Balance at End of Year	<u>\$ (34,595)</u>	<u>\$ (36,109)</u>	<u>\$ (1,514)</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 43,568	\$ 43,568	\$ 0
Total Expenditures and Other Financing Uses	84,283	82,899	1,384
Net Change in Fund Balance	(40,715)	(39,331)	1,384
Fund Balance at Beginning of Year	27,446	27,446	0
Prior Year Encumbrances	13,269	13,269	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 1,384</u>	<u>\$ 1,384</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 26,690	\$ 19,471	\$ (7,219)
Total Expenditures and Other Financing Uses	31,493	31,264	229
Net Change in Fund Balance	(4,803)	(11,793)	(6,990)
Fund Balance at Beginning of Year	(3,083)	(3,083)	0
Prior Year Encumbrances	7,241	7,241	0
Fund Balance at End of Year	<u>\$ (645)</u>	<u>\$ (7,635)</u>	<u>\$ (6,990)</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 8,876	\$ 888	\$ (7,988)
Total Expenditures and Other Financing Uses	12,597	12,337	260
Net Change in Fund Balance	(3,721)	(11,449)	(7,728)
Fund Balance at Beginning of Year	571	571	0
Prior Year Encumbrances	3,722	3,722	0
Fund Balance at End of Year	<u>\$ 572</u>	<u>\$ (7,156)</u>	<u>\$ (7,728)</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 14,187	\$ 11,113	\$ (3,074)
Total Expenditures and Other Financing Uses	29,386	26,119	3,267
Net Change in Fund Balance	(15,199)	(15,006)	193
Fund Balance at Beginning of Year	3,833	3,833	0
Prior Year Encumbrances	3,162	3,162	0
Fund Balance at End of Year	<u>\$ (8,204)</u>	<u>\$ (8,011)</u>	<u>\$ 193</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 1,337,833	\$ 1,251,524	\$ (86,309)
Total Expenditures and Other Financing Uses	1,070,753	1,333,322	(262,569)
Net Change in Fund Balance	267,080	(81,798)	(348,878)
Fund Balance at Beginning of Year	735,829	735,829	0
Prior Year Encumbrances	167,253	167,253	0
Fund Balance at End of Year	<u>\$ 1,170,162</u>	<u>\$ 821,284</u>	<u>\$ (348,878)</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2005***

	REPLACEMENT FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u> </u>
Total Revenues and Other Financing Sources	\$ 2,000	\$ 1,845	\$ (155)
Total Expenditures and Other Financing Uses	40,000	1,659	38,341
Net Change in Fund Balance	(38,000)	186	38,186
Fund Balance at Beginning of Year	92,889	92,889	0
Fund Balance at End of Year	<u>\$ 54,889</u>	<u>\$ 93,075</u>	<u>\$ 38,186</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 61,635	\$ 61,635	\$ 0
Total Expenditures and Other Financing Uses	61,635	61,633	2
Net Change in Fund Balance	0	2	2
Fund Balance at Beginning of Year	347	347	0
Fund Balance at End of Year	<u>\$ 347</u>	<u>\$ 349</u>	<u>\$ 2</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 0	\$ 0	\$ 0
Total Expenditures and Other Financing Uses	1,200	1,200	0
Net Change in Fund Balance	(1,200)	(1,200)	0
Fund Balance at Beginning of Year	1,500	1,500	0
Prior Year Encumbrances	1,200	1,200	0
Fund Balance at End of Year	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ 0</u>

KETTERING CITY SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Fund
For the Fiscal Year Ended June 30, 2005***

	PERMANENT FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 200</u>	<u>\$ 285</u>	<u>\$ 85</u>
Total Expenditures and Other Financing Uses	<u>400</u>	<u>100</u>	<u>300</u>
Net Change in Fund Balance	(200)	185	385
Fund Balance at Beginning of Year	<u>13,368</u>	<u>13,368</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 13,168</u></u>	<u><u>\$ 13,553</u></u>	<u><u>\$ 385</u></u>

KETTERING CITY SCHOOL DISTRICT

Fiduciary Funds

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

Agency Funds

Student Managed Activity Fund

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

Employee Benefit Fund

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

KETTERING CITY SCHOOL DISTRICT

***Combining Statement of Changes in Assets and Liabilities
Agency Funds
June 30, 2005***

	Balance June 30, 2004	Additions	Deductions	Balance June 30, 2005
<u>Student Managed Activity Fund</u>				
Assets:				
Cash and Cash Equivalents	\$60,547	\$152,166	(\$143,203)	\$69,510
Total Assets	<u>\$60,547</u>	<u>\$152,166</u>	<u>(\$143,203)</u>	<u>\$69,510</u>
Liabilities:				
Due to Students	\$60,547	\$152,166	(\$143,203)	\$69,510
Total Liabilities	<u>\$60,547</u>	<u>\$152,166</u>	<u>(\$143,203)</u>	<u>\$69,510</u>
<u>Employee Benefits Fund</u>				
Assets:				
Cash and Cash Equivalents	\$104,666	\$274,333	(\$256,373)	\$122,626
Total Assets	<u>\$104,666</u>	<u>\$274,333</u>	<u>(\$256,373)</u>	<u>\$122,626</u>
Liabilities:				
Claims Payable	\$39,844	\$61,596	(\$39,844)	\$61,596
Due to Others	64,822	212,737	(216,529)	61,030
Total Liabilities	<u>\$104,666</u>	<u>\$274,333</u>	<u>(\$256,373)</u>	<u>\$122,626</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$165,213	\$426,499	(\$399,576)	\$192,136
Total Assets	<u>\$165,213</u>	<u>\$426,499</u>	<u>(\$399,576)</u>	<u>\$192,136</u>
Liabilities:				
Claims Payable	\$39,844	\$61,596	(\$39,844)	\$61,596
Due to Others	64,822	212,737	(216,529)	61,030
Due to Students	60,547	152,166	(143,203)	69,510
Total Liabilities	<u>\$165,213</u>	<u>\$426,499</u>	<u>(\$399,576)</u>	<u>\$192,136</u>

KETTERING CITY SCHOOL DISTRICT

*CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS*

KETTERING CITY SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
June 30, 2005***

