



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

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**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2002**

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 Distribution Program	10.550	N/A		\$124,079		\$115,225
National School Breakfast Program	10.553	05-PU-2001 05-PU-2002	\$15,060 41,604		\$15,060 41,604	
Total National School Breakfast Program			56,664		56,664	
National School Lunch Program	10.555	LL-P1-2001 LL-P1-2002	100,332 315,247		100,332 315,247	
Total National School Lunch Program			415,579		415,579	
Total Nutrition Cluster			472,243	124,079	472,243	115,225
Child Care Food Program	10.558	16-CP-2001 16-CP-2002	1,159 10,785		1,159 10,785	
Total Child Care Food Program			11,944		11,944	
Total United States Department of Agriculture			484,187	124,079	484,187	115,225
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed through Ohio Department of Education</i>						
Adult Education	84.002	AB-S1-2002	33,017		33,017	
Special Education Cluster:						
Special Education Grant to States (IPEA Part B)	84.027	6B-SF-2001-P 6B-SF-2002-P	76,873 435,718		100,526 407,001	
Total Special Education Grant to States (IPEA Part B)			512,591		507,527	
Special Education - Preschool Grants	84.173	PG-S1-2001 PG-S1-2002	(2,651) 7,350		621 5,769	
Total Special Education - Preschool Grants			4,699		6,390	
Total Special Education Cluster			517,290		513,917	
Title I Grant to Local Educational	84.010	C1-S1-2001 C1-S1-2001-C C1-S1-2002	39,290 8,728 345,352		71,935 312,559	
Total Title I Grant to Local Education			393,370		384,494	
Safe and Drug Free Schools and Communities	84.186	DR-S1-2000 DR-S1-2001 DR-S1-2002	(783) 5,419 32,815		1,245 6,035 26,531	
Total Safe and Drug Free Schools and Communities			37,451		33,811	
Even Start	84.213	EV-T0 2001 EV-T0 2002	143,387		39,094 138,415	
Total Even Start			143,387		177,509	

KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2002

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 EDUCATION						
<i>(Continued)</i>						
<i>Passed through Ohio Department of Education</i>						
<i>(Continued)</i>						
Eisenhower Professional Development	84.281	MS-SI-1998	(1,198)		2,379	
		MS-SI-2000			1,111	
		MS-SI-2001			815	
		MS-SI-2002	11,875			
Total Eisenhower Professional Development			10,677		4,305	
Innovative Education Programs Strategies	84.298	C2-S1-2000	38,668		6,990	
		C2-S1-2001			13,705	
		C2-S1-2002	15,142		3,032	
Total Innovative Education Programs Strategies			53,810		23,727	
Class Size Reduction	84.340	CR-S1-2000	19			
		CR-S1-2001	7,377		11,602	
		CR-S1-2002	35,127		97,512	
Total Class Size Reduction			42,523		109,114	
<i>Passed through Centerville City School District</i>						
Vocational Education - Carl Perkins	84.049	20-AO 2001			24,495	
		20-AO 2002	78,306		4,417	
Total Vocational Education - Carl Perkins			78,306		28,912	
Total United States Department of Education			1,348,499		1,308,806	
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES						
<i>Passed through Montgomery County</i>						
<i>Educational Service Center</i>						
Medical Assistance Program	93.778	N/A	5,180		5,180	
UNITED STATES DEPARTMENT OF LABOR						
<i>Passed through Ohio Department of Education</i>						
School to Work	17.249	WK-BE 2000	30,313		27,314	
Total Federal Assistance			\$1,868,179	\$124,079	\$1,825,487	\$115,225

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
JUNE 30, 2002**

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

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 the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL 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 Kettering City School District (the District) as of and for the year ended June 30, 2002, and have issued our report thereon dated December 11, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 11, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 11, 2002.

Kettering City School District
Montgomery County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the management, Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

December 11, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR FEDERAL PROGRAMS AND 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 (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 are applicable to each of its major federal programs for the year ended June 30, 2002. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. 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 obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that 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, Kettering City School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year June 30, 2002.

Internal Control Over Compliance

The management of the District 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 have a direct and material effect on a major federal program in order 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.

**Internal Control Over Compliance
(Continued)**

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 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 that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Federal Awards Receipts and Expenditures

We have audited the general-purpose financial statements of the District as of and for the year ended June 30, 2002, and have issued our report thereon dated December 11, 2002. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

This report is intended for the information and use of the management, Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Jim Petro
Auditor of State

December 11, 2002

**KETTERING CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
JUNE 30, 2002**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

KETTERING CITY SCHOOL DISTRICT

KETTERING, OHIO



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

KETTERING CITY SCHOOL DISTRICT

KETTERING, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2002



PREPARED BY: OFFICE OF THE TREASURER

STEVEN G. CLARK
TREASURER

KETTERING CITY SCHOOLS

BOARD OF EDUCATION



James S. Trent,
President



Sally Roush Brown
Vice President



M. Christina Manchester
Board Member



Julie A. Gilmore
Board Member



George Bayless
Board Member

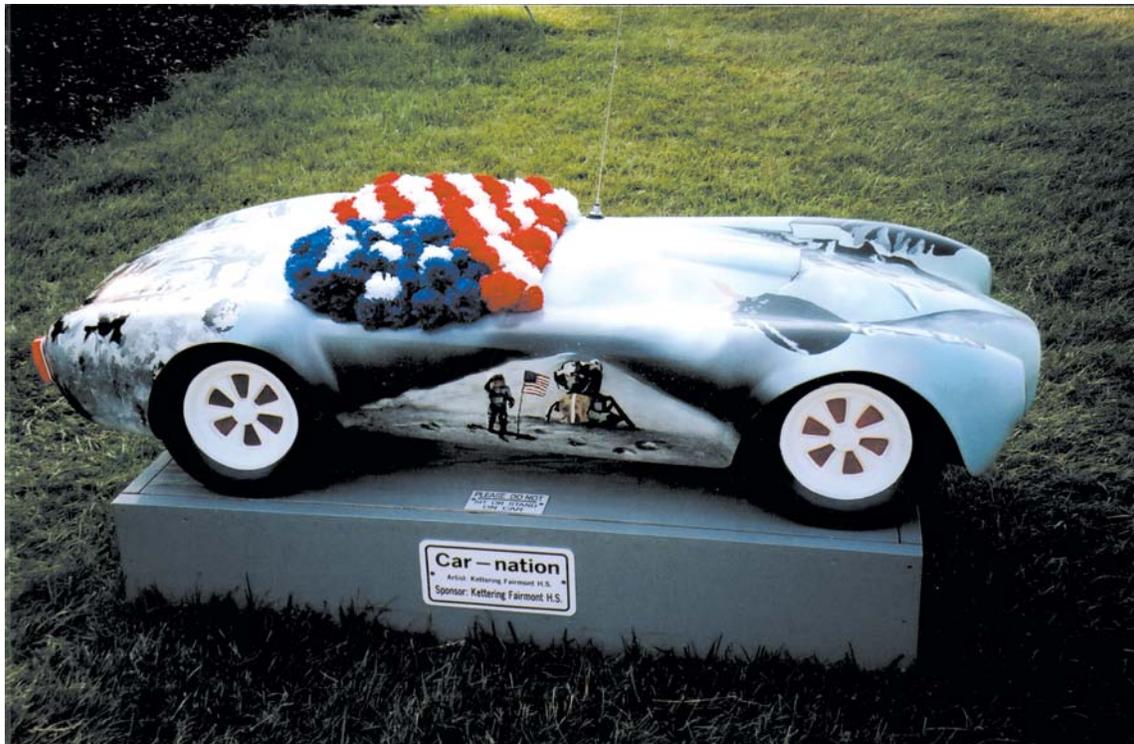


Dr. Robert Mengerink
Superintendent



Steven G. Clark
Treasurer/CFO

INTRODUCTORY SECTION



KETTERING CITY SCHOOL DISTRICT



KETTERING CITY SCHOOL DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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Kettering City School District

Steven G. Clark, Treasurer
3750 Far Hills Avenue
Kettering, Ohio 45429

December 11, 2002

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

We are pleased to present the eighth Comprehensive Annual Financial Report (CAFR) of the Kettering City School District for the fiscal year ended June 30, 2002. 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 and account groups 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 governmental entities.

The CAFR is presented in three sections:

Introductory Section - This section introduces the reader to the report and includes the table of contents, this transmittal letter, the Certificates of Excellence in Financial Reporting, the District's organizational chart and lists of principal and elected officials.

Financial Section - This section includes the unqualified opinion letter of our independent auditors, the Ohio Auditor of State, the general purpose financial statements and the combining and individual fund and account group financial statements and schedules.

Statistical Section - The information presented in this section is designed to reflect social and economical data, financial trends and the fiscal capacity of the District presented on a multi-year basis for comparative purposes.

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

This report includes all funds and account groups 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.

Serving The Children



Of Kettering And Moraine

HISTORY AND BACKGROUND

The year 2002 marked the 161st year of existence for the Van Buren Township/ 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. This move was spearheaded by then Superintendent Dwight L. Barnes and Assistant Superintendent J. E. Prass. The exempted village status precluded the proposed Delco annexation by Dayton and secured the area for Van Buren/Kettering.

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

The City of Kettering and hence the Kettering City School District were named in honor of Charles F. Kettering, the noted inventor of the automobile self-starter and holder of more than 150 patents. Together with Edward A. Deeds, Mr. Kettering formed a partnership in 1909, known as the "Barn Gang" since they, and other engineers, worked in Deeds' barn. That 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 department 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 7,751 (approximately 199 from Moraine) enrolled in nine elementary schools, two middle schools and one high school during the 2001-02 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 Board of Education passed a resolution to change the name of the school district from the Kettering-Moraine 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.

The Board members on June 30, 2002 were as follows:

George Bayless
M. Christina Manchester
Julie Ann Gilmore
Sally Roush Brown
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 2001. 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 2002. Kettering's unemployment rate for 2001 was 2.2% compared to rates of 4.3% for Montgomery County, 4.3% for the State of Ohio and 4.8% for the United States.

Kettering's broad range of businesses includes several major employers. The largest of these is Delphi Automotive Systems, a former division of General Motors, employing about 2,600 people in Kettering. Since spinning off from General Motors early in 1999, Delphi Automotive Systems' financial future continues to improve. The Kettering facility will be a key manufacturing site for the company's new Magnetite suspension system. The new system utilizes the very latest in technology and will be produced for a North American customer in 2002 with a second contract to be fulfilled in 2003. Also, the company is expanding the Kettering plant's production capability for the Continuously Variable Real Time Damping System, another product that should make Kettering more competitive. It appears that the company and its employees are very serious about plans that they agreed to in 1998 to make the plants profitable again.

The progress that has been made since the spin-off has been a win-win situation for Kettering and the entire Miami Valley.

The City's second largest employer is the Kettering Medical Center (KMC) employing about 2,500 people. During 1999, Kettering Medical Center and Grandview Hospital completed the merger that began three years ago. Hospital officials said that the public can expect more coordinated care at all of the new hospital's facilities, improved access to KMC and Grandview under the expanded system and financially stronger institutions. Both KMC and Grandview are profitable institutions and officials believe that the combined hospitals will be even more profitable in future years through the efficiencies they project will result from the merger. With the merger complete, Kettering Medical Center underwent significant capital improvements to its Kettering Facility. The improvements include construction of a 10,500-square-foot addition to the administrative wing and a four-story, 19,500 square foot addition to the south end of the main hospital to accommodate 40 new beds and to allow relocation of the helipad. Also, a four-story, 172-car parking garage addition is under construction, as well as a four-story, 74,100-square-foot addition to the Kettering College of Medical Arts facility. It would appear that KMC is continuing to look to the future with an emphasis on meeting the changing needs of the healthcare industry and improving the effectiveness of all patient services.

Kettering's future economic outlook continues to look promising. The emphasis by the City through a number of different efforts on economic development both within Kettering and regionally is a high priority. The City's Assistant to the City Manager for Economic Development is responsible for promoting Kettering as a good place to do business for new businesses, as well as existing Kettering businesses. It seems that the business community agrees. Reynolds and Reynolds, a Fortune 1000 company based in Dayton since 1866, is currently building its Phase II facility in the Miami Valley Research Park. This 350,000 square foot facility will employ over 800 and is a very nice complement to its existing 250,000 square foot facility employing over 700. The City also began redevelopment of Governor's Place (the former Hills and Dales Shopping Center) by demolishing the building and creating a site plan during 2000. Heapy Engineering will be the first owner on the site with a new 40,000 square foot facility housing more than 100 employees. Circuit Pak, a producer of circuit boards, is building a new 45,000 square foot facility adjacent to the new School of Advertising Arts. Also, UnitedHealthcare announced that it will bring 300 jobs to a new claims center at the Miami Valley Research Park.

In addition to the more significant expansions and additions in the Kettering business community, over 70 small businesses opened and expanded in Kettering creating over 700 jobs.

Economic Conditions and Outlook (Moraine)

The local economy remained stable in 2001. Income tax, the City's largest revenue source, increased by more than 4.2 percent in 2000, and overall revenues increased by over 9.0 percent. The majority of this increase came through increased income taxes, investment earnings and admissions from the new water park and recreation center. Overall employment remained strong and stable. Some of the highlights for the year are described below:

DMAX, a joint effort between ISUZU Motors and General Motors, which completed construction of a 650,000 square foot diesel engine manufacturing and testing facility late in 1999 is running ahead of schedule on operations and adding employees. Construction of a 200,000 square foot facility for R & N Management, a supplier for General Motors, was completed in summer 2001. These projects and several others will help create new jobs and retain current jobs in Moraine.

In early 2001, Delphi publicly announced that a significant number of jobs would be lost at their locations in the City of Moraine. The City is working closely with Delphi to retain as many jobs as possible. The City

continues to be aggressive in economic activities to attract new businesses and maintain the businesses already located within the City.

There were six new businesses, which moved into Moraine during the year. In addition to the new businesses, several of the existing businesses expanded during 2000.

During the year, there were seventy-five single-family home permits and no multi-family apartment permits issued. There were 221 building permits issued during the year with a total construction value of over \$15.1 million.

With the activity that is currently going on, the City continues to look forward to continued business and residential growth over the coming years.

EMPLOYEE RELATIONS

The Board employs 989 full-time-equivalent (FTE) employees (including non-teaching personnel). Of the Board's current employees, 592 (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 and 285 of whom hold advanced degrees. The starting salary for a teacher with a bachelor's degree for the period beginning August 1, 2001 was \$30,234. The maximum teacher salary in 2001-2002 for a master's degree was \$59,941 with 28 years longevity.

516 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, 2000 and expires May 31, 2003.

All of the Board's 397 (FTE) classified employees except the classified administrators (11) and exempted clerical staff (8) 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 ("AFSCME"). The present contract between the Board and OAPSE became effective August 1, 2000 and expires July 31, 2003.

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

At its meeting on September 25, 2000 the Kettering Board of Education approved the district's Continuous Improvement Plan, or CIP. The development of a district CIP is required by the state legislature for any school district that is either a Continuous Improvement, Academic Watch or Academic Emergency district, as categorized on the State Report Card.

In its latest State Report Card, the Kettering Schools achieved 19 of the 27 Indicators, putting the district in the Continuous Improvement category. As a result, the district began the process of developing CIPs at the district level and at the individual school and/or department levels. The building-level plans are intended to compliment efforts to meet the goals of the district CIP.

The following are the four goals of the Kettering City Schools District's Continuous Improvement Plan, as well as Performance Indicators and the Strategies for meeting each goal. Progress on each goal will be regularly monitored by building principals, department directors, central office administrators and the Board of Education.

Goal #1

Within one year (June 2003), the Kettering City Schools will annually receive an Effective Performance Accountability Rating on the Ohio Department of Education's Report Card.

Performance Indicators

- Proficiency Test Scores, at all levels where testing is required, will exceed the state minimum standard by June 2003.
- By June 2003, a minimum of 90 percent of the students in the Kettering City Schools will graduate with their cohort
- By June 2003, the attendance rate for the Kettering City Schools will be a minimum of 93 percent.
- There will be minimum 3% gain in each of the proficiency tests target areas annually. (Target Area = Proficiency Test area that did not meet state minimum standards the previous year.

Strategy

With the leadership of the building administrators, action plans will be developed at the building level that will enhance the opportunity for the Kettering City School District to obtain and maintain an Effective rating as designated by the Ohio Department of Education.

Goal #2

Our District practices, structures and policies will support improvement of teaching and learning for all children.

Performance Indicators

- Every employee will be encouraged to take part in a variety of professional development activities each academic year.
- Financial resources will be allocated to support these opportunities.
- By January 18, 2002, the assessment of the Instructional Services Department and recommendations for revision will be presented to the Board of Education.
- By April 2002, the Observation and Evaluation report will be shared with the Superintendent.

Strategies

- Staff development opportunities will be developed at the district and the building level.
- Instructional Services Department will be assessed to determine effectiveness and efficiency.
- Teacher observation and evaluation processes will be examined for effectiveness.
- The Kettering City Schools will teach the whole child, supporting programs in such areas as the arts, athletics, a wide range of extra-curricular activities and guidance and career-related programs.

Goal #3

The Kettering Schools will continue to develop partnerships and linkages with community members in order to identify our schools as centers of community wide learning.

Performance Indicators

- By June 2003, all schools will have at least one formal community/business partner.
- By June 2003, all schools will develop a system to quantify all formal and informal community linkages.
- By June 2003, all schools will develop a system to tabulate volunteer activities.
- By June 2003, the district will have in place a more thorough system to publicize opportunities for volunteers, to survey the effectiveness of volunteers and to share the positive results of volunteers in our schools.
- By June 2003, the principal and supervisor of each building will develop a list of existing and expanded ways that our schools and facilities have been and can be used by community members or agencies.

Strategies

- The district will investigate the possibility of employing a district wide, part-time volunteer coordinator
- The district will expand ways to re-connect community members with our school district by making school facilities and programs more accessible.

Goal #4

Annually, the Kettering City Schools will increase the use of existing and emerging electronic technologies to improve teaching and student performance and to provide universal community access to district curriculum, instruction and information.

Performance Indicators

- By August 2002, the district's curriculum guides will include grade-level technology performance objectives.
- By June 2003, electronic communications throughout the district and from school-to-home will be used regularly by employees.
- By June 2003, staff-maintained web pages will be linked to the district web site.
- By August 2003, an electronic reporting system will be used for student records.

Strategies

- Technology performance objectives will be integrated into the current K-12 curriculum
- All district employees will be encouraged to use the telecommunication network for district news and for school/home communication.
- All staff members will be encouraged to use classroom web pages to distribute school information and to provide curriculum and instruction to the students and community.
- All staff members will be encouraged to use student management software for attendance and grades.
- Opportunities for technology staff development will be incorporated into the district's professional development plan.

For the Future

The Kettering City Schools have always had in place a Mentorship Program designed to assist both new teachers just entering the field and teachers new to the district in acclimating themselves to teaching as a profession and to the Kettering Schools as a place of professional employment.

In recent years, the research of Charlotte Danielson into the methods of effective teaching has resulted in the development of a framework that evaluates teachers and their teaching abilities. This framework – which includes the four “Domains” or Interpersonal Relationships, Processional Activities, Classroom Management and Curriculum and Instruction – has been adopted by the Ohio Department of Education as an assessment tool to evaluate beginning teachers.

Beginning with the 2002-03 school year, every beginning teacher in Ohio will be evaluated after their first year of teaching and will be required to achieve a minimum score on this evaluation in order to receive their professional license.

In response to this new method of new teacher evaluation, the Kettering City Schools is in the process of re-designing its Mentorship Program. “A new teacher just out of college is going to be required to pass this test in order to achieve professional licensure. It only makes sense that we place these beginning teachers with mentors who have been trained to understand this same framework of “Effective Teaching and the Four Domains” that are a part of that evaluation process, says Frank Spolrich, director of human resource services for the Kettering Schools.

The district’s new Mentorship Program will be divided into two levels. The first level will essentially mirror the district’s current program in that it will pair a veteran mentor with an experienced teacher who is new to the district. The mentor will provide support to the teacher. However, this level of the program will be less intense than the second level of the Mentorship Program, which will be specifically designed for new teachers just entering the field.

While this second level will include those important factors of support and socialization for the new teacher, it will also focus more intently on teaching and instruction during that first year. “We are in the process of training a group of teachers to serve as mentors for this second level of the program,” says Mr. Spolrich. “It is going to become increasingly important that our beginning teachers are paired up with a mentor who “talks the same talk” and “walks the same walk” as the new teacher. The goal of this new mentorship program will be to assist that beginning teacher through his or her first year as they work toward the successful completion of the assessment and, ultimately, toward the achievement of professional licensure.”

Fourth-Grade Proficiency Test Improvement

Designed to test a student’s proficiency in the areas of fourth-grade reading, writing, math, science and citizenship, the Fourth-Grade Proficiency Test took on new meaning in 1999, when the Ohio Legislature enacted the “Fourth-Grade Guarantee.” This “Guarantee” says that a student who does not pass the reading portion of the Fourth-Grade Proficiency Test may not matriculate to the fifth grade, at the discretion of the building principal and the child’s teacher.

With a commitment to reading proficiency, the Kettering Schools began actively participating last year in the Miami Valley Reads program, which is the locally based extension of Gov. Bob Taft’s statewide initiative, Ohio Reads. This year, with renewed emphasis on improvement in all areas of the Fourth-Grade Proficiency Test, the district’s Elementary Education Director initiated a Fourth-Grade Teacher Proficiency Summit and held work sessions with all of the elementary principals. During these sessions a representative group of fourth-grade teachers - working with principals and under the guidance of the elementary education director - developed both short and long-term improvement strategies that include:

-
- 1) Placement of a classroom aide at each elementary building - A classroom aide will work at each of the district's nine elementary buildings for the equivalent of four hours per day from November 1 to March 30. These aides will work one-on-one or in small groups with those students recommended by the classroom teachers. Their expertise, coupled with data from the off-grade proficiency test will aid the teachers in identifying those students who could best benefit from this type of small-group intervention and improve upon their performance on the Fourth-Grade Proficiency Test.
 - 2) Curriculum mapping - Twelve of the district's 29 fourth-grade teachers have less than two years of experience teaching fourth grade, and seven of these 12 are first-year teachers. With this in mind, the curriculum department talked with a group of fourth-grade teachers to determine when various learning outcomes are emphasized in relation to the administration of the Proficiency Test. "What we wanted to find out when we talked to the 'veteran' fourth-grade teachers was an idea of when they teach what they teach to their students so that they are really hitting on those major items that are covered on the Proficiency Test," says Norm Knowlton, Elementary Education Director. "After we did that, then we were able to come up with organizational tips for all of our fourth-grade teachers so that they have a better idea of what should be emphasized prior to the administration of the Proficiency Test. This is not to say that other items are not important to the student's learning, but rather, that some of these things can be taught in April and May, after the test has been given.
 - 3) Proficiency Vocabulary - In order to answer a question correctly, a student needs to correctly understand the question. In other words, if the vocabulary used in a question on the test is not clearly understood by the student, chances are they won't do as well as they would if the words were familiar to them. With this in mind, a group of fourth-grade teachers developed a "Proficiency Vocabulary Book" that includes a listing of words used on the test that may not be familiar to a student. The book has been distributed to every elementary building, and all teachers and other staff members are using the different words in everyday conversation with students so that they get used to the words and will better understand their meanings if they encounter them on the Proficiency Test.
 - 4) Summer School - In addition to the mandated summer proficiency intervention for third and fourth-grade students who don't score well on the reading portion of the test, individual summer school programs will also be designed by each school. According to Mr. Knowlton, the goal will be to give the teachers and principals the opportunity to help build the type of summer program that will best suit the needs of their students. "For some that may mean a kind of summer school 'boost' right before the next school year starts, for others it might mean a program that last all summer long. This is something that we will be working on and developing with our teachers and principals over the remainder of the school year," he says.
 - 5) Technology - This will include two components: Increased technology education for teachers and improved hardware and software in the school buildings. "Our teachers want to do more with technology and to better integrate it into the different subject areas," says Mr. Knowlton. "In order to do this, we'll need to enhance our computer hardware so that it can handle the new software that is available to teachers today. We'll also need to provide ongoing education so that our teachers can better integrate technology into the curriculum and can do so in a way that maximizes the education and learning potential of the technology."

Graduation Rate Improvement

Over the past four years, the Kettering City School District has cut its drop-out rate almost in half, and is committed to working toward even greater improvement as the secondary curriculum department - in partnership with the secondary principals - continues several successful initiatives and works toward implementation of one new one.

“One of the first things we tried to do at Fairmont when we made the commitment four years ago to really tackle the drop-out problem was to work at making the high school a friendlier, more welcoming and inviting place for our students,” says Dr. Schoenlein, Director of Secondary Education and former principal of Kettering Fairmont High School. “A huge, mall-like high school can be a very impersonal place, and it’s absolutely devastating for at-risk students. What we had to do was look at things we could do to make our big school seem ‘smaller’ and more friendly for all of our students.”

To accomplish this, says Dr. Schoenlein, the staff at Fairmont High School put in place these successful initiatives over the past few years:

- **Advisory Periods** - A group of about 20 students is assigned to each teacher for the four years the student is at Fairmont. “That advisor is there to just listen and give advice, when asked,” says Dr. Schoenlein. “The advisor isn’t the one who grades that student or disciplines him. Instead, he’s there simply to serve as that student’s advocate, and this has proven to be very successful for all of our students.
- **Emphasis on Career** - We have a theme at the high school, that goes like this: “What are you going to do and be someday?” says Dr. Schoenlein. “Our goal is to give kids direction and focus. This, in turn, gives meaning to what they do in class every day.”
- **A Strong Career Tech Program** - The Career Tech Program at Fairmont High School has exploded in the past five years, with opportunities for students to take Tech Prep courses in everything from engineering technology to allied health. “Our career tech program has grown into an extremely successful and viable option for students at the high school,” says Dr. Schoenlein.
- **A Sense of Belonging** - The administration and staff at Fairmont High School are trying very hard to cause each and every student to feel that Fairmont is their school by recognizing them, awarding them and rewarding them and by inviting and encouraging them to take part in all facets of school life. For example, attendance at the Homecoming Dance has increased from 550 to 1200 students in the last four years.

The new initiative that Dr. Schoenlein and the secondary staff are working on is an Alternative School. The program will have five main components: work experience, community service, Proficiency Test tutoring, classroom and individual instruction. The establishment of an Alternative School is recognition on the part of the district that the traditional seven-hour school day is not always the best option for every young person out there.

It is, says Dr. Schoenlein, “a realization that we need to be more flexible and more willing to accommodate the lifestyles of some of our students if we are going to help them get that high school degree.

In the event that this five-component program does not work for a student, the alternative program will serve as a “home schooling” resource for the student. “There are a number of ways that a student can get an education, including the Nebraska Plan, the American School diploma and ECOT, which is the Electronic Classroom of Tomorrow,” says Dr. Schoenlein.

“The whole issue of student drop outs is a ‘big-picture’ issue, and there are a lot of pieces to the puzzle - a lot of reasons why kids drop out and a lot of things that we can do to try to help them.” “Our goal as educators should be to help all students find their place in society, to become productive workers, respectful people and responsible citizens. What we’ve done over the past four years to become more student-centered and more career-focused has helped us cut our drop-out rate in half,” says Dr. Schoenlein. “With the alternative program, I really believe that we’ll be able to equip all of our students with the knowledge, skills and attitudes to be productive members of the community.”

DEPARTMENTAL FOCUS

When the Kettering Schools' Curriculum and Instruction Department began to look a few years ago at how it might reorganize to better meet the needs of both teachers and students, it looked toward districts in the area and throughout Southwest Ohio that had consistently performed well on the State Proficiency Tests.

The impetus for this study and research was based on the premise that the districts doing consistently well on these tests were operating with well-organized departments doing a good job of aligning their curriculum to the State Standards.

"We looked at districts that were doing as well as or better than we were on the standardized testing, year after year," says Norm Knowlton, director of Elementary Education. "We discovered that these were districts whose Boards of Education funded strong support within their curriculum and instruction departments. In all cases, this translated into establishing positions to provide that support."

A 'New' Curriculum and Instruction Department

After surveying and researching other districts, Knowlton and Jim Schoenlein, director of Secondary Education, presented a reorganization plan for the Curriculum and Instruction Department that was approved during the 2001-02 school year by the Kettering Board of Education and went into effect for the 2002-03 school year.

Under this new plan, four Kettering classroom teachers were hired into newly created "curriculum leaders" positions, three at the elementary level and one at the secondary level. Department chairperson supplemental positions were established at each of the district's nine elementary schools, one at the kindergarten-through-second-grade level; and one at the third-through-fifth-grade level (department chairperson positions already existed at the two middle schools and at the high schools.)

In addition, the district's gifted education coordinator and its educational technology specialist – serving grades K-12 – were realigned more closely under the Curriculum and Instruction Department, creating a stronger cohesiveness between these two positions and the rest of the curriculum team.

The Curriculum and Instruction Team

The Kettering City Schools District's current Curriculum and Instruction Department is organized as follows:

Director, Elementary Education
Norm Knowlton

Director, Secondary Education
Jim Schoenlein, Ed. D.

Curriculum Leader – Math & Science
Chris Goad

Curriculum Leader – Grades 6-12
Jill Kincer

Curriculum Leader – Language Arts
Helen Razor

Curriculum Leader – Social Studies, Title Programs
Early Childhood
Sue Ellen Fry

Gifted Education Coordinator
Dawn Cauldwell

Educational Technology Specialist
Doug Reffitt

Each member of the Curriculum and Instruction team working under Knowlton and Schoenlein was a classroom teacher in Kettering before taking over their current positions. This aspect, says Schoenlein, has proven invaluable to the successful operation of the department. "Because each of these individuals was just recently a classroom teacher, their credibility is very high out there in the buildings. This is very important because it helps foster strong communication between teachers and our curriculum staff and it contributes to the entire curriculum and instruction process."

Adds Knowlton, "Our new curriculum leaders all work out of the same office and have a lot of respect for each other. Consequently, we're seeing some great communication between our elementary and middle school curriculum leaders and teachers and between our middle and high school leaders and teachers. What this means is that the alignment of our curriculum – across the board – more closely mirrors the state standards and what is being assessed on the standardized tests."

While the true scope of the curriculum leader positions is much broader, in general, the four curriculum leaders share responsibility for the following:

- Assessment
- Developing and Reviewing Courses of Study
- Curriculum and Instruction Development
- Staff Development
- Standardized Testing
- Summer School Development and Operation
- Textbook Adoption Procedures

Each elementary curriculum leader is responsible for distinct subject areas and with meeting regularly with the respective department chairpersons in each of the nine elementary schools. This, notes science and math curriculum leader, Chris Goad, has probably been the most exciting part of the departmental reorganization. "Establishing these new positions shows a real understanding on the part of our Board of Education of how important it is to have support at the district level for a strong curriculum program," says Goad.

"What I have appreciated and what I think has been so beneficial with the reorganization of the department is that the improvement in communication among the different buildings has been wonderful. We can brainstorm on effective strategies and we, as the curriculum leaders, can be out there in the classrooms, every day, really supporting our teachers and their needs."

The ultimate goal of the Curriculum and Instruction Department is to develop and oversee strong curricular programming that promotes learning and fosters continual improvement on the State Proficiency Tests. "Our goal, certainly, is to reach that 'excellence' rating on the State Report Card," says Knowlton.

At the same time, adds Schoenlein, the Curriculum and Instruction Department never loses sight of what he deems the broader mission of the team: "Our curriculum and instruction team is committed to providing a rich, diversified educational experience for all of our children. To that end, we hope we're helping our young people develop into productive workers, responsible family members, effective citizens and good and decent people."

FINANCIAL INFORMATION

The District's accounting system is organized on a "fund" basis. Each fund and account group 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 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 Funds, Capital Projects Funds, Expendable and Non-Expendable Trust Funds and Agency Funds, and for full accrual basis of accounting for all other funds. The District began a conversion to GAAP for financial reporting with the 1992 fiscal year.

INTERNAL CONTROL

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

SINGLE AUDIT ACT

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

The results of the District's single audit for the fiscal year ended June 30, 2001 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, with the exception of the Dental Insurance fund, are included in the annual appropriation resolution. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established by object of expenditure within an individual fund. 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.

GOVERNMENTAL FUNDS

The following table presents the table by source for the General Fund for the fiscal year ended June 30, 2002 and the percentage of increases and decreases in relation to prior year revenues.

Revenues	2002 Amount	Percent of Total	Increase (Decrease) From 2001	Percent of Increase (Decrease)
Taxes	\$48,038,743	74.43%	\$4,638,257	10.69%
Tuition and Fees	127,616	0.20%	9,429	7.98%
Transportation	226,815	0.35%	(31,079)	-12.05%

Earnings on Investments	874,434	1.35%	(660,096)	-43.02%
Intergovernmental	14,817,081	22.95%	3,669,418	32.92%
Extracurricular Activities	59,361	0.09%	(2,470)	-3.99%
Classroom Materials & Fees	10,571	0.02%	2,997	39.57%
Other Local Revenues	390,568	0.61%	(29,017)	-6.92%
Total Revenues	\$64,545,189	100.00%	\$7,597,439	13.34%

The 10.69% or \$4,638,257 increase in taxes was primarily due to the 3.2 mill additional operating levy passed by the voters on November 7, 2000 for collection beginning January 1, 2001. The 43.02% decrease in earnings on investments was due to the interest rates that continued to go down during fiscal year 2002. The \$3,669,418 increase in intergovernmental was due to an increase in allocations in most of our grants and an increase in State Foundation.

The following table presents the amount of expenditures by function for the General Fund for the fiscal year ended June 30, 2002 and the percentage of increases and decreases in relation to prior year expenditures.