Capital Assets

Land	\$466,616
Buildings and Improvements	31,578,194
Furniture, Vehicles and Equipment	5,591,119
Construction in Progress	<u>82,999,126</u>
Total Capital Assets	<u><u>\$120,635,055</u></u>

Investment in Capital Assets from:

General Fund	\$4,582,560
Special Revenue Funds	587,012
Capital Project Funds	<u>115,465,483</u>
Total Investment in Capital Assets	<u><u>\$120,635,055</u></u>

KETTERING CITY SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2005***

Function and Activity	Land	Buildings and Improvements	Furniture, Vehicles and Equipment	Construction in Progress	Total
Instructional Services					
Regular	\$458,616	\$16,794,580	\$542,221	\$0	\$17,795,417
Special	0	0	197,331	0	197,331
Vocational	0	0	452,988	0	452,988
Support Services:					
Pupils	0	0	71,273	0	71,273
Instructional Staff	0	0	267,702	0	267,702
Administration	8,000	205,000	246,198	0	459,198
Fiscal Services	0	0	65,903	0	65,903
Business	0	0	476,842	0	476,842
Operation and Maintenance of Plant	0	0	416,879	0	416,879
Pupil Transportation	0	0	1,991,505	0	1,991,505
Central	0	0	186,821	0	186,821
Non-Instructional Services	0	0	654,250	0	654,250
Extracurricular Activities	0	0	21,206	0	21,206
Facility Acquisition and Construction	0	14,578,614	0	82,999,126	97,577,740
Total Capital Assets	<u>\$466,616</u>	<u>\$31,578,194</u>	<u>\$5,591,119</u>	<u>\$82,999,126</u>	<u>\$120,635,055</u>

KETTERING CITY SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule Changes by Function and Activity
For the Fiscal Year Ended June 30, 2005***

Function and Activity	June 30, 2004	Additions	Deletions	June 30, 2005
Instructional Services				
Regular	\$17,917,818	\$21,808	(\$144,209)	\$17,795,417
Special	197,331	0	0	197,331
Vocational	452,988	0	0	452,988
Support Services:				
Pupils	58,569	28,958	(16,254)	71,273
Instructional Staff	267,702	0	0	267,702
Administration	459,198	0	0	459,198
Fiscal Services	65,903	0	0	65,903
Business	476,842	0	0	476,842
Operation and Maintenance of Plant	373,095	46,701	(2,917)	416,879
Pupil Transportation	1,754,945	236,560	0	1,991,505
Central	356,637	21,437	(191,253)	186,821
Non-Instructional Services	474,577	179,673	0	654,250
Extracurricular Activities	21,206	0	0	21,206
Facility Acquisition and Construction	40,686,440	56,891,300	0	97,577,740
Total Capital Assets	<u>\$63,563,251</u>	<u>\$57,426,437</u>	<u>(\$354,633)</u>	<u>\$120,635,055</u>

KETTERING CITY SCHOOL DISTRICT

STATISTICAL TABLES

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

KETTERING CITY SCHOOL DISTRICT



STATISTICAL TABLES

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

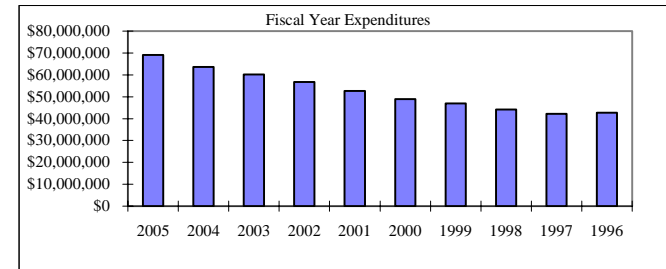
KETTERING CITY SCHOOL DISTRICT, OHIO

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

	2005 Fiscal	2004 Fiscal	2003 Fiscal	2002 Fiscal	2001 Fiscal	2000 Fiscal	1999 Fiscal	1998 Fiscal	1997 Fiscal	1996 Fiscal
Instruction	\$38,497,125	\$36,437,076	\$34,255,991	\$32,968,156	\$30,263,928	\$28,068,880	\$27,701,029	\$25,873,143	\$24,781,696	\$24,761,092
Pupil Support	4,953,119	4,759,271	4,450,340	3,992,908	3,689,028	3,367,631	3,339,089	3,171,244	3,081,770	3,140,318
Instructional Staff Support	3,985,578	3,553,729	3,390,846	2,478,821	2,258,215	2,004,574	1,799,145	1,661,116	1,473,362	1,547,427
Board of Education	1,557,965	46,043	63,163	49,099	48,890	41,882	64,039	55,101	40,665	53,010
Administration	5,515,581	5,326,732	4,777,190	4,709,537	4,426,041	4,189,610	3,462,423	3,438,046	3,147,860	3,478,666
Fiscal Services	1,460,933	1,393,961	1,262,484	1,370,038	1,255,064	1,147,099	990,188	797,455	827,174	591,246
Business	552,678	623,235	730,388	664,441	704,132	744,856	750,168	549,380	756,728	560,836
Plant Operations	7,471,142	6,621,640	6,375,638	5,695,882	5,481,783	5,301,331	5,103,205	5,032,322	4,769,614	5,016,837
Pupil Transportation	2,702,077	2,383,088	2,349,572	2,340,739	2,059,335	1,805,751	1,691,214	1,807,120	1,638,472	1,542,442
Central	930,712	1,046,833	1,110,377	980,705	869,380	685,341	490,522	551,731	443,983	383,990
Non-Instructional Services	1,910	2,252	1,622	631	1,283	1,507	1,827	1,041	1,243	1,270
Extracurricular Activities	1,162,947	1,068,255	1,042,543	993,865	928,070	865,333	847,790	800,792	730,494	698,747
Capital Outlay	4,115	2,986	34,342	58,884	43,869	83,403	42,210	55,552	50,815	631,991
Debt Service	235,473	332,294	338,555	478,819	372,353	151,423	150,183	147,527	150,183	45,511
Other Financing Uses	24,600	13,500	13,500	13,500	210,000	456,125	501,982	210,801	306,119	279,917
Total Expenditures and Other Financing Uses	<u>\$69,055,955</u>	<u>\$63,610,895</u>	<u>\$60,196,551</u>	<u>\$56,796,025</u>	<u>\$52,611,371</u>	<u>\$48,914,746</u>	<u>\$46,935,014</u>	<u>\$44,152,371</u>	<u>\$42,200,178</u>	<u>\$42,733,300</u>