Expenditures	2002 Amount	Percent of Total	Increase (Decrease) From 2001	Percent of Increase (Decrease)
Instruction:				
Regular	\$25,221,610	44.42%	\$1,645,387	6.98%
Special	3,985,233	7.02%	331,881	9.08%
Vocational	1,481,410	2.61%	(24,972)	-1.66%
Adult/Continuing	10,332	0.02%	(26,806)	-72.18%
Other	2,269,571	4.00%	778,738	52.24%
Support Services:				
Pupils	3,992,908	7.03%	303,880	8.24%
Instructional Staff	2,478,821	4.37%	220,606	9.77%
Board of Education	49,099	0.09%	209	.43%
Administration	4,709,537	8.29%	283,496	6.41%
Fiscal Services	1,370,038	2.41%	114,974	9.16%
Business	664,441	1.17%	(39,691)	-5.64%
Operation and Maintenance of Plant	5,695,882	10.03%	214,099	3.91%
Pupil Transportation	2,340,739	4.12%	281,404	13.66%
Central	980,705	1.73%	111,325	12.81%
Non-Instructional Services	631	0.00%	(652)	-50.82%
Extracurricular Activities	993,865	1.75%	65,795	7.09%
Facilities Acquisitions and Construction	58,884	0.10%	15,015	34.23%
Debt Services	478,819	0.84%	106,466	28.59%
Total Expenditures	\$56,782,525	100.00%	\$4,381,154	8.36%

The 8.36% increase in expenditures was due primarily to an increase in salaries of 3% in addition to the 1.5% increase required to finance annual salary step increments and salary increases for additional educational training. The increase of \$778,738 in other instruction was due to increase in tuition paid to the County. The increase of \$331,881 in special instruction was due to the change in State funding which now requires districts to pay for tuition for special students attending the County Program from the General Fund rather than the State paying the County directly.

With General Fund revenue exceeding expenditures by \$7,762,664, the District remains in a stable financial position and is projected to remain so for the next four fiscal years.

Special Revenue Funds

Special Revenue Funds account for certain revenue sources restricted by law or other formal actions to be expended for a specific purpose. The sources are primarily grants and entitlements. All Special Revenue Funds on a combined basis operated with \$4,210,855 in revenues and \$4,103,838 in expenditures in fiscal year 2002.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the government is obligated in some manner for the payment. It is also used to account for the accumulation of resources and payment of general obligation notes payable, as required by Ohio Law. The Debt Service Fund ended the 2002 fiscal year with a balance of \$1,123,191.

Capital Projects Fund

The District's Capital Projects Funds are used to account for the purchase of equipment and the financing of major improvement projects. District Capital Projects Funds ended the 2002 fiscal year with a balance of \$1,077,319.

Trust and Agency Funds And Nonexpendable Trust

Trust and Agency Funds require a fiduciary relationship in their management by the District. The Trust Fund currently carried on the records of the District represents an expendable trust for memorial, scholarship, and other special purposes requested by individuals or groups of individuals, and a non-expendable trust for the Charles Craig Memorial. The Agency Fund utilized by the District is a Student Managed Activities Fund. Agency Fund liabilities totaled \$76,204 as of June 30, 2002 for the Student Managed Activities.

Enterprise Funds

The District's Enterprise Funds are Food Service, Uniform School Supplies, Rotary Special Services, and Special Enterprise Funds. These funds are similar in nature to profit making activities found in the private sector and are managed accordingly. District Enterprise Funds operated in fiscal year 2002 with \$2,103,290 in operating revenue.

Internal Service Funds

The Internal Service Fund accounts for the District's Employee Benefits Self-Insurance which accounts for employee contributions for Section 125 Medical Reimbursement Benefits, and dental insurance which accounts for premiums received and the claims and administrative costs paid by the School District for employees. The Internal Service Fund showed retained earnings of \$193,786.

Debt Administration

At June 30, 2002, the District had three general obligation bond issues outstanding. The first, issued in 1994, is a general obligation bond issue to provide funds for the purpose of expanding and renovating Fairmont High, Oakview Elementary and Prass Elementary Schools. The principal balance of this issue at June 30, 2002 was \$13,330,000. The second, issued in fiscal year 1998, is a school energy conservation bond to provide funds for the purpose of energy efficient lighting, energy management system, and new boilers. The principal balance of this issue at June 30, 2002 was \$980,000. The third, issued during fiscal year 2001, is a school energy conservation improvement bonds for remodeling that would significantly reduce energy consumption in buildings owned by the District. The principal balance of this issue at June 30, 2002 was \$1,115,667. Under the current Ohio Revised Code, the District's general obligation bonded debt issuance's are subject to an overall direct legal debt limitation of 9% of the total assessed value of real and personal property or \$1,288,193,960 and an unvoted debt limitation of .1% of the total assessed valuation or \$1,288,194 for the District.

The District's current bond rating is A1.

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 and the Royal Insurance Company through the Brower Insurance Agency, P.L.L. Employee health insurance is provided by United Health Care and dental insurance is provided by a self-insured plan administered by CoreSource, a third party administrator. Additional information is presented in Note 8 to the General Purpose Financial Statements.

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, Joseph Deters, 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.

Interest earned for all Governmental and Fiduciary funds during the fiscal year was \$919,100 or approximately 1.3% of total revenues.

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, 2002. The auditor's report on the District's general purpose financial statements, combining and individual fund statements and schedules, is included in the financial section of this Comprehensive Annual Financial Report.

Awards

The Government Finance Officers Association of the United State 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, 2001. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of 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 five 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 fiscal year ended June 30, 2001. 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 six 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 and publication of this seventh Comprehensive Annual Financial Report would not have been possible without the cooperation and support of the entire staff of the Treasurer's Office and the Business Services Department. Sincere appreciation is extended to Rosalinda G. Revels and Diane Pence for their exceptional individual efforts and dedication to this achievement. A special thanks to Mr. Kenneth Lackey, and the Business Services staff; Community Relations Coordinator - Kari Harrell; Montgomery County Auditor's Office; Kettering City Finance Department; Moraine City Finance Department; and the State Auditor's Office for their special support.

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,



Steven G. Clark, Treasurer



Dr. Robert A. Mengerink, Superintendent

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Kettering City School
District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2001

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.



Timothy Druwe
President

Jeffrey L. Esser
Executive Director

**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, 2001

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

Clark J. Goldhall
President

Anna W. Keller
Executive Director

KETTERING CITY SCHOOL DISTRICT, OHIO
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2002

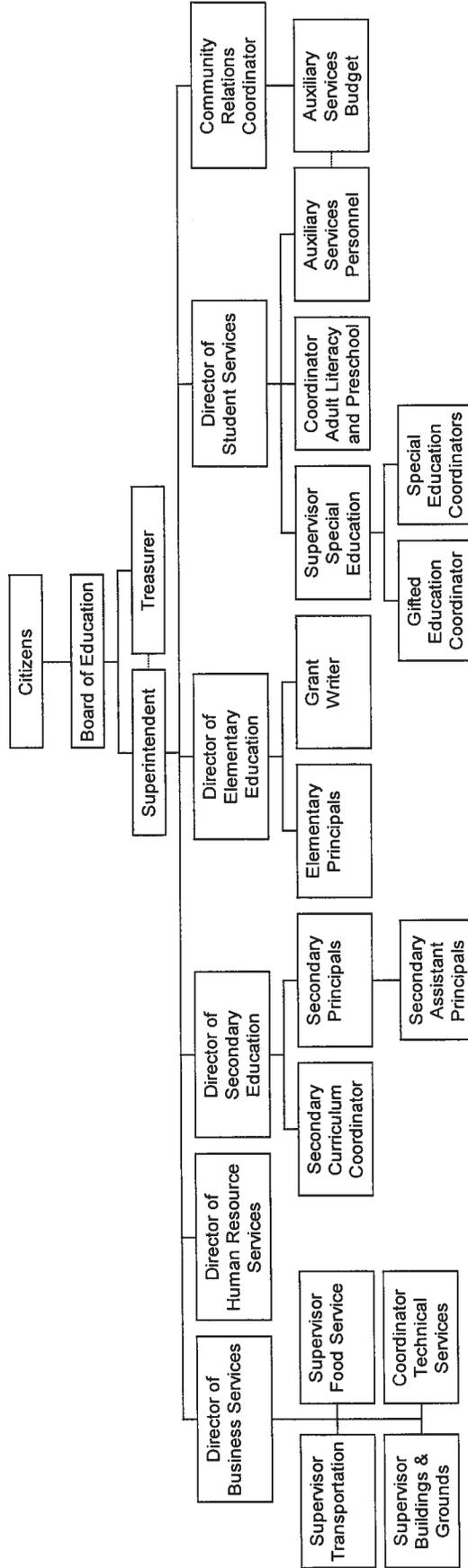
ELECTED OFFICIALS

PRESIDENT - BOARD OF EDUCATION	.....	MR. JAMES S. TRENT
VICE PRESIDENT - BOARD OF EDUCATION	.....	MRS. M. CHRISTINA MANCHESTER
BOARD MEMBER	.....	MR. GEORGE BAYLESS
BOARD MEMBER	.....	MISS JULIE ANN GILMORE
BOARD MEMBER	.....	MRS. SALLY ROUSH BROWN

ADMINISTRATIVE OFFICIALS

SUPERINTENDENT	.....	DR. ROBERT A. MENERINK
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 School District Organizational Chart



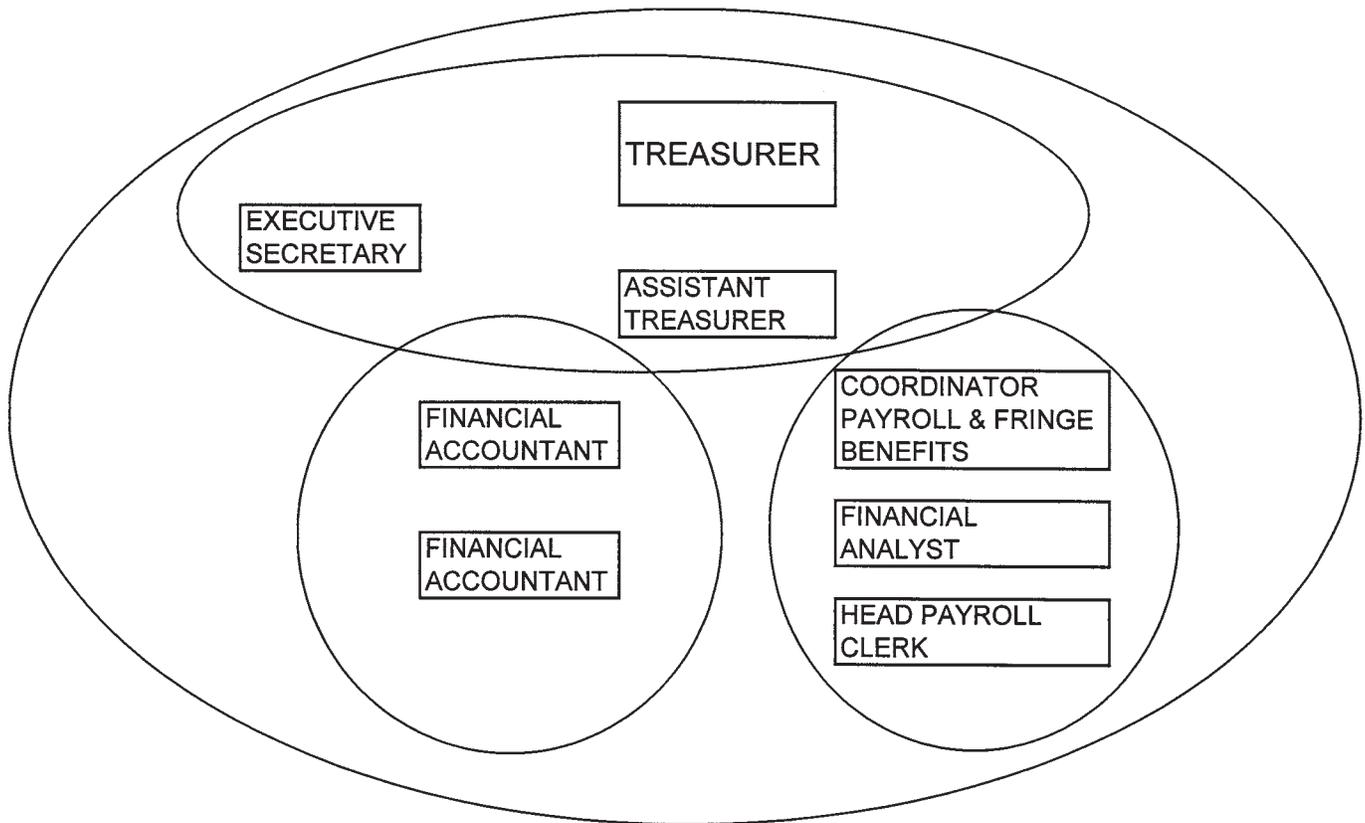
KETTERING CITY SCHOOL DISTRICT

OFFICE OF THE TREASURER

Steven G. Clark
Rosalinda G. Revels
Jill E. Lopez
Paula L. Calderone
B. Diane Pence
Denise Hargis
Robin Keogh
Sonia G. Dermis

Treasurer
Assistant Treasurer
Coordinator - Payroll & Fringe Benefits
Financial Analyst
Executive Secretary
Financial Accountant
Financial Accountant
Head Payroll Clerk

TEAM ORGANIZATION



FINANCIAL SECTION



KETTERING CITY SCHOOL DISTRICT





STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Kettering City School District, Montgomery County, (the District) as of and for the year ended June 30, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Kettering City School District, Montgomery County, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2002, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for additional analysis and are not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements. In our opinion, it is fairly stated in all material respects, in relation to the general-purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

Jim Petro
Auditor of State

December 11, 2002

GENERAL PURPOSE FINANCIAL STATEMENTS

The following general purpose financial statements, along with notes to general purpose financial statements, present an overview of the School District's financial position at June 30, 2002 and the results of operations and cash flows of its proprietary funds and non-expendable trust fund for the year then ended.

KETTERING CITY SCHOOL DISTRICT
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets:				
Equity in Pooled Cash and				
Cash Equivalents	\$18,725,898	\$1,627,983	\$880,575	\$1,012,524
Investment	5,681,711	0	0	0
Receivables:				
Taxes	41,558,740	0	1,054,314	702,181
Accounts	148,678	3,615	0	0
Accrued Interest	76,501	1,575	0	1,582
Intergovernmental	0	440,849	0	0
Due from Other Funds	71,945	0	10,319	0
Materials and Supplies Inventory	332,192	0	0	0
Inventory for Resale	0	0	0	0
Restricted Assets:				
Cash and Cash Equivalents;	0	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Debt	0	0	0	0
Total Assets and Other Debits	\$66,595,665	\$2,074,022	\$1,945,208	\$1,716,287
Liabilities, Equity and Other Credits				
Liabilities:				
Accounts Payable	\$581,696	\$80,396	\$0	\$70,224
Accrued Wages	5,983,680	272,060	0	0
Claims Payable	0	0	0	0
Compensated Absences Payable	0	0	0	0
Intergovernmental Payable	852,563	39,542	0	0
Due to Students	0	0	0	0
Due to Other Funds	0	71,945	0	10,319
Deferred Revenue	34,140,197	238,295	822,017	558,425
Capital Leases	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Premiums on General Obligation Bonds	0	0	0	0
Total Liabilities	41,558,136	702,238	822,017	638,968
Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	1,050,524	426,121	0	392,082
Reserved for Debt Service	0	0	1,123,191	0
Reserved for Charles Graig Memorial	0	0	0	0
Reserved for JE Prass Endowment	0	0	0	0
Reserved for Inventory	332,192	0	0	0
Reserved for Property Tax	7,418,543	0	0	143,756
Unreserved	16,236,270	945,663	0	541,481
Total Equity and Other Credits	25,037,529	1,371,784	1,123,191	1,077,319
Total Liabilities, Equity and Other Credits	\$66,595,665	\$2,074,022	\$1,945,208	\$1,716,287

See accompanying notes to the general purpose financial statements

Proprietary Fund Types		Fiduciary Fund Type	Account	Groups		
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	Total (Memorandum Only)	
\$797,080	\$388,363	\$151,401	\$0	\$0	\$23,583,824	
0	0	0			5,681,711	
0	0	0	0	0	43,315,235	
3,018	0	0	0	0	155,311	
590	31	95	0	0	80,374	
67,396	0	0	0	0	508,245	
0	0	0	0	0	82,264	
0	0	0	0	0	332,192	
44,718	0	0	0	0	44,718	
0	0	12,801	0	0	12,801	
153,476	0	0	40,043,290	0	40,196,766	
0	0	0	0	1,123,191	1,123,191	
0	0	0	0	20,635,651	20,635,651	
<u>\$1,066,278</u>	<u>\$388,394</u>	<u>\$164,297</u>	<u>\$40,043,290</u>	<u>\$21,758,842</u>	<u>\$135,752,283</u>	

\$11,018	\$0	839	\$0	\$0	\$744,173	
122,715	0	0	0	0	6,378,455	
0	194,608	0	0	0	194,608	
65,254	0	0	0	5,133,521	5,198,775	
45,093	0	0	0	360,303	1,297,501	
0	0	75,365	0	0	75,365	
0	0	0	0	0	82,264	
44,718	0	0	0	0	35,803,652	
0	0	0	0	365,849	365,849	
0	0	0	0	15,425,667	15,425,667	
0	0	0	0	473,502	473,502	
<u>288,798</u>	<u>194,608</u>	<u>76,204</u>	<u>0</u>	<u>21,758,842</u>	<u>66,039,811</u>	
0	0	0	40,043,290	0	40,043,290	
121,387	0	0	0	0	121,387	
656,093	193,786	0	0	0	849,879	
0	0	394	0	0	1,869,121	
0	0	0	0	0	1,123,191	
0	0	10,000	0	0	10,000	
0	0	2,801	0	0	2,801	
0	0	0	0	0	332,192	
0	0	0	0	0	7,562,299	
0	0	74,898	0	0	17,798,312	
<u>777,480</u>	<u>193,786</u>	<u>88,093</u>	<u>40,043,290</u>	<u>0</u>	<u>69,712,472</u>	
<u>\$1,066,278</u>	<u>\$388,394</u>	<u>\$164,297</u>	<u>\$40,043,290</u>	<u>\$21,758,842</u>	<u>\$135,752,283</u>	

KETTERING CITY SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Revenues:			
Taxes	\$48,038,743	\$0	\$1,210,044
Tuition and Fees	127,616	227,797	0
Transportation	226,815	0	0
Interest	874,434	20,004	0
Intergovernmental	14,817,081	3,279,593	121,839
Extracurricular Activities	59,361	528,127	0
Classroom Materials and Fees	10,571	39,124	0
Miscellaneous	390,568	116,210	0
Total Revenues	64,545,189	4,210,855	1,331,883
Expenditures:			
Current:			
Instruction:			
Regular	25,221,610	437,656	0
Special	3,985,233	471,016	0
Vocational	1,481,410	28,755	0
Adult/Continuing	10,332	39,526	0
Other	2,269,571	0	0
Support Services:			
Pupil	3,992,908	471,985	0
Instructional Staff	2,478,821	215,178	0
Board of Education	49,099	0	0
Administration	4,709,537	504,372	0
Fiscal Services	1,370,038	0	14,840
Business	664,441	0	0
Operation and Maintenance of Plant	5,695,882	28,378	0
Pupil Transportation	2,340,739	58,334	0
Central	980,705	68,990	0
Non-Instructional Services	631	1,303,847	0
Extracurricular Activities	993,865	475,801	0
Facilities Acquisitions and Constructions	58,884	0	0
Debt Service:			
Principal Retirement	371,064	0	250,000
Interest and Fiscal Charges	107,755	0	753,199
Total Expenditures	56,782,525	4,103,838	1,018,039
Excess of Revenues Over (Under) Expenditures	7,762,664	107,017	313,844
Other Financing Sources (Uses):			
Proceeds from Sale of Assets	16,454	0	0
Operating Transfers-In	0	13,500	0
Operating Transfers-Out	(13,500)	0	0
Total Other Financing Sources (Uses)	2,954	13,500	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	7,765,618	120,517	313,844
Fund Balances at Beginning of Year - See Note 3	17,270,134	1,251,267	809,347
Increase in Reserve for Inventory	1,777	0	0
Fund Balances at End of Year	\$25,037,529	\$1,371,784	\$1,123,191

See accompanying notes to the general purpose financial statements

Governmental Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
Capital Projects	Expendable Trust	
\$765,205	\$0	\$50,013,992
0	0	355,413
0	0	226,815
23,024	1,371	918,833
104,430	0	18,322,943
0	16,626	604,114
0	0	49,695
1,398	6,193	514,369
<u>894,057</u>	<u>24,190</u>	<u>71,006,174</u>
1,812	6,583	25,667,661
0	0	4,456,249
19,351	0	1,529,516
0	0	49,858
0	0	2,269,571
0	0	4,464,893
0	24,073	2,718,072
0	0	49,099
0	0	5,213,909
9,620	0	1,394,498
0	0	664,441
916,762	0	6,641,022
0	0	2,399,073
0	0	1,049,695
0	0	1,304,478
0	0	1,469,666
968,424	0	1,027,308
0	0	621,064
0	0	860,954
<u>1,915,969</u>	<u>30,656</u>	<u>63,851,027</u>
(1,021,912)	(6,466)	7,155,147
0	0	16,454
0	0	13,500
0	0	(13,500)
<u>0</u>	<u>0</u>	<u>16,454</u>
(1,021,912)	(6,466)	7,171,601
2,099,231	81,144	21,511,123
0	0	1,777
<u>\$1,077,319</u>	<u>\$74,678</u>	<u>\$28,684,501</u>

KETTERING CITY SCHOOL DISTRICT
 COMBINED STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET
 (NON-GAAP BASIS) AND ACTUAL - ALL GOVERNMENTAL
 FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	General Fund		
	Revised Budget	Actual	Over/Under
Revenues:			
Taxes	\$43,100,000	\$43,185,490	\$85,490
Tuition and Fees	130,000	127,616	(2,384)
Transportation	230,000	226,815	(3,185)
Interest	1,600,000	1,023,726	(576,274)
Intergovernmental	9,229,784	14,817,081	5,587,297
Extracurricular Activities	60,000	59,361	(639)
Classroom Materials and Fees	10,000	10,570	570
Miscellaneous	200,000	286,594	86,594
Total Revenues	54,559,784	59,737,253	5,177,469
Expenditures:			
Current:			
Instruction:			
Regular	25,343,106	25,338,502	4,604
Special	3,992,118	3,961,938	30,180
Vocational	1,543,628	1,539,913	3,715
Adult/Continuing	13,472	13,472	0
Other Instruction	2,290,379	2,398,936	(108,557)
Support Services:			
Pupil	4,168,773	4,153,321	15,452
Instructional Staff	2,552,216	2,511,156	41,060
Board of Education	71,940	54,916	17,024
Administration	4,825,790	4,744,239	81,551
Fiscal Services	1,430,573	1,403,856	26,717
Business	804,625	790,870	13,755
Operation and Maintenance of Plant	6,088,451	6,052,966	35,485
Pupil Transportation	2,459,173	2,452,517	6,656
Central	1,094,635	1,072,878	21,757
Non-Instructional Services	2,370	631	1,739
Extracurricular Activities	995,757	995,687	70
Facilities Acquisitions and Constructions	76,725	75,769	956
Debt Service:			
Principal Retirement	371,333	371,064	269
Interest and Fiscal Charges	107,755	107,755	0
Total Expenditures	58,232,819	58,040,386	192,433
Excess of Revenues Over (Under) Expenditures	(3,673,035)	1,696,867	5,369,902
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	16,454	16,454	0
Operating Transfers-In	0	0	0
Advances-In	0	0	0
Refund of Prior Year's Receipts	(1,034)	(1,034)	0
Operating Transfers-Out	(13,500)	(13,500)	0
Advances - Out	(71,460)	(71,460)	0
Total Other Financing Sources (Uses)	(69,540)	(69,540)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,742,575)	1,627,327	5,369,902
Fund Balances at Beginning of Year	19,784,720	19,784,720	0
Prior Year Encumbrances Appropriated	1,363,834	1,363,834	0
Fund Balances at End of Year	\$17,405,979	\$22,775,881	\$5,369,902

See accompanying notes to the general purpose financial statements

Governmental Fund Types

Special Revenue Funds			Debt Service Funds		
Revised Budget	Actual	Over/Under	Revised Budget	Actual	Over/Under
\$0	\$0	\$0	\$1,054,406	\$1,047,731	(\$6,675)
214,798	227,798	13,000	0	0	0
0	0	0	0	0	0
18,429	18,429	0	0	0	0
3,298,610	3,219,286	(79,324)	121,839	121,839	0
433,898	524,511	90,613	0	0	0
39,123	39,123	0	0	0	0
116,220	116,209	(11)	46,000	0	(46,000)
4,121,078	4,145,356	24,278	1,222,245	1,169,570	(52,675)
580,440	522,138	58,302	0	0	0
484,738	478,870	5,868	0	0	0
53,963	59,381	(5,418)	0	0	0
43,962	37,616	6,346	0	0	0
0	0	0	0	0	0
572,166	478,667	93,499	0	0	0
293,414	247,416	45,998	0	0	0
0	0	0	0	0	0
646,334	544,934	101,400	0	0	0
0	0	0	25,000	15,626	9,374
0	0	0	0	0	0
38,624	35,891	2,733	0	0	0
60,300	55,755	4,545	0	0	0
79,474	87,312	(7,838)	0	0	0
1,457,773	1,568,596	(110,823)	0	0	0
701,243	600,212	101,031	0	0	0
0	0	0	0	0	0
0	0	0	250,000	250,000	0
0	0	0	753,199	753,199	0
5,012,431	4,716,788	295,643	1,028,199	1,018,825	9,374
(891,353)	(571,432)	319,921	194,046	150,745	(43,301)
0	0	0	0	0	0
13,500	13,500	0	0	0	0
71,460	71,460	0	0	0	0
(25,097)	(25,097)	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
59,863	59,863	0	0	0	0
(831,490)	(511,569)	319,921	194,046	150,745	(43,301)
856,421	856,421	0	729,829	729,829	0
767,605	767,605	0	0	0	0
\$792,536	\$1,112,457	\$319,921	\$923,875	\$880,574	(\$43,301)

(Continued)

KETTERING CITY SCHOOL DISTRICT
 COMBINED STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET
 (NON-GAAP BASIS) AND ACTUAL - ALL GOVERNMENTAL
 FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002
 (Continued)

	Governmental Fund Types		
	Capital Projects Funds		
	Revised Budget	Actual	Over/Under
Revenues:			
Taxes	\$686,726	\$686,726	\$0
Tuition and Fees	0	0	0
Transportation	0	0	0
Interest	24,823	21,445	(3,378)
Intergovernmental	99,834	99,185	(649)
Extracurricular Activities	0	0	0
Classroom Materials and Fees	0	0	0
Miscellaneous	214,906	1,398	(213,508)
Total Revenues	1,026,289	808,754	(217,535)
Expenditures:			
Current:			
Instruction:			
Regular	6,600	6,600	0
Special	0	0	0
Vocational	0	19,351	(19,351)
Adult/Continuing	0	0	0
Other Instruction	0	0	0
Support Services:			
Pupil	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal Services	20,266	9,620	10,646
Business	0	0	0
Operation and Maintenance of Plant	1,140,082	1,042,779	97,303
Pupil Transportation	0	0	0
Central	0	0	0
Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Facilities Acquisitions and Constructions	1,493,163	1,485,725	7,438
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	2,660,111	2,564,075	96,036
Excess of Revenues Over (Under) Expenditures	(1,633,822)	(1,755,321)	(121,499)
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	0	0	0
Operating Transfers-In	0	0	0
Advances-In	0	0	0
Refund of Prior Year's Receipts	(6,000)	(6,000)	0
Operating Transfers-Out	0	0	0
Advances - Out	0	0	0
Total Other Financing Sources (Uses)	(6,000)	(6,000)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,639,822)	(1,761,321)	(121,499)
Fund Balances at Beginning of Year	1,751,992	1,751,992	0
Prior Year Encumbrances Appropriated	559,549	559,549	0
Fund Balances at End of Year	\$671,719	\$550,220	(\$121,499)

See accompanying notes to the general purpose financial statements

Fiduciary Fund Type			Totals		
Expendable Trust Funds			(Memorandum Only)		
Revised Budget	Actual	Over/Under	Revised Budget	Actual	Over/Under
\$0	\$0	\$0	\$44,841,132	\$44,919,947	\$78,815
0	0	0	344,798	355,414	10,616
0	0	0	230,000	226,815	(3,185)
3,239	1,292	(1,947)	1,646,491	1,064,892	(581,599)
0	0	0	12,750,067	18,257,391	5,507,324
16,626	16,626	0	510,524	600,498	89,974
0	0	0	49,123	49,693	570
6,193	6,193	0	583,319	410,394	(172,925)
<u>26,058</u>	<u>24,111</u>	<u>(1,947)</u>	<u>60,955,454</u>	<u>65,885,044</u>	<u>4,929,590</u>
6,853	6,853	0	25,936,999	25,874,093	62,906
0	0	0	4,476,856	4,440,808	36,048
0	0	0	1,597,591	1,618,645	(21,054)
0	0	0	57,434	51,088	6,346
0	0	0	2,290,379	2,398,936	(108,557)
0	0	0	4,740,939	4,631,988	108,951
19,814	24,073	(4,259)	2,865,444	2,782,645	82,799
0	0	0	71,940	54,916	17,024
0	0	0	5,472,124	5,289,173	182,951
0	0	0	1,475,839	1,429,102	46,737
0	0	0	804,625	790,870	13,755
0	0	0	7,267,157	7,131,636	135,521
0	0	0	2,519,473	2,508,272	11,201
0	0	0	1,174,109	1,160,190	13,919
0	0	0	1,460,143	1,569,227	(109,084)
0	0	0	1,697,000	1,595,899	101,101
0	0	0	1,569,888	1,561,494	8,394
0	0	0	621,333	621,064	269
0	0	0	860,954	860,954	0
<u>26,667</u>	<u>30,926</u>	<u>(4,259)</u>	<u>66,960,227</u>	<u>66,371,000</u>	<u>589,227</u>
<u>(609)</u>	<u>(6,815)</u>	<u>(6,206)</u>	<u>(6,004,773)</u>	<u>(485,956)</u>	<u>5,518,817</u>
0	0	0	16,454	16,454	0
0	0	0	13,500	13,500	0
0	0	0	71,460	71,460	0
0	0	0	(32,131)	(32,131)	0
0	0	0	(13,500)	(13,500)	0
0	0	0	(71,460)	(71,460)	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>(15,677)</u>	<u>(15,677)</u>	<u>0</u>
<u>(609)</u>	<u>(6,815)</u>	<u>(6,206)</u>	<u>(6,020,450)</u>	<u>(501,633)</u>	<u>5,518,817</u>
80,861	80,861	0	23,203,823	23,203,823	0
552	552	0	2,691,540	2,691,540	0
<u>\$80,804</u>	<u>\$74,598</u>	<u>(\$6,206)</u>	<u>\$19,874,913</u>	<u>\$25,393,730</u>	<u>\$5,518,817</u>

KETTERING CITY SCHOOL DISTRICT
 COMBINED STATEMENTS OF REVENUES,
 EXPENSES AND CHANGES IN FUND EQUITY
 ALL PROPRIETARY FUND TYPES AND
 NON-EXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Non- Expendable Trust	
Operating Revenues:				
Sales	\$1,519,611	\$0	\$0	\$1,519,611
Tuition and Fees	581,770	0	0	581,770
Charges for Services	0	691,880	0	691,880
Interest	0	0	267	267
Miscellaneous	1,909	0	0	1,909
Total Operating Revenues	2,103,290	691,880	267	2,795,437
Operating Expenses:				
Salaries	865,943	0	0	865,943
Fringe Benefits	325,119	187,841	0	512,960
Purchased Services	76,715	639,572	0	716,287
Supplies and Materials	100,195	0	0	100,195
Cost of Sales	1,228,664	0	0	1,228,664
Other Operating Expenses	9,114	0	600	9,714
Depreciation	29,260	0	0	29,260
Total Operating Expenses	2,635,010	827,413	600	3,463,023
Operating (Loss)	(531,720)	(135,533)	(333)	(667,586)
Non-Operating Revenues (Expenses):				
Federal Donated Commodities	134,743	0	0	134,743
Intergovernmental	504,518	0	0	504,518
Interest	6,765	5,865	0	12,630
Other Non-Operating Revenues	0	0	2,801	2,801
Loss on Disposal of Fixed Assets	(9,761)	0	0	(9,761)
Total Non-Operating Revenues (Expenses):	636,265	5,865	2,801	644,931
Net Income (Loss)	104,545	(129,668)	2,468	(22,655)
Retained Earnings at Beginning of Year	551,548	323,454	10,947	885,949
Retained Earnings at End of Year	656,093	193,786	13,415	863,294
Contributed Capital at Beginning & End of Year	121,387	0	0	121,387
Total Fund Equity at End of Year	\$777,480	\$193,786	\$13,415	\$984,681

See accompanying notes to the general purpose financial statements

KETTERING CITY SCHOOL DISTRICT
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES AND
 NON-EXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Non- Expendable Trust	
Cash Flows from Operating Activities:				
Cash Received from Customers and Users	\$2,100,320	\$691,880	\$0	\$2,792,200
Cash Paid to Employees for Services and Benefits	(1,155,040)	0	0	(1,155,040)
Cash Paid to Suppliers for Goods and Services	(1,271,429)	0	(600)	(1,272,029)
Cash Payments for Claims	0	(809,732)	0	(809,732)
Net Cash Provided (Used) by Operating Activities	(326,149)	(117,852)	(600)	(444,601)
Cash Flows from Investing Activities:				
Earnings on Investments	6,176	5,892	251	12,319
Net Cash Provided by Investing Activities	6,176	5,892	251	12,319
Cash Flows from Noncapital Financing Activities:				
Operating Grants Received	498,602	0	0	498,602
Non-Operating Donations Received	0	0	2,801	2,801
Net Cash Provided by Noncapital Financing Activities	498,602	0	2,801	501,403
Cash Flows from Capital and Related Financing Activities:				
Payments for Capital Acquisitions	(43,097)	0	0	(43,097)
Net Cash Used for Capital and Related Financing Activities	(43,097)	0	0	(43,097)
Net Increase (Decrease) in Cash	135,532	(111,960)	2,452	26,024
Cash and Cash Equivalents at Beginning of Year	661,548	500,323	10,947	1,172,818
Cash and Cash Equivalents at End of Year	\$797,080	\$388,363	\$13,399	\$1,198,842

(Continued)

KETTERING CITY SCHOOL DISTRICT
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES AND
 NON-EXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002
 (Continued)

	Proprietary Fund Types		Fiduciary Fund Type	Totals
	Enterprise	Internal Service	Non- Expendable Trust	(Memorandum Only)
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating (Loss)	(\$531,720)	(\$135,533)	(\$333)	(\$667,586)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	29,260	0	0	29,260
Donated Commodities Received During the Year	134,743	0	0	134,743
Changes in Assets and Liabilities:				
(Increase) in Accounts Receivable	(2,971)	0	0	(2,971)
(Increase) in Inventory Held for Resale	(8,268)	0	0	(8,268)
Increase in Accounts Payable	8,517	0	0	8,517
Increase in Accrued Wages	23,138	0	0	23,138
Increase in Intergovernmental Payable	2,956	0	0	2,956
Increase in Compensated Absences	9,928	0	0	9,928
Increase in Deferred Revenue	8,268	0	0	8,268
Increase in Claims Payable	0	17,681	0	17,681
Interest Reported as Operating Income	0	0	(267)	(267)
Total Adjustments	205,571	17,681	(267)	222,985
Net Cash Provided by (Used for) Operating Activities	(326,149)	(117,852)	(600)	(444,601)

Reconciliation of Cash and Cash Equivalents in Non-Expendable Trust Fund to Balance Sheet:

Cash and Cash Equivalents - All Fiduciary Funds	\$164,202
Cash and Cash Equivalents - Expendable Trust and Agency Funds	(150,803)
Cash and Cash Equivalents - Non-Expendable Trust Fund	<u>\$13,399</u>

Non-cash Investing, Capital and Financing Activities:

During the year the Food Service Enterprise Fund used materials and supplies inventory valued at \$134,743. This inventory was donated to the District and no cash payments were made to acquire the inventory. An expense for this usage was included in the Operating Loss of the fund and therefore, Donated Commodities must be recognized as an adjustment to reconcile to Net Cash Used for Operating Activities.