Source: Kettering City School District Financial Records

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



KETTERING CITY SCHOOL DISTRICT, OHIO

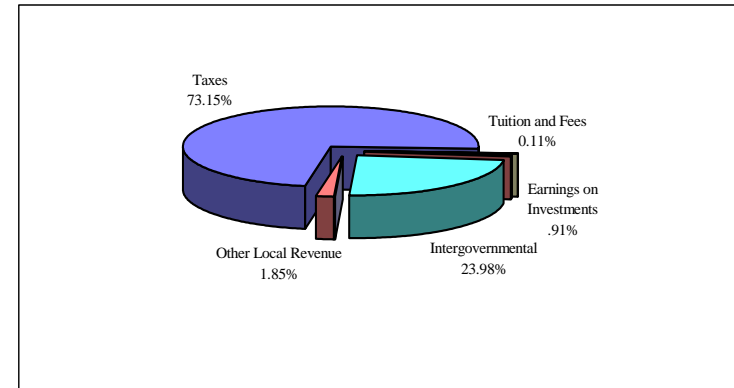
GENERAL FUND REVENUES BY SOURCE LAST TEN FISCAL YEARS (1)

	2005 Fiscal	2004 Fiscal	2003 Fiscal	2002 Fiscal	2001 Fiscal	2000 Fiscal	1999 Fiscal	1998 Fiscal	1997 Fiscal	1996 Fiscal
Taxes	\$50,778,148	\$39,534,289	\$36,239,312	\$48,038,743	\$43,400,486	\$38,407,084	\$37,044,947	\$36,393,675	\$35,217,070	\$32,558,028
Tuition and Fees	75,966	66,253	131,530	127,616	118,187	146,437	119,823	43,674	35,829	35,334
Earnings on Investments	637,249	274,464	545,805	874,434	1,534,530	1,241,325	1,068,868	1,056,544	812,702	699,862
Intergovernmental	16,642,958	16,405,372	16,336,208	14,817,081	11,147,663	10,214,285	9,895,652	8,895,297	8,667,382	8,157,609
Other Local Revenues	1,281,164	859,359	660,773	687,315	746,884	422,332	701,472	562,949	354,710	657,106
Other Financing Sources	0	0	0	16,454	1,537	5,523	3,284	11,700	39,800	0
Total Revenues and Other Financing Sources	<u>\$69,415,485</u>	<u>\$57,139,737</u>	<u>\$53,913,628</u>	<u>\$64,561,643</u>	<u>\$56,949,287</u>	<u>\$50,436,986</u>	<u>\$48,834,046</u>	<u>\$46,963,839</u>	<u>\$45,127,493</u>	<u>\$42,107,939</u>

Source: Kettering City School District Financial Records

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

2005 Fiscal Year Revenues By Source



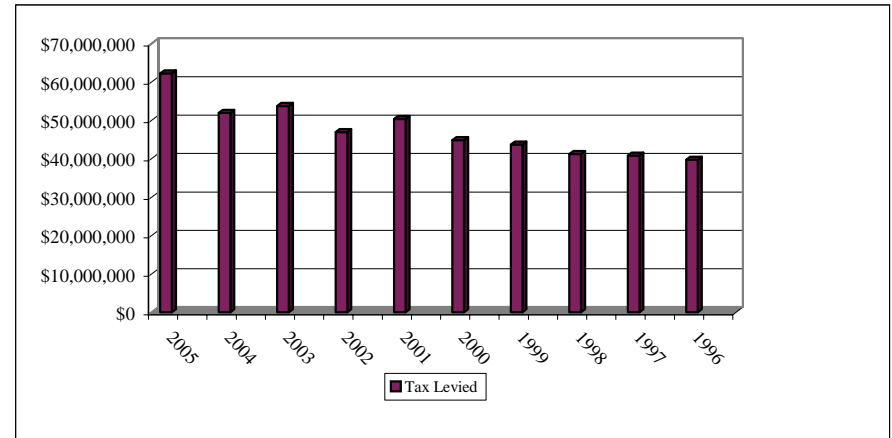
KETTERING CITY SCHOOL DISTRICT, OHIO

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

Collection Year	Tax Levied (1)	Current Tax Collections (2)	Percent Collected	Delinquent Collection	Total Tax Collections (2)	Percent of Total Collections To Levy	Outstanding Delinquent Taxes (3)	Percent of Outstanding Delinquent Taxes To Tax Levied
2005	\$62,230,176	\$61,263,297	98.45%	\$3,489,527	\$64,752,824	104.05%	\$3,579,271	5.75%
2004	51,960,333	51,053,894	98.26%	1,081,944	52,135,838	100.34%	4,372,384	8.41%
2003	53,779,128	50,574,089	94.04%	454,935	51,029,024	94.89%	2,632,801	4.90%
2002	46,987,959	45,336,209	96.48%	1,321,662	46,657,871	99.30%	1,576,839	3.36%
2001	50,386,264	47,960,477	95.19%	1,185,137	49,145,614	97.54%	1,388,513	2.76%
2000	44,879,638	44,381,401	98.89%	1,061,019	45,442,420	101.25%	2,103,823	4.69%
1999	43,746,765	42,478,593	97.10%	1,144,286	43,622,879	99.72%	1,713,996	3.92%
1998	41,284,309	42,023,033	101.79%	1,150,888	43,173,921	104.58%	1,686,924	4.09%
1997	40,843,160	39,539,747	96.81%	1,688,788	41,228,535	100.94%	1,599,255	3.92%
1996	39,719,917	39,299,492	98.94%	823,389	40,122,881	101.01%	2,929,414	7.38%

Source: Montgomery County Auditor.

- (1) Taxes levied and collected are presented on a cash basis.
- (2) State reimbursements of rollback and homestead exemptions are included; December 2005 settlement estimate included.
- (3) Penalties and interest are included, since by Ohio law they become part of the tax obligation as assessment occurs.