See accompanying notes to the general purpose financial statements

KETTERING CITY SCHOOL DISTRICT - KETTERING, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

1. DESCRIPTION OF THE DISTRICT

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 397 (FTE) classified personnel and 592 (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).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Reporting Entity

For financial reporting purposes, the District's financial statements include all funds and account groups for which the District is financially accountable based upon criteria set forth in GASB Statement 14. The District has no component units. Generally, component units are legally separate organizations for which the elected officials of the primary government (i.e. the District) are financially accountable. The District would consider an organization to be a component unit if:

1. The District appoints a voting majority of the organization's governing body AND (a) is able to impose its will on that organization OR (b) there is a potential for the organization to provide specific financial burdens on the District; OR
2. The organization is fiscally dependent upon the District; OR
3. The nature of the relationship between the District and the organization is such that the exclusion from the financial reporting entity would render the financial statements of the District misleading.

B. Basis of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial

KETTERING CITY SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net expendable available resources.

For financial statement presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

Governmental Fund Types:

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the District's governmental fund types:

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

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

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs; and for the payment of interest on general obligation notes payable as required by Ohio law.

Capital Projects Fund - The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

Proprietary Fund Types:

Proprietary funds are used to account for the District's ongoing activities which are similar to those found in the private sector. The following are the District's proprietary fund types:

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Funds - These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments on a cost-reimbursement basis.

Fiduciary Fund Types

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

KETTERING CITY SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

Expendable Trust Fund - The expendable trust fund is accounted for in essentially the same manner as governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets where both principal and interest may be spent.

Nonexpendable Trust Fund - The nonexpendable trust fund is accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. Nonexpendable trust funds account for assets of which the principal may not be spent.

Agency Funds - The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the District, other than those accounted for in the Proprietary or Trust Funds.

General Long-Term Debt Account Group - This account group is established to account for all long-term obligations of the District except those accounted for in the Proprietary or Trust Funds.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Fund Types and Expendable Trust Funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. The reported fund balances are considered a measure of available spendable resources.

Proprietary Funds are accounted for on a flow of economic resources measurement focus. With this measurement focus all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary Funds operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

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. The modified accrual basis of accounting is followed for the Governmental, Expendable Trust and Agency Funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. The availability period for the District is sixty days after year end.

KETTERING CITY SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include grants, entitlements and donations. On the accrual basis, 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 non-exchange transactions must also be available before it can be recognized.

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2002 and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2003 operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year, and the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The accrual basis of accounting is utilized for reporting purposes by the Proprietary Funds. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. There were no unbilled service charges receivable at year end. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

D. Budgetary Data

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 appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each fund. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain comments from taxpayers. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Montgomery County Budget Commission for rate determination.

KETTERING CITY SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

Estimated Resources

Prior to March 15, the Board of Education accepts, by formal resolution, the tax rates as determined by the 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 total

contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the final Amended Certificate issued during fiscal year 2002.

Appropriations

Upon receipt from the County Auditor of an Amended Certificate of Estimated Resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary and between July 1 and October 1, the annual appropriation resolution must be legally enacted by the Board of Education at the fund and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation or alter total object appropriations within a fund must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, including the Debt Service Fund, consistent with statutory provisions.

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for Governmental Funds and reported in the notes to the financial statements for Proprietary Funds.

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

Budgetary Basis of Accounting

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and

KETTERING CITY SCHOOL DISTRICT
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

described above is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types and Expendable Trust Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types.

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Excess of Revenues and Other Financing Sources
 Over (Under) Expenditures and Other Financing Uses
 Governmental Fund Types and Expendable Trust Fund

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$7,765,618	\$120,517	\$313,844	(\$1,021,912)	(\$6,466)
Net Adjustment for Revenue Accruals	(4,807,936)	(65,499)	(162,313)	(85,303)	(79)
Net Adjustment for Expenditure Accruals	373,326	(124,523)	(786)	(191,800)	124
Net Adjustments for Advances	(71,460)	71,460	0	0	0
Adjustment for Encumbrances	(1,632,221)	(513,524)	0	(462,306)	(394)
Budget Basis	\$1,627,327	(\$511,569)	\$150,745	(\$1,761,321)	(\$6,815)

Excess of Expenditures Plus Encumbrances Over Appropriations

For the fiscal year ended June 30, 2002, expenditures plus encumbrances exceeded appropriations in the following funds:

Special Revenue Funds:	
Auxilliary Services	\$119,663
Education Management Information System	\$ 5,539
Carl D. Perkins	\$ 16,375
Drug Free School Program	\$ 238

KETTERING CITY SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

Preschool Grant	\$ 291
Capital Projects Funds:	
Vocational Education Equipment	\$ 19,351
Expendable Trust	\$ 4,811

Deficit Fund Equity

The Other Federal Programs Fund special revenue fund had a deficit fund balance of (\$75,457) as of June 30, 2002. The fund incurred expenditures in the anticipation of the remaining allocation of \$90,328.

E. Cash and Cash Equivalents and Investments

For the purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. During the fiscal year all investments of the District had a maturity of two years or less. Investments are stated at fair value.

During the fiscal year, the District invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio). 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, 2002. Also, the District invested in Repurchased Agreements which are valued at cost, and U.S. Government Securities which are stated at fair value.

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 2002 totaled \$874,434, and \$57,296 credited to other funds of the District.

F. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market values. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items are recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used. The amount of unused donated food is also reported as deferred revenue.

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary

KETTERING CITY SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five hundred dollars. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture, equipment, and vehicles in the proprietary fund types is computed using the straight-line method over an estimated useful life of five years for furniture and ten years for equipment and vehicles.

H. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis and entitlements, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The District currently participates in State and Federal programs categorized as follows:

Entitlements

General Fund

State Foundation Program

Homestead and Rollback

10% Tangible Personal Property Tax Exemption

Non-Reimbursable Grants

Special Revenue Funds

Pathfinder/Preschool

Venture Capital

Auxiliary Services

Career Development

Local Professional Development

Excellence in Education

Education Management Information Systems

Public School Preschool

District Professional Development

OhioReads

Summer School Subsidy

Alternative

Other State Funds

Adult Basic Education

EESA - Title II

EESA - Title VI-B

Carl D. Perkins Vocational Education

Title I

Even Start Program

KETTERING CITY SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

Title VI Innovation
Drug Free School Grant
Preschool Grant
Other Federal Grants

Reimbursable Grants

General Fund

School Bus Purchase Reimbursement
Driver Education Reimbursement
Vocational Education Travel/Salary

Capital Projects Fund

Vocational Education Equipment
SchoolNet Plus

Proprietary Funds

National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to approximately twenty-three and seven tenths percent of the District's operating revenue during the 2002 fiscal year.

I. Interfund Transactions

Reimbursements are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

J. Compensated Absences

The District accounts for compensated absences in accordance with GASB Statement No. 16 which requires that compensated absences be accrued as they are earned by employees 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.

For Governmental Funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the respective Governmental Fund. Amounts that are not expected to be liquidated with expendable available financial resources are reported in the General Long-Term Debt Account Group. Compensated absences of Proprietary Funds are recorded as an expense and liability of the respective proprietary fund. Salary related payments are included, if material.

K. Long-Term Debt

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term

KETTERING CITY SCHOOL DISTRICT
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from Proprietary Fund operations are accounted for in those funds.

L. Fund Balance Reserves

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available spendable resources and therefore are not available for

appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for property taxes, debt services, Charles Craig Memorial, JE Prass Endowment, encumbrances, and inventories of supplies and materials.

M. Restricted Assets

The principal balance in the Non-Expendable Trust Fund is classified as restricted assets on the balance sheet because its use is limited based on the applicable trust agreements.

N. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

O. Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting

In accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," the District applies all GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The District has elected not to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989 to its proprietary activities.

3. RESTATEMENT OF FUND BALANCE AND ACCOUNT GROUP

The following represents a restatement in fund balance at beginning of year for the Excellence in Education Special Revenue Fund, and a restatement in the general long-term debt account group beginning balance:

	Special Revenue Funds
	<hr/>
Fund Balance at Beginning of Year	\$1,247,819
Excellence in education state receipt not previously recorded	3,448
	<hr/>
Restatement of Fund Balance	\$1,251,267

KETTERING CITY SCHOOL DISTRICT
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

	General Long-Term Debt Account Group
General Long-Term Debt Account – Group Balance at Beginning of Year	\$21,636,984
Additions in Capital Leases not previously recorded	477,580
	<hr/>
Restatement of General Long-Term Debt Account Group at Beginning of Year	\$22,114,564
	<hr/>

4. DEPOSITS AND INVESTMENTS

State statutes require the classification of monies held by the District into three categories.

Category 1 consists of "active" monies, those monies required to be kept in a "cash" or "near-cash" status for immediate use by the District. Such monies must be maintained either as cash in the District Treasury, in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Category 2 consists of "inactive" monies, those monies not required for use within the current two year period of designation of depositories. Inactive monies may be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories, or as savings or deposit accounts including, but not limited to, passbook accounts.

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

1. Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency.
3. Repurchase agreements in the securities enumerated above.
4. Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including, but not limited to, passbook accounts.
5. Bonds and other obligations of the State of Ohio.
6. The State Treasurer's investment pool (STAR Ohio).
7. Certain highly rated bankers' acceptances and commercial paper notes in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

Protection of District cash and investments is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal

KETTERING CITY SCHOOL DISTRICT
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

at least 110 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

The following information categorizes deposits and investments as defined in GASB Statement 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements."

Deposits: At year-end, the carrying amount of the District's deposit was (\$187,017) and the bank balance was \$652,860. Of the bank balance, \$385,245 was covered by the federal depository insurance. The remaining amounts were uninsured and uncollateralized as defined by GASB Statement 3.

Investments: The District's investments are categorized below to give an indication of the level of risk assumed by the District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the District's name. The District's investment in Star Ohio is not categorized because it is not evidenced by securities that exist in physical or book entry form.

At year end, the District's investment balances were as follows:

	<u>Category 2</u>	<u>Category 3</u>	<u>Fair Value</u>
U. S. Government Securities	\$ 5,681,711	\$0	\$ 5,681,711
Repurch. Agreements	0	1,431,884	1,431,884
Star Ohio	0	0	22,351,758
	-----	-----	-----
Total	\$ 5,681,711	\$1,431,884	\$29,465,353
	=====	=====	=====

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9.

A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/ Deposits</u>	<u>Investments</u>
GASB Statement 9	\$23,596,625	\$ 5,681,711
Investments:		
Repurchase Agreements	(1,431,884)	1,431,884
Investment in State Treasury Pool	(22,351,758)	22,351,758
	-----	-----
GASB Statement 3	(\$187,017)	\$29,465,353
	=====	=====

KETTERING CITY SCHOOL DISTRICT
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

5. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years with a statistical update every third year following each full reappraisal. Public utility property taxes are assessed on tangible personal property at 100 percent of true value (with certain exceptions) and on real property at 35 percent of true value.

Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20. Under certain circumstances, state statute permits earlier or later payment dates to be established.

Tangible personal property taxes paid 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.

The District receives property taxes from Montgomery County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2002 are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2002 taxes were collected are:

<u>Assessed Valuation Class</u>	2001 Second- Half Collections		2002 First- Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$1,062,332,080	78.1%	\$1,049,205,930	81.4%
Public Utility Personal	109,567,330	8.1%	63,730,190	4.9%
Tangible Personal Property	188,035,293	13.8%	175,257,840	13.7%
Total Assessed Value	<u>\$1,359,934,703</u>	100.0%	<u>\$1,288,193,960</u>	100.0%
Tax rate (Full) per \$1,000 of assessed valuation		\$56.30		\$56.30
<u>Tax Rate (Adjusted for H.B.920 Tax Reduction Factors) per \$1,000 of assessed real property valuation</u>				
Residential/Agricultural		\$30.21		\$51.45
Commercial/Industrial		\$36.60		\$59.48

KETTERING CITY SCHOOL DISTRICT
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

6. RECEIVABLES

Receivables at June 30, 2002 consisted of interest, taxes, accounts receivables, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State Programs, and the current year guarantee of Federal Funds. A summary of the principal items of receivables follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust & Agency</u>	<u>Totals</u>
Receivables:								
Taxes	\$41,558,740	\$0	\$1,054,314	\$702,181	\$0	\$0	\$0	\$43,315,235
Interest	76,501	1,575	0	1,582	590	31	95	80,374
Accounts Intergovtl.	148,678	3,615	0	0	3,018	0	0	155,311
	0	440,849	0	0	67,396	0	0	508,245
Total Receivables	<u>\$41,783,919</u>	<u>\$446,039</u>	<u>\$1,054,314</u>	<u>\$703,763</u>	<u>\$71,004</u>	<u>\$31</u>	<u>\$95</u>	<u>\$44,059,165</u>

7. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of June 30, 2002, is as follows:
 Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Adult Basic Education	\$16,460
	Other Federal Programs	55,485
Bond Retirement	Permanent Improvement	<u>10,319</u>
Total		<u>\$82,264</u>
		=====

8. FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2002 follows:

Furniture and Equipment	\$307,937
Less accumulated depreciation	(154,461)
Net Fixed Assets	<u>\$153,476</u>
	=====

A summary of the changes in general fixed assets during fiscal year 2002 follows:

	<u>Balance July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30</u>
Buildings and land	\$32,044,810	\$0	\$0	\$32,044,810
Furniture and equipment	5,872,040	345,353	1,246,936	4,970,457
Vehicles	2,937,786	315,909	225,672	3,028,023
	<u>\$40,854,636</u>	<u>\$661,262</u>	<u>\$1,472,608</u>	<u>\$40,043,290</u>
	=====	=====	=====	=====

KETTERING CITY SCHOOL DISTRICT
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

9. 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 2002, 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 \$1,000 occurrence deductible.

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

The District has earthquake (\$50,000,000 limit) and flood (\$3,000,000 limit) insurance with Royal Insurance Company through Brower Insurance Agency.

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

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

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

The District provides life insurance and accidental death and dismemberment insurance to most employees through Anthem 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 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.

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 Internal Service 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.

	Employee Benefits		Dental Insurance	
	<u>Self - Insurance</u>			
	June 30, <u>2001</u>	June 30, <u>2002</u>	June 30, <u>2001</u>	June 30, <u>2002</u>
Beginning Claims Payable	\$33,857	\$33,397	\$140,035	\$143,530
Claims Incurred	163,994	187,841	580,002	639,572
Claims Paid	(164,454)	(182,873)	(576,507)	(626,859)
	-----	-----	-----	-----
Ending Claims Payable	<u>\$33,397</u>	<u>\$38,365</u>	<u>\$143,530</u>	<u>\$156,243</u>
	=====	=====	=====	=====

KETTERING CITY SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

10. DEFINED BENEFIT PENSION PLAN

All District employees are covered by the statewide School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System (STRS). District employees hired after April 1, 1986 are also currently covered under the Federal Social Security Act for the Medicare portion only. The District's employer contributions to both systems are based on a percentage of employees salaries. State law requires the District to pay the employer share as determined by each Retirement System.

A. School Employees Retirement System

The Kettering City School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for SERS. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9% of their annual covered salary and the Kettering City School District is required to contribute 14%; 5.46% was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's contributions to SERS for the years ending June 30, 2002, 2001, and 2000, were \$452,493, \$438,919, and \$424,701 respectively; 50.0% percent has been contributed for fiscal year 2002 and 100 percent for the fiscal years 2001 and 2000; \$226,263 representing the unpaid contribution for fiscal year 2002 is recorded as a liability within the respective funds and the general long-term debt account group.

B. State Teachers Retirement System

The Kettering City School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3% of their annual covered salary and the Kettering City School District is required to contribute 14%; 9.5% was the portion to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions to STRS for the years ending June 30, 2002, 2001, and 2000 were \$2,841,995, \$2,754,468, and \$2,557,736 respectively; 83% has been contributed for fiscal year 2002 and 100% for the fiscal years 2001 and 2000; \$483,295 representing the unpaid contribution for fiscal year 2002 is recorded as a liability within the respective funds.

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

KETTERING CITY SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

Employees Retirement System/State Teachers Retirement System. As of June 30, 2002 one of the board of education members has elected social security. The Board's liability is 6.2 percent of wages paid.

11. POSTEMPLOYMENT BENEFITS

For the State Teachers Retirement System, no premiums are currently paid by retirees or primary benefit recipients; however, monthly payments are required for covered spouses and other dependents. Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions to the System equal to 4.5 percent of covered payroll, an increase from 3.5% for fiscal year 2001 and 3.5% for fiscal year 2000. For the District, the amount equaled \$1,346,209 for the 2002 fiscal year. STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the Fund was \$3,256 billion. For the year ended June 30, 2001, health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

For the School Employees Retirement System, all retirees with a retirement date prior to July 1, 1986, are eligible to receive benefits. Retirees with a retirement date on or after July 1, 1986, must have ten years of service credit to be eligible to receive benefits. Benefits are funded on a pay as you go basis. Retirees with retirement dates on or after August 1, 1989, who have ten to twenty-five years of service credit must pay a portion of their own coverage.

Retirees with a retirement date prior to August 1, 1989, and retirees with a retirement date on or after August 1, 1989 with more than twenty-five years of service credit, do not pay a premium. Premium payments are required for all covered spouses and dependents. For this fiscal year, employer contributions to fund health care benefits were 8.54 percent of covered payroll. For the District, this amount equaled \$699,387 during the 2002 fiscal year. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, prorated for partial service credit. For the fiscal year 2002, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. For the year ended June 30, 2001, health care costs paid by SERS were \$161,439,934, and the target level was \$242.2 million.

As of June 30, 2001 (the latest information available), the number of retirees and covered dependents currently receiving benefits is approximately 50,000. Actuarial contribution requirements are determined for the SERS as a whole, not for individual employers. Net assets available for payment of benefits at June 30, 2001 (the latest information available) was \$315.7 million for the System as a whole.

12. CAPITALIZED LEASE - LESSEE DISCLOSURE

The District has entered into a capitalized leases. The term of the agreement provides options to purchase the equipment for technology. This lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service in the Combined Financial Statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

General fixed assets acquired by lease have been capitalized in the general fixed assets account group in an amount equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term debt account group. Principal payments in fiscal year 2002 totaled \$111,731.

KETTERING CITY SCHOOL DISTRICT
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2002:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Long-Term</u> <u>Debt</u>
2003	\$132,935
2004	132,936
2005	132,936
Total Minimum Lease Payments	<u>\$398,807</u>
Less: Amount Representing Interest	(32,958)
Present Value of Minimum Lease Payments	<u><u>\$365,849</u></u>

13. LONG TERM DEBT

Changes in General Long-Term Liabilities. During the fiscal year ended June 30, 2002, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>July 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30</u>
Energy Conservation Notes 1992 5.39%	\$15,000	\$0	\$15,000	\$0
Compensated Absences	4,884,157	437,380	188,016	5,133,521
Capital Leases	477,580	0	111,731	365,849
General Obligation Bonds	16,393,502	0	494,333	15,899,169
School Employees Retirement System	344,325	360,303	344,325	360,303
	<u>\$ 22,114,564</u>	<u>\$ 797,683</u>	<u>\$1,153,405</u>	<u>\$21,758,842</u>
	=====	=====	=====	=====

The District's voted legal debt margin was \$103,730,647 with an unvoted debt margin of \$1,288,194 as of June 30, 2002.

General Obligation Bonds. The District issued general obligation bonds to provide funds for the purpose of expanding and renovating Fairmont High, Oakview Elementary and Prass Elementary Schools.

In fiscal year 1998, the District issued school energy conservation bonds to provide funds for the purpose of energy efficient lighting, energy management system, and new boilers. On June 8, 2001, the District issued school energy conservation improvement bonds for fiscal year 2002 remodeling that would significantly reduce energy consumption in buildings owned by the District.

General obligation bonds are direct obligations and pledge the full faith and credit of the District. Bonds for expanding and renovating are issued as 30-year serial bonds. The bonds for the mainframe system, and for school improvement are issued as 5-year serial bonds. The school energy conservation bonds are issued as 10-year serial bonds. General obligation bonds currently outstanding are as follows:

KETTERING CITY SCHOOL DISTRICT
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Capital Projects	3.05-5.30%	\$ 13,005,000
School Energy Conservation 1998	4.70-4.90%	\$ 980,000
School Energy Conservation 2002	5.31%	\$1,115,667

Annual debt service requirements to maturity for general obligation bonds, including interest of \$9,723,473, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	480,712	848,304	1,329,016
2004	503,670	825,126	1,328,796
2005	531,786	800,675	1,332,461
2006	555,067	747,160	1,302,227
2007	643,522	690,867	1,334,389
Thereafter	12,385,910	5,811,341	18,197,251
	-----	-----	-----
Totals	\$15,100,667	\$9,723,473	\$24,824,140
	=====	=====	=====

Super-premium debt. The District also issued super-premium debt where the District pledged income derived from a debt issuance significantly in excess of the face value of the debt as follows:

<u>Original Principal</u>	<u>Dollar Price/Bond</u>	<u>Reoffering Price</u>	<u>Interest Rate</u>	<u>Net Premium</u>
\$ 325,000	\$ 245.69	\$ 798,502	21.625%	\$ 473,502

Super-premium debt requirements to maturity, including \$473,502 of interest are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2006	\$ 798,502
	=====

14. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains four Enterprise Funds to account for the operations of Food Service, Uniform School Supplies, Rotary Special Service, and Special Enterprise. The table below reflects a summary of the most significant financial data relating to the Enterprise Funds of the Kettering City School District for the fiscal year ended June 30, 2002.

KETTERING CITY SCHOOL DISTRICT
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Rotary Special Services</u>	<u>Special Enterprise</u>	<u>Totals</u>
Operating Revenues	\$1,505,251	\$225,578	\$33,221	\$339,240	\$2,103,290
Operating Expenses					
Before Depreciation	2,018,598	258,757	28,514	299,881	2,605,750
Depreciation	29,260	0	0	0	29,260
Operating Income(Loss)	(542,607)	(33,179)	4,707	39,359	(531,720)
Donated Commodities	134,743	0	0	0	134,743
Operating Grants	504,518	0	0	0	504,518
Interest	6,765	0	0	0	6,765
Loss on Disposal of Fixed Assets	(9,761)	0	0	0	(9,761)
Net Income	93,658	(33,179)	4,707	39,359	104,545
Fixed Assets Addition	39,669	0	0	3,428	43,097
Net Working Capital	513,584	102,686	13,486	59,502	689,258
Total Assets	837,684	111,512	15,153	101,929	1,066,278
Total Equity	598,378	102,686	13,486	62,930	777,480
Encumbrances at June 30, 2002	\$6,714	\$53,236	\$6,800	\$2,968	\$69,718

15. STATUTORY SET-ASIDE RESERVES

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years.

The following cash basis information describes the change in the fiscal year end set aside amounts for textbooks, and capital acquisition. Disclosure of this information is required by State statute.

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Balance, Beginning of Year	\$0	\$0
Carryover from Prior Year	(420,025)	0
Required Set-Aside	969,486	969,486
Current Year Offsets	0	(671,163)
Qualifying Expenditures	(1,269,852)	(2,128,429)
Set-Aside Reserve, End of Year	(\$ 720,391)	(\$1,830,106)
Qualifying Carryover Amounts to FY2003	(\$ 720,391)	(\$1,600,000)

KETTERING CITY SCHOOL DISTRICT
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (continued)

Qualifying carryover amount to fiscal year 2003 cannot exceed (\$1,600,000) for capital acquisition set-aside.

16. CONTINGENCIES

A. School Funding Decision

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.

B. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditures 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, 2002.

C. Litigation

The District's attorney estimates any potential claims against the District not covered by insurance resulting from all litigation would not materially affect the financial statements of the District.

17. SUBSEQUENT EVENT

On November 5, 2002, the voters authorized the issuance of bonds in the sum of \$102,400,000 for the purpose of new construction, improvements, renovations, additions and full modernization to school facilities, together with all necessary furnishings and equipment, and all necessary appurtenances. Additionally, the voters passed a 4.9 mills tax levy, for a period of 28 years, to pay the principal and interest on said bonds.

On December 11, 2002, the District issued bond anticipation notes in the amount of \$87,400,000.

On December 10, 2002, the Board of Education authorized the issuance of bond anticipation notes for the remaining \$15,000,000. As of the date of these financial statements, these bond anticipation notes have not been issued.

KETTERING CITY SCHOOL DISTRICT

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KETTERING CITY SCHOOL DISTRICT



GENERAL FUND

The general fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in other funds.

KETTERING CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET (NON-GAAP
BASIS) AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Taxes	\$43,100,000	\$43,185,490	\$85,490
Tuition and Fees	130,000	127,616	(2,384)
Transportation	230,000	226,815	(3,185)
Interest	1,600,000	1,023,726	(576,274)
Intergovernmental	9,229,784	14,817,081	5,587,297
Extracurricular Activities	60,000	59,361	(639)
Classroom Materials and Fees	10,000	10,570	570
Miscellaneous	200,000	286,594	86,594
Total Revenues	54,559,784	59,737,253	5,177,469
Expenditures:			
Current:			
Instruction:			
Regular:			
Salaries and Wages	19,173,111	19,173,111	0
Fringe Benefits	4,980,231	4,980,231	0
Purchased Services	68,127	67,827	300
Supplies and Materials	953,329	954,434	(1,105)
Capital Outlay	168,308	162,899	5,409
Total Regular	25,343,106	25,338,502	4,604
Special:			
Salaries and Wages	2,986,950	2,986,950	0
Fringe Benefits	745,422	745,422	0
Purchased Services	85,010	73,023	11,987
Supplies and Materials	87,692	83,699	3,993
Capital Outlay	34,089	33,434	655
Other Special	52,955	39,410	13,545
Total Special	3,992,118	3,961,938	30,180
Vocational:			
Salaries and Wages	1,061,099	1,061,099	0
Fringe Benefits	282,711	282,711	0
Purchased Services	8,826	8,418	408
Supplies and Materials	110,468	108,343	2,125
Capital Outlay	80,524	79,342	1,182
Total Vocational	1,543,628	1,539,913	3,715
Adult/Continuing:			
Salaries and Wages	11,103	11,103	0
Fringe Benefits	2,369	2,369	0
Total Adult/Continuing	13,472	13,472	0

(Continued)

KETTERING CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET (NON-GAAP
BASIS) AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)

	Revised Budget	Actual	Over/Under
Other Instruction:			
Purchased Services	2,290,379	2,398,936	(108,557)
Total Other Instruction	2,290,379	2,398,936	(108,557)
Total Instruction	33,182,703	33,252,761	(70,058)
Support Services:			
Pupil:			
Salaries and Wages	2,903,351	2,903,351	0
Fringe Benefits	764,392	764,392	0
Purchased Services	165,990	154,179	11,811
Supplies and Materials	219,387	215,367	4,020
Capital Outlay	115,653	116,032	(379)
Total Pupil	4,168,773	4,153,321	15,452
Instructional Staff:			
Salaries and Wages	1,715,595	1,715,595	0
Fringe Benefits	581,093	581,093	0
Purchased Services	102,032	82,944	19,088
Supplies and Materials	106,028	85,665	20,363
Capital Outlay	47,468	45,859	1,609
Total Instructional Staff	2,552,216	2,511,156	41,060
Board of Education:			
Salaries and Wages	9,760	9,760	0
Fringe Benefits	1,161	1,161	0
Purchased Services	31,869	16,904	14,965
Supplies and Materials	6,040	5,712	328
Other Board of Education	23,110	21,379	1,731
Total Board of Education	71,940	54,916	17,024
Administration:			
Salaries and Wages	3,239,994	3,239,994	0
Fringe Benefits	1,101,072	1,060,272	40,800
Purchased Services	354,397	311,277	43,120
Supplies and Materials	79,542	67,983	11,559
Capital Outlay	19,783	15,637	4,146
Other Administration	31,002	49,076	(18,074)
Total Administration	4,825,790	4,744,239	81,551

(Continued)

KETTERING CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET (NON-GAAP
BASIS) AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)

	Revised Budget	Actual	Over/Under
Fiscal:			
Salaries and Wages	450,261	450,261	0
Fringe Benefits	174,859	174,859	0
Purchased Services	80,052	76,826	3,226
Supplies and Materials	17,943	17,902	41
Capital Outlay	44,808	27,133	17,675
Other Fiscal Services	662,650	656,875	5,775
Total Fiscal	1,430,573	1,403,856	26,717
Business:			
Salaries and Wages	225,034	225,034	0
Fringe Benefits	67,920	67,920	0
Purchased Services	298,768	296,213	2,555
Supplies and Materials	44,047	37,853	6,194
Capital Outlay	128,856	123,881	4,975
Other Business Services	40,000	39,969	31
Total Business	804,625	790,870	13,755
Operation and Maintenance of Plant:			
Salaries and Wages	2,771,914	2,771,914	0
Fringe Benefits	812,229	812,229	0
Purchased Services	2,070,015	2,034,878	35,137
Supplies and Materials	365,704	365,369	335
Capital Outlay	68,589	68,576	13
Total Operation and Maintenance of Plant	6,088,451	6,052,966	35,485
Pupil Transportation:			
Salaries and Wages	1,291,749	1,291,749	0
Fringe Benefits	371,961	371,961	0
Purchased Services	146,661	140,477	6,184
Supplies and Materials	341,363	341,305	58
Capital Outlay	307,439	307,025	414
Total Pupil Transportation	2,459,173	2,452,517	6,656
Central:			
Salaries and Wages	301,179	301,179	0
Fringe Benefits	92,921	92,921	0
Purchased Services	359,546	338,308	21,238
Supplies and Materials	116,490	116,405	85
Capital Outlay	223,899	224,065	(166)
Other Central Services	600	0	600
Total Central	1,094,635	1,072,878	21,757
Total Support Services	23,496,176	23,236,719	259,457

(Continued)

KETTERING CITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES-BUDGET (NON-GAAP
 BASIS) AND ACTUAL - GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002
 (Continued)

	Revised Budget	Actual	Over/Under
Non-Instructional Services:			
Purchased Services	2,000	411	1,589
Supplies and Materials	370	220	150
Total Non-Instructional Services	2,370	631	1,739
Extracurricular Activities:			
Academic and Subject Oriented:			
Salaries and Wages	132,635	132,635	0
Fringe Benefits	18,934	18,934	0
Total Academic and Subject Oriented	151,569	151,569	0
Occupation Oriented:			
Salaries and Wages	8,555	8,555	0
Fringe Benefits	1,245	1,245	0
Total Occupation Oriented	9,800	9,800	0
Sports Oriented:			
Salaries and Wages	568,223	568,223	0
Fringe Benefits	103,695	103,695	0
Purchased Services	27,203	27,133	70
Total Sports Oriented	699,121	699,051	70
School and Public Services:			
Salaries and Wages	112,652	112,652	0
Fringe Benefits	22,615	22,615	0
Total School and Public Services	135,267	135,267	0
Total Extracurricular Activities	995,757	995,687	70
Facilities Acquisitions and Constructions:			
Site Improvement Services:			
Purchased Services	0	2,671	(2,671)
Total Site Improvement Services	0	2,671	(2,671)
Architecture and Engineering:			
Purchased Services	76,725	73,098	3,627
Total Architecture and Engineering	76,725	73,098	3,627

(Continued)

KETTERING CITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES-BUDGET (NON-GAAP
 BASIS) AND ACTUAL - GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002
 (Continued)

	Revised Budget	Actual	Over/Under
Total Facilities Acquisitions and Constructions	76,725	75,769	956
Debt Services:			
Principal Retirement	371,333	371,064	269
Interest	107,755	107,755	0
Total Debt Services	479,088	478,819	269
Total Expenditures	58,232,819	58,040,386	192,433
Excess of Revenues Over (Under) Expenditures	(3,673,035)	1,696,867	5,369,902
Other Financing Sources (Uses):			
Proceed from Sale of Fixed Assets	16,454	16,454	0
Advances-Out	(71,460)	(71,460)	0
Refund of Prior Year's Receipts	(1,034)	(1,034)	0
Operating Transfers-Out	(13,500)	(13,500)	0
Total Other Financing Sources (Uses)	(69,540)	(69,540)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,742,575)	1,627,327	5,369,902
Fund Balance at Beginning of Year	19,784,720	19,784,720	0
Prior Year Encumbrances Appropriated	1,363,834	1,363,834	0
Fund Balance at End of Year	\$17,405,979	\$22,775,881	\$5,369,902

SPECIAL REVENUE FUNDS

Special Revenue Funds are established to account for revenues from specific sources which legally, or otherwise, are restricted to expenditure for specific purposes. A description of the School District's Special Revenue Funds follow:

PUBLIC SCHOOL SUPPORT

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

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

VENTURE CAPITAL

To account for State monies which support the school improvement program and to enhance faculty knowledge and experiences.

ATHLETIC

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

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

CAREER DEVELOPMENT

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.