KETTERING CITY SCHOOL DISTRICT, OHIO

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

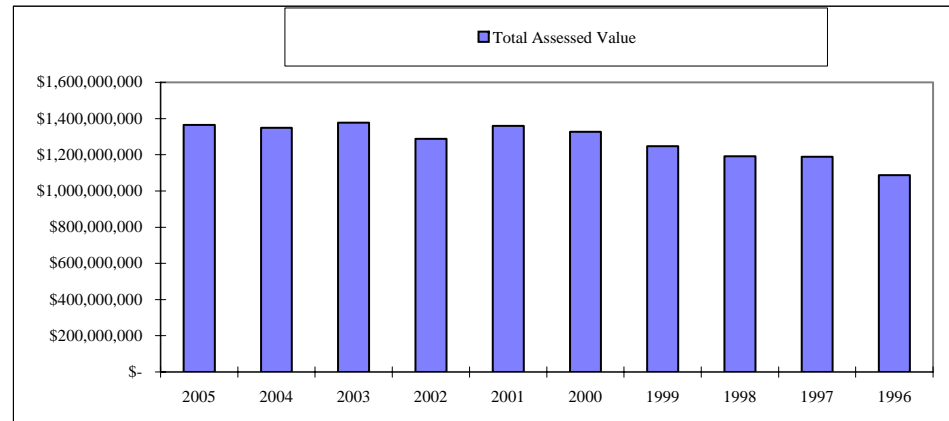
Tax Collection Year	Agricultural, and Residential Real Estate		Commercial, Industrial, and Public Utility Real Estate (1)		Tangible Personal (2)		Public Utility Tangible Personal		Total	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2005	\$827,540,160	\$2,650,114,743	\$324,861,590	\$928,175,971	\$142,988,855	\$571,955,420	\$70,404,720	\$180,812,147	\$1,365,795,325	\$4,331,058,281
2004	826,139,880	2,360,399,657	318,533,530	910,095,800	134,709,010	538,836,040	68,630,430	176,255,422	1,348,012,850	\$3,985,586,919
2003	825,297,880	2,357,993,943	319,504,960	912,871,314	162,332,926	649,331,704	70,859,650	181,980,465	1,377,995,416	4,102,177,426
2002	755,044,190	2,157,269,114	294,161,740	840,462,114	175,257,840	701,031,364	63,730,190	163,670,715	1,288,193,960	3,862,433,307
2001	752,773,880	2,150,782,514	309,558,200	884,452,000	188,035,293	752,141,172	109,567,330	124,508,330	1,359,934,703	3,911,884,016
2000	752,893,620	2,151,124,629	303,357,940	866,736,971	181,081,808	724,327,232	88,732,220	100,832,068	1,326,065,588	3,843,020,900
1999	698,042,250	1,994,406,429	280,765,230	802,186,371	185,801,525	743,206,100	82,582,490	93,843,739	1,247,191,495	3,633,642,639
1998	695,332,700	1,986,664,857	266,738,510	762,110,029	152,139,878	608,559,512	78,310,660	88,989,386	1,192,521,748	3,446,323,784
1997	691,790,430	1,976,544,086	268,455,100	767,014,571	160,415,784	641,663,136	68,122,700	77,412,159	1,188,784,014	3,462,633,952
1996	618,432,810	1,766,950,886	254,496,350	727,132,429	155,505,072	622,020,288	59,239,660	67,317,795	1,087,673,892	3,183,421,398

Source: Montgomery County Auditor.

(1) Includes Public Utility Real Property.

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

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



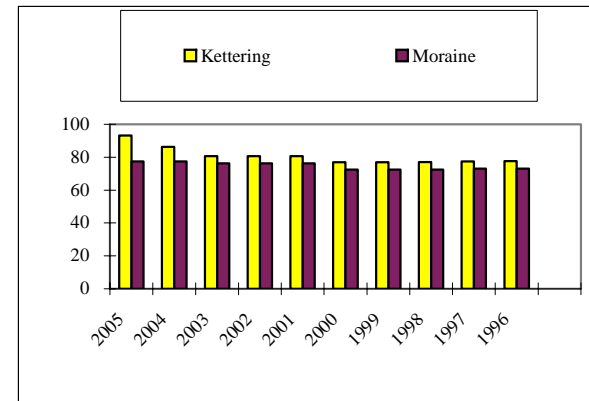
KETTERING CITY SCHOOL DISTRICT, OHIO

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

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Montgomery County	18.24	18.24	17.24	17.24	17.24	16.64	16.64	16.64	16.64	16.64
Dayton/Montgomery County Library	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.72	0.72
City of Kettering	6.85	6.85	6.91	6.92	6.92	6.92	6.98	7.00	7.00	7.17
Kettering City School District	67.80	60.90	56.30	56.30	56.30	53.10	53.10	53.10	53.10	53.10
Total for City of Kettering Residents	93.15	86.25	80.71	80.72	80.72	76.92	76.98	77.00	77.46	77.63
City of Moraine	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Total for City of Moraine Residents	77.34	77.34	76.30	76.30	76.30	72.50	72.50	72.50	72.96	72.96

Source: Montgomery County Auditor.

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



KETTERING CITY SCHOOL DISTRICT, OHIO

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

Collection Year	Population (1)	Total Assessed Value (2)	Gross Bonded Debt	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita
2005	64,399	\$1,365,795,325	\$109,054,488	\$2,243,653	\$106,810,835	7.98%	\$1,659
2004	64,399	1,348,012,850	111,916,285	2,291,869	109,624,416	8.30%	1,702
2003	64,399	1,377,995,416	102,344,955	5,233,203	97,111,752	7.02%	1,508
2002	64,399	1,288,193,960	15,425,667	1,123,191	14,302,476	1.11%	222
2001	64,399	1,359,934,703	15,935,000	809,347	15,125,653	1.11%	235
2000	64,399	1,326,065,588	15,270,240	978,825	14,291,415	1.08%	222
1999	62,371	1,247,191,496	15,852,278	839,979	15,012,299	1.20%	241
1998	62,352	1,192,521,748	16,444,056	763,086	15,680,970	1.31%	251
1997	62,250	1,188,784,014	15,224,732	653,286	14,571,446	1.23%	234
1996	62,190	1,087,673,892	15,612,144	615,901	14,996,243	1.38%	241

Sources:

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

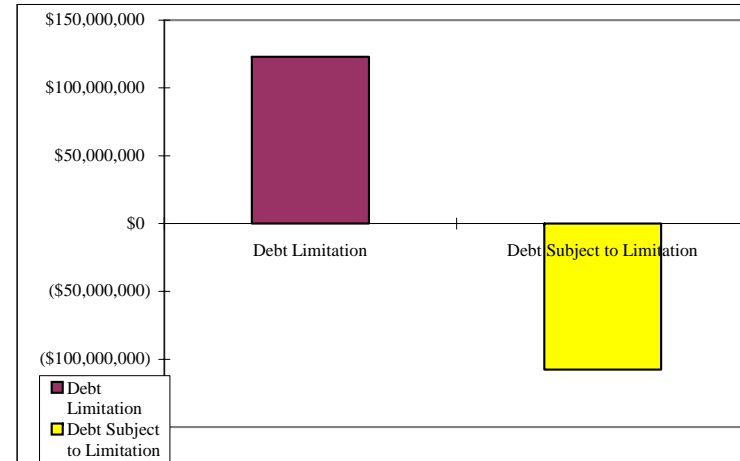
KETTERING CITY SCHOOL DISTRICT, OHIO

COMPUTATION OF LEGAL DEBT MARGIN JUNE 30, 2005

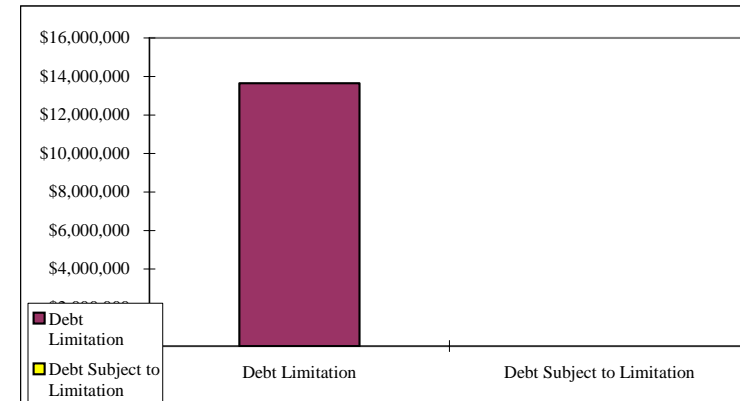
Assessed Valuation of District	\$1,365,795,325	
<hr/>		
Overall Direct Debt Limitation		
Direct debt limitation		
9% of assessed valuation	\$122,921,579	
Amount available in Debt Service Fund	2,243,653	
Gross indebtedness	109,054,488	
Less: Debt exempt from limitation	(1,434,499)	
Debt subject to 9% limitation	(107,619,989)	
Legal debt margin with 9% limitation	\$17,545,243	
<hr/>		
Unvoted Direct Debt Limitation		
Unvoted debt limitation		
0.1% of assessed valuation	\$13,657,953	
Amount available in Debt Service Fund related to unvoted debt	0	
Gross indebtedness authorized by the Board	109,054,488	
Less: Debt exemption from limitation	(109,054,488)	
Debt subject to 0.1% limitation	0	
Legal debt margin within 0.1% limitation	\$13,657,953	
<hr/>		
Energy Conservation Bond Limitation		
Ohio Revised Code Section 133.042		
Debt Limitation		
0.9% of assessed valuation	\$12,292,158	
Energy Conservation Bonds Authorized by the Board	(1,434,499)	
Energy conservation notes authorized by the Board	0	
Legal debt margin within 0.9% limitation	\$10,857,659	

Source: Kettering City School District records.

Overall Direct Debt Limitation



Unvoted Direct Debt Limitation



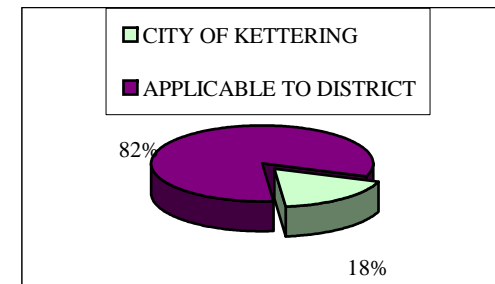
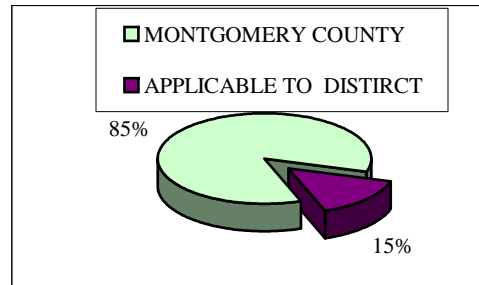
KETTERING CITY SCHOOL DISTRICT, OHIO

COMPUTATION OF DIRECT AND OVERLAPPING DEBT JUNE 30, 2005

Governmental Unit	Gross General Obligation	Percent Applicable to District	Amount Applicable to District
Direct:			
Kettering City School District	\$109,054,488	100.00%	\$109,054,488
Overlapping:			
Montgomery County	32,892,639	14.66%	4,822,061
City of Kettering	5,907,020	82.21%	4,856,161
City of Moraine	<u>0</u>	17.79%	<u>0</u>
Total overlapping:	<u>38,799,659</u>		<u>9,678,222</u>
Total direct and overlapping debt:	<u><u>\$147,854,147</u></u>		<u><u>\$118,732,710</u></u>

Source: Montgomery County Auditor.

OVERLAPPING DEBT APPLICABLE TO DISTRICT



KETTERING CITY SCHOOL DISTRICT, OHIO

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures and Other Financing Uses	Ratio of Debt Service to General Fund Expenditures (%)
2005	\$2,536,786	\$5,148,602	\$7,685,388	\$69,055,955	11.13%
2004	5,428,670	4,558,537	9,987,207	63,610,895	15.70%
2003	480,712	1,522,966	2,003,678	60,196,551	3.33%
2002	494,333	838,860	1,333,193	56,796,025	2.35%
2001	520,240	828,768	1,349,008	52,611,371	2.56%
2000	612,038	856,056	1,468,094	48,914,746	3.00%
1999	591,778	885,977	1,477,755	46,935,014	3.15%
1998	403,176	824,195	1,227,371	44,152,371	2.78%
1997	387,442	841,503	1,228,945	42,200,178	2.91%
1996	275,561	826,586	1,102,147	42,733,300	2.58%

Source: Kettering City School District records.