LOCAL PROFESSIONAL DEVELOPMENT

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.

EXCELLENCE IN EDUCATION

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.

EDUCATION MANAGEMENT INFORMATION SYSTEM

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

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

DISTRICT PROFESSIONAL DEVELOPMENT

To account for the District's professional development.

OHIO READS

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

SUMMER SCHOOL SUBSIDY

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

ALTERNATIVE

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

OTHER STATE FUNDS

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.

ADULT BASIC EDUCATION

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.

EESA TITLE II

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

EESA TITLE VI-B

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.

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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.

TITLE I

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

EVEN START PROGRAM

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 VI INNOVATION

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

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

PRESCHOOL GRANT

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

OTHER FEDERAL PROGRAMS

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

KETTERING CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 ALL SPECIAL REVENUE FUNDS
 JUNE 30, 2002

	Public School Support	Pathfinder/ Preschool	Venture Capital	Athletic	Auxiliary Services
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$213,972	\$55,959	\$2,210	\$286,125	\$519,436
Receivables:					
Accounts	275	0	0	3,340	0
Interest	551	0	0	0	1,024
Intergovernmental	0	0	0	0	0
Total Assets	\$214,798	\$55,959	\$2,210	\$289,465	\$520,460
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	\$7,012	\$2,343	\$0	\$21,599	\$9,180
Accrued Wages	0	310	0	0	106,254
Intergovernmental Payable	0	168	0	0	13,671
Due to Other Funds	0	0	0	0	0
Deferred Revenue	0	0	0	0	0
Total Liabilities	7,012	2,821	0	21,599	129,105
Fund Balances:					
Reserved for Encumbrances	30,710	7,402	0	99,666	167,265
Unreserved	177,076	45,736	2,210	168,200	224,090
Total Fund Balances	207,786	53,138	2,210	267,866	391,355
Total Liabilities and Fund Balances	\$214,798	\$55,959	\$2,210	\$289,465	\$520,460

Career Development	Local Professional Development	Excellence in Education	Education Management Information System	Public School Preschool	District Professional Development	OhioReads	Summer School Subsidy
\$95,793	\$2	\$1,920	\$19,953	\$36,984	\$2,417	\$35,700	\$22,508
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
\$95,793	\$2	\$1,920	\$19,953	\$36,984	\$2,417	\$35,700	\$22,508
\$1,329	\$0	\$24	\$3,213	\$6,771	\$80	\$31	\$0
0	0	0	0	9,293	0	0	0
0	0	0	0	1,543	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
1,329	0	24	3,213	17,607	80	31	0
3,245	0	81	16,740	3,597	50	99	0
91,219	2	1,815	0	15,780	2,287	35,570	22,508
94,464	2	1,896	16,740	19,377	2,337	35,669	22,508
\$95,793	\$2	\$1,920	\$19,953	\$36,984	\$2,417	\$35,700	\$22,508

(Continued)

KETTERING CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 ALL SPECIAL REVENUE FUNDS
 JUNE 30, 2002
 (Continued)

	Alternative	Other State Funds	Adult Basic Education	EESA Title II	EESA Title VI-B
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$36,453	\$32,795	\$1,082	\$30,045	\$28,717
Receivables:					
Accounts	0	0	0	0	0
Interest	0	0	0	0	0
Intergovernmental	0	0	26,598	17,812	144,959
Total Assets	\$36,453	\$32,795	\$27,680	\$47,857	\$173,676
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	\$18,431	\$0	\$113	\$101	\$0
Accrued Wages	0	2,711	5,690	0	66,994
Intergovernmental Payable	0	391	945	0	9,912
Due to Other Funds	0	0	16,460	0	0
Deferred Revenue	0	0	0	17,812	29,112
Total Liabilities	18,431	3,102	23,208	17,913	106,018
Fund Balances:					
Reserved for Encumbrances	16,014	2,063	367	12,187	20,769
Unreserved	2,008	27,630	4,105	17,757	46,889
Total Fund Balances	18,022	29,693	4,472	29,944	67,658
Total Liabilities and Fund Balances	\$36,453	\$32,795	\$27,680	\$47,857	\$173,676

Carl D. Perkins	Title I	Even Start Program	Title VI Innovation	Drug Free School Grant	Preschool Grant	Other Federal Programs	Totals
\$98,943	\$44,078	\$14,318	\$40,887	\$5,778	\$1,908	\$0	\$1,627,983
0	0	0	0	0	0	0	3,615
0	0	0	0	0	0	0	1,575
21,600	46,520	55,959	37,073	0	0	90,328	440,849
<u>\$120,543</u>	<u>\$90,598</u>	<u>\$70,277</u>	<u>\$77,960</u>	<u>\$5,778</u>	<u>\$1,908</u>	<u>\$90,328</u>	<u>\$2,074,022</u>
\$1,440	\$722	\$2,763	\$4,767	\$477	\$0	\$0	\$80,396
0	55,930	7,120	0	0	0	17,758	272,060
0	7,347	3,351	0	0	0	2,214	39,542
0	0	0	0	0	0	55,485	71,945
0	8,011	55,959	37,073	0	0	90,328	238,295
<u>1,440</u>	<u>72,010</u>	<u>69,193</u>	<u>41,840</u>	<u>477</u>	<u>0</u>	<u>165,785</u>	<u>702,238</u>
29,029	339	639	11,733	3,984	0	142	426,121
90,074	18,249	445	24,387	1,317	1,908	(75,599)	945,663
<u>119,103</u>	<u>18,588</u>	<u>1,084</u>	<u>36,120</u>	<u>5,301</u>	<u>1,908</u>	<u>(75,457)</u>	<u>1,371,784</u>
<u>\$120,543</u>	<u>\$90,598</u>	<u>\$70,277</u>	<u>\$77,960</u>	<u>\$5,778</u>	<u>\$1,908</u>	<u>\$90,328</u>	<u>\$2,074,022</u>

KETTERING CITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 ALL SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Public School Support	Pathfinder/ Preschool	Venture Capital	Athletic	Auxiliary Services
Revenues:					
Tuition and Fees	\$0	\$65,284	\$0	\$162,513	\$0
Interest	8,590	0	0	0	11,414
Intergovernmental	0	11,958	0	0	1,366,278
Extracurricular Activities	201,363	0	0	326,764	0
Classroom Materials and Fees	39,124	0	0	0	0
Miscellaneous	82,112	9,933	0	24,165	0
Total Revenues	331,189	87,175	0	513,442	1,377,692
Expenditures:					
Current:					
Instruction:					
Regular	42,038	20,431	0	0	0
Special	0	0	0	0	0
Vocational	0	0	0	0	0
Adult/Continuing	0	0	0	0	0
Support Services:					
Pupil	0	234	0	0	0
Instructional Staff	5,643	6,425	0	0	0
Administration	313,161	18,391	0	0	0
Operation and Maintenance of Plant	0	0	0	6,725	0
Pupil Transportation	0	0	0	0	0
Central	0	4,007	0	0	0
Non-Instructional Services	0	0	0	0	1,234,425
Extracurricular Activities	22	0	0	475,779	0
Total Expenditures	360,864	49,488	0	482,504	1,234,425
Excess of Revenue Over (Under) Expenditures	(29,675)	37,687	0	30,938	143,267
Other Financing Sources (Uses):					
Operating Transfers-In	0	0	0	13,500	0
Total Other Financing Sources (Uses)	0	0	0	13,500	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(29,675)	37,687	0	44,438	143,267
Fund Balances at Beginning of Year - See Note 3	237,461	15,451	2,210	223,428	248,088
Fund Balances at End of Year	\$207,786	\$53,138	\$2,210	\$267,866	\$391,355

Career Development	Local Professional Development	Excellence in Education	Education Management Information System	Public School Preschool	District Professional Development	OhioReads	Summer School Subsidy
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0	0
27,225	0	0	28,606	240,292	5,142	76,000	15,394
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
27,225	0	0	28,606	240,292	5,142	76,000	15,394
0	0	1,552	0	91,532	0	64,453	7,222
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
29,070	0	0	0	27,158	0	3,607	0
0	31,579	0	0	92,298	5,870	4,717	0
0	0	0	0	17,627	0	0	0
0	0	0	0	5,946	0	0	0
0	0	0	0	0	0	0	0
0	0	0	43,358	6,053	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
29,070	31,579	1,552	43,358	240,614	5,870	72,777	7,222
(1,845)	(31,579)	(1,552)	(14,752)	(322)	(728)	3,223	8,172
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
(1,845)	(31,579)	(1,552)	(14,752)	(322)	(728)	3,223	8,172
96,309	31,581	3,448	31,492	19,699	3,065	32,446	14,336
\$94,464	\$2	\$1,896	\$16,740	\$19,377	\$2,337	\$35,669	\$22,508

(Continued)

KETTERING CITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 ALL SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002
 (Continued)

	Alternative	Other State Funds	Adult Basic Education	EESA Title II	EESA Title VI-B
Revenues:					
Tuition and Fees	\$0	\$0	\$0	\$0	\$0
Interest	0	0	0	0	0
Intergovernmental	32,859	38,314	91,548	11,875	581,817
Extracurricular Activities	0	0	0	0	0
Classroom Materials and Fees	0	0	0	0	0
Miscellaneous	0	0	0	0	0
Total Revenues	32,859	38,314	91,548	11,875	581,817
Expenditures:					
Current:					
Instruction:					
Regular	65,670	7,081	0	1,656	0
Special	0	0	0	0	20,117
Vocational	0	0	0	0	0
Adult/Continuing	0	0	39,526	0	0
Support Services:					
Pupil	0	27,600	5,852	0	256,208
Instructional Staff	6,094	0	42,059	3,175	17,318
Administration	10,253	0	4,663	0	120,055
Operation and Maintenance of Plant	0	15,707	0	0	0
Pupil Transportation	0	0	0	0	58,334
Central	7,072	0	0	0	0
Non-Instructional Services	748	0	0	0	55,508
Extracurricular Activities	0	0	0	0	0
Total Expenditures	89,837	50,388	92,100	4,831	527,540
Excess of Revenue Over (Under) Expenditures	(56,978)	(12,074)	(552)	7,044	54,277
Other Financing Sources:					
Operating Transfers-In	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(56,978)	(12,074)	(552)	7,044	54,277
Fund Balances at Beginning of Year	75,000	41,767	5,024	22,900	13,381
Fund Balances at End of Year	\$18,022	\$29,693	\$4,472	\$29,944	\$67,658

Carl D. Perkins	Title I	Even Start Program	Title VI Innovation	Drug Free School Grant	Preschool Grant	Other Federal Programs	Totals
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$227,797
0	0	0	0	0	0	0	20,004
99,906	383,861	137,496	53,810	32,815	7,350	37,047	3,279,593
0	0	0	0	0	0	0	528,127
0	0	0	0	0	0	0	39,124
0	0	0	0	0	0	0	116,210
99,906	383,861	137,496	53,810	32,815	7,350	37,047	4,210,855
0	0	0	10,652	0	0	125,369	437,656
0	364,221	78,259	0	0	8,419	0	471,016
28,755	0	0	0	0	0	0	28,755
0	0	0	0	0	0	0	39,526
0	17,458	65,115	7,719	31,775	189	0	471,985
0	0	0	0	0	0	0	215,178
0	0	20,222	0	0	0	0	504,372
0	0	0	0	0	0	0	28,378
0	0	0	0	0	0	0	58,334
0	0	8,500	0	0	0	0	68,990
0	0	0	10,048	3,118	0	0	1,303,847
0	0	0	0	0	0	0	475,801
28,755	381,679	172,096	28,419	34,893	8,608	125,369	4,103,838
71,151	2,182	(34,600)	25,391	(2,078)	(1,258)	(88,322)	107,017
0	0	0	0	0	0	0	13,500
0	0	0	0	0	0	0	13,500
71,151	2,182	(34,600)	25,391	(2,078)	(1,258)	(88,322)	120,517
47,952	16,406	35,684	10,729	7,379	3,166	12,865	1,251,267
\$119,103	\$18,588	\$1,084	\$36,120	\$5,301	\$1,908	(\$75,457)	\$1,371,784

KETTERING CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
PUBLIC SCHOOL SUPPORT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Interest	\$8,039	\$8,039	\$0
Extracurricular Activities	201,087	201,087	0
Classroom Materials and Fees	39,123	39,123	0
Miscellaneous	82,112	82,112	0
Total Revenues	330,361	330,361	0
Expenditures:			
Current:			
Instruction:			
Regular:			
Supplies and Materials	49,863	40,979	8,884
Capital Outlay	3,116	1,658	1,458
Other Regular Instruction	3,660	3,276	384
Total Regular	56,639	45,913	10,726
Total Instruction	56,639	45,913	10,726
Support Services:			
Instructional Staff:			
Purchased Services	2,600	282	2,318
Supplies and Materials	6,901	4,301	2,600
Capital Outlay	1,138	938	200
Total Instructional Staff	10,639	5,521	5,118
Administration:			
Purchased Services	87,910	81,470	6,440
Supplies and Materials	199,546	169,320	30,226
Capital Outlay	75,884	65,539	10,345
Other Administration	55,800	36,410	19,390
Total Administration	419,140	352,739	66,401
Total Support Services	429,779	358,260	71,519
Total Expenditures	486,418	404,173	82,245
Excess of Revenues Over (Under) Expenditures	(156,057)	(73,812)	82,245
Fund Balance at Beginning of Year	214,505	214,505	0
Prior Year Encumbrances Appropriated	35,556	35,556	0
Fund Balance at End of Year	\$94,004	\$176,249	\$82,245

KETTERING CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET (NON-GAAP)
BASIS) AND ACTUAL - PATHFINDER/PRESCHOOL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Intergovernmental	\$11,943	\$11,943	\$0
Tuition	65,285	65,285	0
Miscellaneous	9,932	9,932	0
Total Revenues	87,160	87,160	0
Expenditures:			
Current:			
Instruction:			
Regular :			
Supplies and Materials	20,200	20,431	(231)
Total Regular	20,200	20,431	(231)
Total Instruction	20,200	20,431	(231)
Support Services:			
Pupil :			
Salaries and Wages	202	202	0
Fringe Benefits	32	32	0
Total Pupil	234	234	0
Instructional Staff :			
Salaries and Wages	3,000	2,425	575
Fringe Benefits	460	391	69
Supplies and Materials	14,540	1,714	12,826
Capital Outlay	2,500	7,951	(5,451)
Total Instructional Staff	20,500	12,481	8,019
Administration :			
Salaries and Wages	15,279	13,371	1,908
Fringe Benefits	4,078	3,783	295
Purchased Services	1,405	1,471	(66)
Other Administration	0	280	(280)
Total Administration	20,762	18,905	1,857
Central :			
Purchased Services	0	5,899	(5,899)
Total Central	0	5,899	(5,899)
Total Support Services	41,496	37,519	3,977
Total Expenditures	61,696	57,950	3,746
Excess of Revenues Over (Under) Expenditures	25,464	29,210	3,746
Fund Balance at Beginning of Year	16,693	16,693	0
Prior Year Encumbrances Appropriated	296	296	0
Fund Balance at End of Year	\$42,453	\$46,199	\$3,746

KETTERING CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
VENTURE CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Intergovernmental	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Instruction:			
Regular:			
Purchased Services	260	0	260
Capital Outlay	32	0	32
Total Regular	292	0	292
Total Instruction	292	0	292
Support Services:			
Instructional Staff:			
Salaries and Wages	813	0	813
Fringe Benefits	140	0	140
Total Instructional Staff	953	0	953
Administration:			
Purchased Services	466	0	466
Supplies and Materials	488	0	488
Total Administration	954	0	954
Total Support Services	1,907	0	1,907
Total Expenditures	2,199	0	2,199
Excess of Revenues Over (Under) Expenditures	(2,199)	0	2,199
Fund Balance at Beginning of Year	2,210	2,210	0
Fund Balance at End of Year	\$11	\$2,210	\$2,199

KETTERING CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET (NON-GAAP
BASIS) AND ACTUAL - ATHLETIC FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Tuition and Fees	\$149,513	\$162,513	\$13,000
Extracurricular Activities	232,811	323,424	90,613
Miscellaneous	24,176	24,165	(11)
Total Revenues	406,500	510,102	103,602
Expenditures:			
Current:			
Support Services:			
Operation and Maintenance of Plant:			
Purchased Services	9,280	6,725	2,555
Total Operation and Maintenance of Plant	9,280	6,725	2,555
Total Support Services	9,280	6,725	2,555
Extracurricular Activities:			
Academic and Subject Oriented:			
Purchased Services	44,723	23,939	20,784
Supplies and Materials	109,058	107,720	1,338
Capital Outlay	3,000	1,037	1,963
Other Academic and Subject Oriented	40,200	87,103	(46,903)
Total Academic and Subject Oriented	196,981	219,799	(22,818)
Sports Oriented:			
Salaries and Wages	5,300	3,293	2,007
Fringe Benefits	1,257	501	756
Purchased Services	113,364	72,707	40,657
Supplies and Materials	134,519	136,218	(1,699)
Capital Outlay	72,500	15,495	57,005
Other Sports Oriented	17,676	20,717	(3,041)
Total Sports Oriented	344,616	248,931	95,685
School and Public Services:			
Purchased Services	62,174	59,142	3,032
Supplies and Materials	5,614	15,352	(9,738)
Capital Outlay	4,000	0	4,000
Other School and Public Services	87,858	56,988	30,870
Total School and Public Services	159,646	131,482	28,164
Total Extracurricular Activities	701,243	600,212	101,031
Total Expenditures	710,523	606,937	103,586
Excess of Revenues Over (Under) Expenditures	(304,023)	(96,835)	207,188
Other Financing Sources (Uses):			
Operating Transfers-In	13,500	13,500	0
Total Other Financing Uses	13,500	13,500	0
Excess of Revenues Over (Under) Expenditures and Other Financing Uses	(290,523)	(83,335)	207,188
Fund Balance at Beginning of Year	178,815	178,815	0
Prior Year Encumbrances Appropriated	69,381	69,381	0
Fund Balance at End of Year	(\$42,327)	\$164,861	\$207,188