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

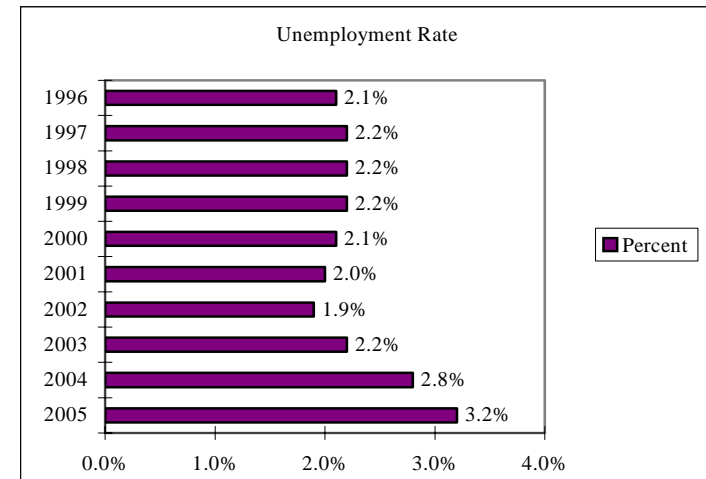
KETTERING CITY SCHOOL DISTRICT, OHIO

DEMOGRAPHIC STATISTICS LAST TEN YEARS

<u>Year</u>	<u>Population (1)(5)</u>	<u>School Enrollment (2)</u>	<u>Per Capita Income (3)(5)</u>	<u>Unemployment Rate (4)(5)</u>
2005	64,399	7,640	\$30,695	3.2%
2004	64,399	7,587	29,835	2.8%
2003	64,399	7,951	27,093	2.2%
2002	64,399	7,847	26,811	1.9%
2001	64,399	8,038	25,956	2.0%
2000	64,399	8,004	26,475	2.1%
1999	62,371	8,031	25,956	2.2%
1998	62,352	8,041	25,447	2.2%
1997	62,250	8,061	24,948	2.2%
1996	62,190	7,991	23,988	2.1%

Sources:

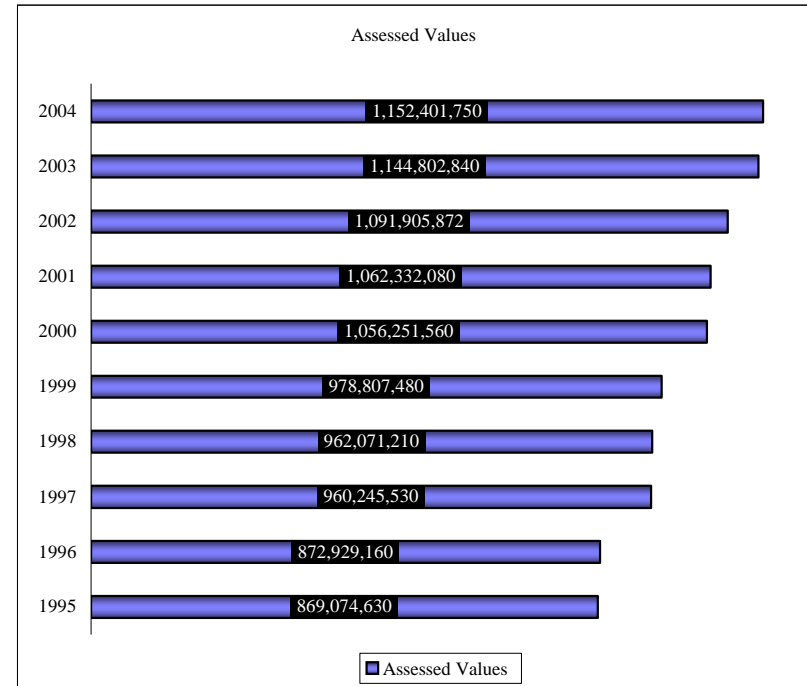
- (1) Based on census data for 1990 & 2000. All other years are estimates from the Cities of Kettering and Moraine; includes an estimated 6,897 population from the portion of the City of Moraine which is in the Kettering City School District.
- (2) Kettering City School District Records.
- (3) Data for the City of Kettering, Ohio from Department of Planning and Development; 2004 as of December.
- (4) Data for the City of Kettering, Ohio from Ohio Bureau of Employment Services; 2004 as of December.
- (5) Prior year amounts have been restated to reflect current available information.



KETTERING CITY SCHOOL DISTRICT, OHIO

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

Collection Year	Residential Construction (1)	Commercial Construction (1)	Bank Deposits (2) in Thousands	Real Property Assessed Values (3)
2004	\$10,770,933	\$74,674,401	\$249,614	\$1,152,401,750
2003	10,483,776	36,075,334	249,614	1,091,905,872
2002	7,172,479	26,529,212	241,447	1,049,205,930
2001	10,043,682	23,059,939	224,099	1,062,332,080
2000	9,830,923	58,217,405	191,473	1,056,251,560
1999	8,569,914	25,932,701	2,994,378	978,807,480
1998	10,590,067	25,430,152	3,264,705	962,071,210
1997	8,889,562	82,833,051	3,530,314	960,245,530
1996	8,555,747	40,184,215	3,899,145	872,929,160
1995	7,777,188	26,306,619	3,995,114	869,074,630



Sources:

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

KETTERING CITY SCHOOL DISTRICT, OHIO

**TOP TEN PRINCIPAL TAXPAYERS
JUNE 30, 2005**

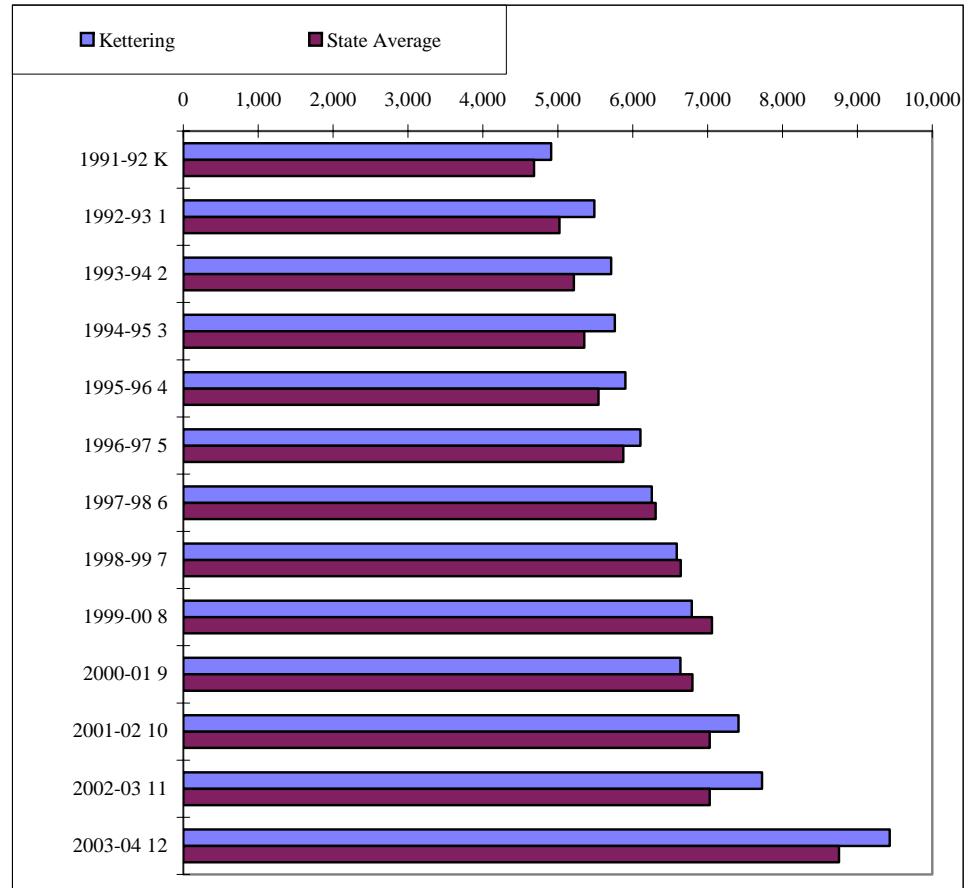
Name of Taxpayer	Type of Business	Real Property Assessed Valuation	Personal Property Assessed Valuation	Total Assessed Valuation	% of Total Assessed Valuation
Dayton Power and Light	Gas and electric utility	\$50,605,340	\$0	\$50,605,340	17.30%
General Motors Corporation	Automotive manufacturer	13,575,620	24,672,130	38,247,750	13.08%
Delphi Automotive	Auto parts plant	10,050,650	31,869,810	41,920,460	14.33%
Ohio Bell	Telephone utility	9,913,910	0	9,913,910	3.39%
Residenz	Nursing Home	7,350,000	0	7,350,000	2.51%
Reynolds & Reynolds Co.	Retail Business Forms	6,884,260	2,071,530	8,955,790	3.06%
Bank One	Banking Services	6,330,430	0	6,330,430	2.16%
Vectren	Utility	4,984,330	0	4,984,330	1.70%
Dayton Town & Country Inc.	Property management	4,312,560	0	4,312,560	1.47%
Lincoln Park Association	Property management	3,922,350	0	3,922,350	1.34%
Sub-Total		117,929,450	58,613,470	176,542,920	60.34%
All Others		69,419,850	46,532,340	115,952,190	39.66%
Grand Total		<u>\$187,349,300</u>	<u>\$105,145,810</u>	<u>\$292,495,110</u>	<u>100.00%</u>

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

KETTERING CITY SCHOOL DISTRICT, OHIO

COST TO EDUCATE A 2004 GRADUATE JUNE 30, 2005

School Year	Grade	All Funds Cost Per Pupil	
		Kettering City	State Average
1991-92	K	\$4,914	\$4,685
1992-93	1	5,486	5,024
1993-94	2	5,711	5,216
1994-95	3	5,761	5,353
1995-96	4	5,905	5,545
1996-97	5	6,104	5,876
1997-98	6	6,256	6,307
1998-99	7	6,591	6,642
1999-00	8	6,789	7,057
2000-01	9	6,637	6,796
2001-02	10	7,412	7,030
2002-03	11	7,726	7,726
2003-04	12	9,434	8,755



Source: Kettering City School District Records.

KETTERING CITY SCHOOL DISTRICT, OHIO

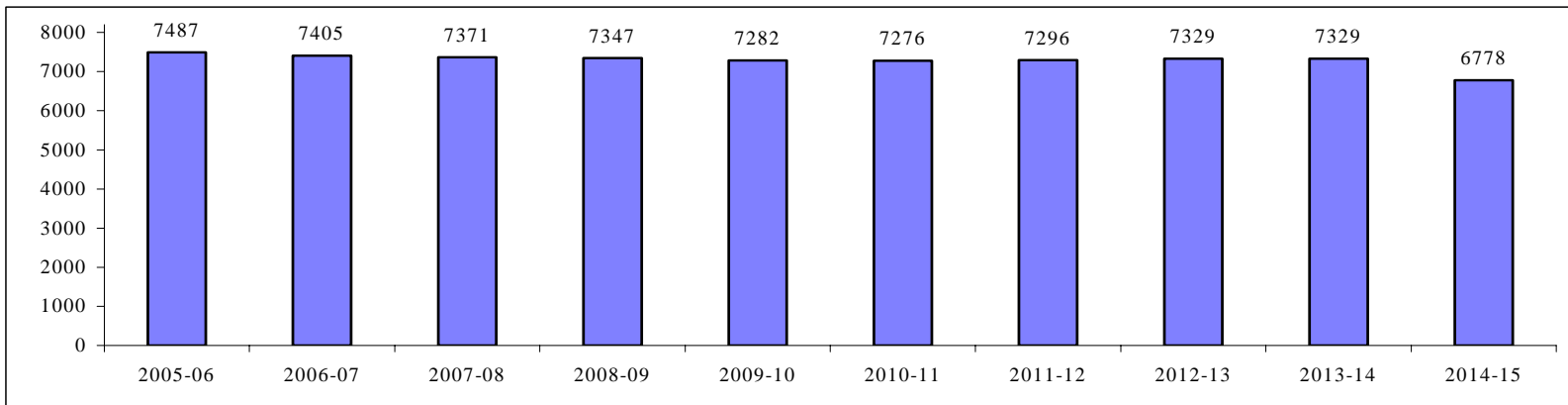
ENROLLMENT PROJECTION BY GRADE JUNE 30, 2005

Actual:	<u>K</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>Sp.Ed.*</u>	Total
2001-02	505	577	557	573	582	655	604	626	652	621	639	656	555	6	7808
2002-03	558	548	545	545	535	543	582	635	592	626	657	589	567	6	7528
2003-04	570	547	549	546	540	545	581	638	594	630	666	595	577	6	7584
2004-05	535	576	540	531	533	522	556	595	619	674	529	652	570	0	7432

The following are projections:

2005-06	572	571	578	534	534	543	540	549	579	657	594	632	604	0	7487
2006-07	573	597	563	572	530	535	541	536	550	592	641	612	563	0	7405
2007-08	573	598	588	556	567	532	538	537	537	562	578	660	545	0	7371
2008-09	573	598	589	582	551	568	533	534	538	549	548	596	588	0	7347
2009-10	573	598	589	583	578	552	563	529	535	550	536	565	531	0	7282
2010-11	573	598	589	583	579	579	547	558	530	547	537	552	504	0	7276
2011-12	573	598	589	583	579	580	572	542	559	542	534	553	492	0	7296
2012-13	573	598	589	583	579	580	573	567	543	572	529	550	493	0	7329
2013-14	573	598	589	583	579	580	573	568	538	555	558	545	490	0	7329
2014-15	510	527	522	514	511	508	507	505	539	576	528	555	476	0	6778

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



KETTERING CITY SCHOOL DISTRICT, OHIO

DIRECTORY OF SCHOOL FACILITIES JUNE 30, 2005

Facility	Address	Administrator	Grades	2004-2005 Enrollment
Beavertown Elementary School	2700 Wilmington Pike	Mr. Mike Kozarec	K-5	354
Greenmont Elementary School	1 East Wren Circle	Mr. Timothy Johnson	K-5	346
Indian Riffle Elementary School	3090 Glengarry Drive	Ms. Debbie Beiter	K-5	435
J. F. Kennedy Elementary School	5030 Polen Drive	Mr. George Caras	K-5	537
Moraine Meadows Elementary School	2600 Holman Street	Ms. Margaret Engelhardt	K-5	152
Oakview Elementary School	4001 Ackerman Boulevard	Dr. Ronald Sinclair	K-5	565
Orchard Park Elementary School	600 East Dorothy Lane	Mr. David Timpone	K-5	290
J. E. Prass Elementary School	2601 Parklawn Drive	Mr. Richard Bowden	K-5	348
Southdale Elementary School	1200 West Dorothy Lane	Dr. Valerie Browning	K-5	384
Kettering Middle School	3000 Glengarry Drive	Dr. Kyle Ramey	6-8	1,099
Van Buren Middle School	3775 Shroyer Road	Mr. Matthew Rugh	6-8	676
Kettering Fairmont High School	3301 Shroyer Road	Dr. James Schoenlein	9-12	2,454
Buildings and Grounds Department	2636 Wilmington Pike	Mr. Thomas Lee		
Transportation and Bus Garage	2640 Wilmington Pike	Ms. Pamela Dolence		
Central Administration Building	3750 Far Hills Avenue	Superintendent Dr. Robert Mengerink		

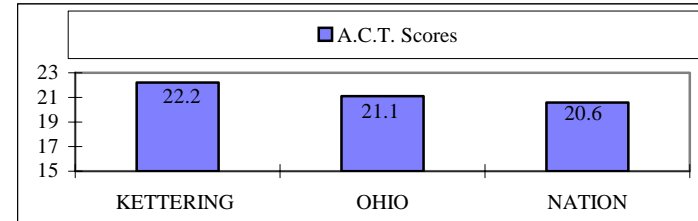
Source: Kettering City School District records.

KETTERING CITY SCHOOL DISTRICT, OHIO

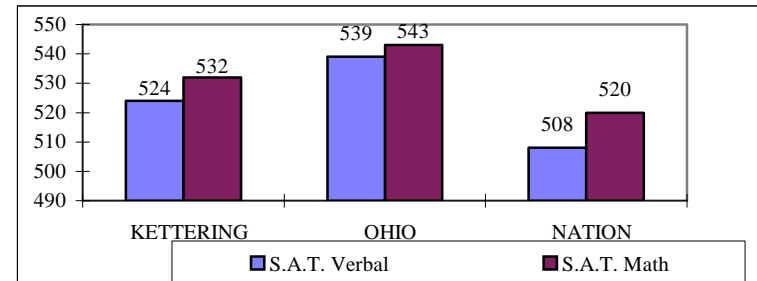
STUDENT TEST SCORES SUMMARY JUNE 30, 2005

PROFICIENCY TEST	PERCENT MEETING STATE STANDARDS		
	4TH GRADE (1)	6TH GRADE (1)	9TH GRADE (1) (2)
WRITING	81%	88%	90%
READING	87%	80%	96%
MATHEMATICS	77%	79%	93%
CITIZENSHIP	81%	87%	92%
SCIENCE	81%	82%	89%

AMERICAN COLLEGE TEST (ACT) (3) (4)	SCORE
KETTERING	22.2
OHIO	21.1
NATION	20.6



SCHOLASTIC APTITUDE TEST (SAT) (5)	MEAN SCORE
VERBAL	
KETTERING CITY	524
OHIO	539
NATION	508
MATHEMATICS	
KETTERING CITY	532
OHIO	543
NATION	520



Source: Kettering City School District Records.

- (1) Percentages represent Kettering City students scoring at or above the State passing standard for each of the five sub-tests.
- (2) The 9th grade Proficiency Test is administered to students in the 8th grade.
- (3) Required for admission to Ohio colleges and universities
- (4) Represent district's most recent figures, which are 2004-05 test scores.

KETTERING CITY SCHOOL DISTRICT, OHIO

MISCELLANEOUS STATISTICS JUNE 30, 2005

Date Formed	June 26, 1841
Form of Government	Five member Board of Education
Population	61,940
Area	21.3 Square Miles
Full-time Equivalent Staff	1,070
Certificated (FTE)	620
Classified (FTE)	450
Average Years Teaching Experience	13.9
Average Teacher Training	Master's Degree
Student Enrollment	7,640
Facilities	15
Elementary Schools (K-5)	9
Middle Schools (6-8)	2
Senior High School (9-12)	1
Maintenance Building	1
Transportation Building	1
Central Office/Adult School	1
Cost per Pupil	\$9,434

Sources:

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



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 9, 2006**