KETTERING CITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES-BUDGET (NON-GAAP
 BASIS) AND ACTUAL - AUXILIARY SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Interest	\$10,390	\$10,390	\$0
Intergovernmental	1,366,278	1,366,278	0
Total Revenues	1,376,668	1,376,668	0
Expenditures:			
Current:			
Non-Instructional:			
Salaries and Wages	706,836	570,859	135,977
Fringe Benefits	164,399	142,247	22,152
Purchased Services	87,946	86,909	1,037
Supplies and Materials	317,277	577,165	(259,888)
Capital Outlay	96,374	115,798	(19,424)
Other Non-Instructional	483	0	483
Total Non-Instructional Services	1,373,315	1,492,978	(119,663)
Total Expenditures	1,373,315	1,492,978	(119,663)
Excess of Revenues Over (Under) Expenditures	3,353	(116,310)	(119,663)
Other Financing Sources (Uses)			
Refund of Prior Year's Receipts	(15,358)	(15,358)	0
Total Other Financing Sources (Uses)	(15,358)	(15,358)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(12,005)	(131,668)	(119,663)
Fund Balance at Beginning of Year	2,409	2,409	0
Prior Year Encumbrances Appropriated	472,374	472,374	0
Fund Balance at End of Year	\$462,778	\$343,115	(\$119,663)

KETTERING CITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES-BUDGET (NONGAAP
 BASIS) AND ACTUAL - CAREER DEVELOPMENT FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Intergovernmental	\$27,224	\$27,224	\$0
Total Revenues	27,224	27,224	0
Expenditures:			
Current:			
Support Services:			
Pupil:			
Salaries and Wages	30,000	6,000	24,000
Fringe benefits	4,800	859	3,941
Purchased Services	10,000	5,629	4,371
Supplies and Materials	9,210	20,637	(11,427)
Total Pupil	54,010	33,125	20,885
Total Support Services	54,010	33,125	20,885
Total Expenditures	54,010	33,125	20,885
Excess of Revenues Over (Under) Expenditures	(26,786)	(5,901)	20,885
Fund Balance at Beginning of Year	93,909	93,909	0
Prior Year Encumbrances Appropriated	3,210	3,210	0
Fund Balance at End of Year	\$70,333	\$91,218	\$20,885

KETTERING CITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES-BUDGET
 (NON-GAAP BASIS) AND ACTUAL
 LOCAL PROFESSIONAL DEVELOPMENT FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Intergovernmental	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Support Services:			
Instructional Staff:			
Salaries and Wages	15,000	1,232	13,768
Fringe Benefits	3,000	180	2,820
Purchased Services	8,080	15,035	(6,955)
Supplies and Materials	17,421	15,134	2,287
Total Instructional Staff	43,501	31,581	11,920
Total Support Services	43,501	31,581	11,920
Total Expenditures	43,501	31,581	11,920
Excess of Revenues Over (Under) Expenditures	(43,501)	(31,581)	11,920
Fund Balance at Beginning of Year	17,080	17,080	0
Prior Year Encumbrances Appropriated	14,501	14,501	0
Fund Balance at End of Year	(\$11,920)	\$0	\$11,920

KETTERING CITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES-BUDGET
 (NON-GAAP BASIS) AND ACTUAL
 EXCELLENCE IN EDUCATION FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Intergovernmental	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Instruction:			
Regular:			
Purchased Services	1,000	0	1,000
Supplies and Materials	2,448	1,633	815
Total Regular	3,448	1,633	1,815
Total Instruction	3,448	1,633	1,815
Total Expenditures	3,448	1,633	1,815
Excess of Revenues Over (Under) Expenditures	(3,448)	(1,633)	1,815
Fund Balance at Beginning of Year - See Note 3	3,448	3,448	0
Fund Balance at End of Year	\$0	\$1,815	\$1,815

KETTERING CITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
 EDUCATION MANAGEMENT INFORMATION SYSTEM FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Intergovernmental	\$28,606	\$28,606	\$0
Total Revenues	28,606	28,606	0
Expenditures:			
Current:			
Support Services:			
Central:			
Purchased Services	31,277	36,816	(5,539)
Supplies and Materials	23,282	23,282	0
Total Central	54,559	60,098	(5,539)
Total Support Services	54,559	60,098	(5,539)
Total Expenditures	54,559	60,098	(5,539)
Excess of Revenues Over (Under) Expenditures	(25,953)	(31,492)	(5,539)
Fund Balance at Beginning of Year	8,210	8,210	0
Prior Year Encumbrances Appropriated	23,282	23,282	0
Fund Balance at End of Year	\$5,539	\$0	(\$5,539)

KETTERING CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET (NON-GAAP
BASIS) AND ACTUAL - PUBLIC SCHOOL PRESCHOOL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Intergovernmental	\$240,292	\$240,292	\$0
Total Revenues	240,292	240,292	0
Expenditures:			
Current:			
Instruction:			
Regular:			
Salaries and Wages	69,604	63,803	5,801
Fringe Benefits	12,096	9,816	2,280
Supplies and Materials	20,501	22,675	(2,174)
Capital Outlay	6,449	6,453	(4)
Other Regular	2,820	3,900	(1,080)
Total Regular	111,470	106,647	4,823
Total Instruction	111,470	106,647	4,823
Support Services:			
Pupil:			
Salaries and Wages	23,912	20,603	3,309
Fringe Benefits	3,359	3,130	229
Purchased Services	3,400	3,400	0
Total Pupil	30,671	27,133	3,538
Instructional Staff:			
Salaries and Wages	78,973	72,372	6,601
Fringe Benefits	17,652	15,404	2,248
Purchased Services	3,086	1,628	1,458
Capital Outlay	6,051	6,077	(26)
Total Instructional Staff	105,762	95,481	10,281
Administration:			
Salaries and Wages	18,275	9,398	8,877
Fringe Benefits	6,439	2,428	4,011
Supplies and Materials	2,747	6,924	(4,177)
Total Administration	27,461	18,750	8,711
Operation and Maintenance of Plant:			
Purchased Services	2,178	2,000	178
Capital Outlay	11,459	11,459	0
Total Operation and Maintenance of Plant	13,637	13,459	178
Central:			
Purchased Services	5,059	2,559	2,500
Supplies and Materials	283	2,883	(2,600)
Total Central	5,342	5,442	(100)
Total Support Services	182,873	160,265	22,608
Total Expenditures	294,343	266,912	27,431
Excess of Revenues Over (Under) Expenditures	(54,051)	(26,620)	27,431
Other Financing (Uses):			
Refund of Prior Year's Receipts	(612)	(612)	0
Total Other Financing Uses	(612)	(612)	0
Excess of Revenues Over (Under) Expenditures and Other Financing Uses	(54,663)	(27,232)	27,431
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances Appropriated	53,850	53,850	0
Fund Balance at End of Year	(\$813)	\$26,618	\$27,431

KETTERING CITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
 DISTRICT PROFESSIONAL DEVELOPMENT FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Intergovernmental	\$5,142	\$5,142	\$0
Total Revenues	5,142	5,142	0
Expenditures:			
Current:			
Support Services:			
Instructional Staff:			
Salaries and Wages	2,000	1,820	180
Fringe Benefits	800	0	800
Purchased Services	3,330	4,100	(770)
Total Instructional Staff	6,130	5,920	210
Total Support Services	6,130	5,920	210
Total Expenditures	6,130	5,920	210
Excess of Revenues Over (Under) Expenditures	(988)	(778)	210
Fund Balance at Beginning of Year	2,935	2,935	
Prior Year Encumbrances Appropriated	130	130	0
Fund Balance at End of Year	\$2,077	\$2,287	\$210

KETTERING CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET (NON-GAAP
BASIS) AND ACTUAL - OHIOREADS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Intergovernmental	\$76,000	\$76,000	\$0
Total Revenues	76,000	76,000	0
Expenditures:			
Current:			
Instruction:			
Regular:			
Salaries and Wages	50,000	6,880	43,120
Fringe Benefits	7,000	2,196	4,804
Purchased Services	0	29,132	(29,132)
Supplies and Materials	23,114	36,329	(13,215)
Capital Outlay	0	2,452	(2,452)
Total Regular	80,114	76,989	3,125
Total Instruction	80,114	76,989	3,125
Support Services:			
Pupil			
Salaries and Wages	3,607	3,607	0
Total Pupil	3,607	3,607	0
Instructional Staff:			
Salaries and Wages	100	64	36
Fringe Benefits	75	10	65
Purchased Services	4,725	4,725	0
Total Instructional Staff	4,900	4,799	101
Total Support Services	8,507	8,406	101
Total Expenditures	88,621	85,395	3,226
Excess of Revenues Over (Under) Expenditures	(12,621)	(9,395)	3,226
Fund Balance at Beginning of Year	20,716	20,716	0
Prior Year Encumbrances Appropriated	17,114	17,114	0
Fund Balance at End of Year	\$25,209	\$28,435	\$3,226

KETTERING CITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES-BUDGET (NON-GAAP
 BASIS) AND ACTUAL - SUMMER SCHOOL SUBSIDY FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Intergovernmental	\$15,394	\$15,394	\$0
Total Revenues	15,394	15,394	0
Expenditures:			
Current:			
Instruction:			
Regular:			
Salaries and Wages	10,000	6,656	3,344
Fringe Benefits	4,335	565	3,770
Total Regular	14,335	7,221	7,114
Total Instruction	14,335	7,221	7,114
Total Expenditures	14,335	7,221	7,114
Excess of Revenues Over (Under) Expenditures	1,059	8,173	7,114
Fund Balance at Beginning of Year	14,335	14,335	0
Fund Balance at End of Year	\$15,394	\$22,508	\$7,114

KETTERING CITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES-BUDGET (NON-GAAP
 BASIS) AND ACTUAL - ALTERNATIVE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Intergovernmental	\$32,859	\$32,859	\$0
Total Revenues	32,859	32,859	0
Expenditures:			
Current:			
Instruction:			
Regular:			
Salaries and Wages	29,000	26,653	2,347
Fringe Benefits	5,200	3,863	1,337
Supplies and Materials	25,927	18,499	7,428
Capital Outlay	15,000	22,485	(7,485)
Total Regular	75,127	71,500	3,627
Total Instruction	75,127	71,500	3,627
Support Services:			
Instructional Staff:			
Purchased Services	7,723	9,874	(2,151)
Total Instructional Staff	7,723	9,874	(2,151)
Administration:			
Purchased Services	7,777	7,744	33
Capital Outlay	3,000	2,509	491
Total Administration	10,777	10,253	524
Central:			
Supplies and Materials	7,373	7,373	0
Total Central	7,373	7,373	0
Total Support Services	25,873	27,500	(1,627)
Non-Instructional:			
Supplies and Materials	6,859	6,850	9
Total Instructional Staff	6,859	6,850	9
Total Expenditures	107,859	105,850	2,009
Excess of Revenues Over (Under) Expenditures	(75,000)	(72,991)	2,009
Fund Balance at Beginning of Year	75,000	75,000	0
Fund Balance at End of Year	\$0	\$2,009	\$2,009

KETTERING CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET (NON-GAAP
BASIS) AND ACTUAL - OTHER STATE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Intergovernmental	\$36,814	\$36,814	\$0
Total Revenues	36,814	36,814	0
Expenditures:			
Current:			
Instruction:			
Regular:			
Purchased Services	11,520	2,440	9,080
Supplies and Materials	13,743	3,759	9,984
Capital Outlay	27,161	26,907	254
Total Regular	52,424	33,106	19,318
Vocational:			
Supplies and Materials	10,957	0	10,957
Total Vocational	10,957	0	10,957
Total Instruction	63,381	33,106	30,275
Support Services:			
Pupil:			
Salaries and Wages	30,000	17,523	12,477
Fringe Benefits	9,800	8,956	844
Supplies and Materials	591	181	410
Total Pupil	40,391	26,660	13,731
Operation and Maintenance of Plant:			
Purchased Services	15,707	15,707	0
Total Operation and Maintenance of Plant	15,707	15,707	0
Total Support Services	56,098	42,367	13,731
Total Expenditures	119,479	75,473	44,006
Excess of Revenues Over (Under) Expenditures	(82,665)	(38,659)	44,006
Other Financing (Uses):			
Refund of Prior Year's Receipts	(1,497)	(1,497)	0
Total Other Financing Uses	(1,497)	(1,497)	0
Excess of Revenue Over (Under) Expenditures and Other Financing Uses	(84,162)	(40,156)	44,006
Fund Balance at Beginning of Year	40,513	40,513	0
Prior Year Encumbrances Appropriated	28,875	28,875	0
Fund Balance at End of Year	(\$14,774)	\$29,232	\$44,006

KETTERING CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ADULT BASIC EDUCATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Intergovernmental	\$93,573	\$66,975	(\$26,598)
Total Revenues	93,573	66,975	(26,598)
Expenditures:			
Current:			
Instruction:			
Adult/Continuing:			
Salaries and Wages	30,706	30,583	123
Fringe Benefits	6,256	4,720	1,536
Supplies and Materials	4,200	1,404	2,796
Capital Outlay	2,800	909	1,891
Total Adult/Continuing	43,962	37,616	6,346
Total Instruction	43,962	37,616	6,346
Support Services:			
Pupil:			
Salaries and Wages	4,111	4,111	0
Fringe Benefits	1,558	1,558	0
Total Pupil	5,669	5,669	0
Instructional Staff:			
Salaries and Wages	34,661	33,510	1,151
Fringe Benefits	7,796	6,868	928
Purchased Services	108	451	(343)
Supplies and Materials	0	623	(623)
Total Instructional Staff	42,565	41,452	1,113
Administration:			
Salaries and Wages	4,399	3,741	658
Fringe Benefits	1,174	623	551
Purchased Services	4,000	244	3,756
Total Administration	9,573	4,608	4,965
Total Support Services	57,807	51,729	6,078
Total Expenditures	101,769	89,345	12,424
Excess of Revenues Over (Under) Expenditures	(8,196)	(22,370)	(14,174)
Other Financing Sources:			
Advances In	16,460	16,460	0
Total Other Financing Sources	16,460	16,460	0
Excess of Revenue and Other Financing Sources Over (Under) Expenditures	8,264	(5,910)	(14,174)
Fund Balance at Beginning of Year	1,206	1,206	0
Prior Year's Encumbrances Appropriated	5,307	5,307	0
Fund Balance at End of Year	\$14,777	\$603	(\$14,174)

KETTERING CITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
 EESA TITLE II FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Intergovernmental	\$11,875	\$11,875	\$0
Total Revenues	11,875	11,875	0
Expenditures:			
Current:			
Instruction:			
Regular:			
Purchased Services	2,200	880	1,320
Supplies and Materials	4,272	1,548	2,724
Total Regular	6,472	2,428	4,044
Total Instruction	6,472	2,428	4,044
Support Services:			
Instructional Staff:			
Salaries and Wages	5,200	300	4,900
Fringe Benefits	2,000	12	1,988
Purchased Services	4,823	1,660	3,163
Supplies and Materials	2,500	1,073	1,427
Capital Outlay	6,218	11,120	(4,902)
Total Instructional Staff	20,741	14,165	6,576
Total Support Services	20,741	14,165	6,576
Total Expenditures	27,213	16,593	10,620
Excess of Revenues Over (Under) Expenditures	(15,338)	(4,718)	10,620
Other Financing (Uses):			
Refund of Prior Year's Receipts	(1,197)	(1,197)	0
Total Other Financing Uses	(1,197)	(1,197)	0
Excess of Revenues Over (Under) Expenditures and Other Financing Uses	(16,535)	(5,915)	10,620
Fund Balance at Beginning of Year	22,500	22,500	0
Prior Year Encumbrances Appropriated	1,172	1,172	0
Fund Balance at End of Year	\$7,137	\$17,757	\$10,620

KETTERING CITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES-BUDGET (NON-GAAP
 BASIS) AND ACTUAL - EESA TITLE VI-B FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Intergovernmental	\$579,237	\$512,591	(\$66,646)
Total Revenues	579,237	512,591	(66,646)
Expenditures:			
Current:			
Instruction:			
Special:			
Salaries and Wages	1,600	862	738
Fringe Benefits	300	137	163
Purchased Services	6,055	1,375	4,680
Supplies and Materials	950	1,040	(90)
Capital Outlay	1,360	16,703	(15,343)
Total Special	10,265	20,117	(9,852)
Total Instruction	10,265	20,117	(9,852)
Support Services:			
Pupil:			
Salaries and Wages	205,252	180,228	25,024
Fringe Benefits	60,000	51,346	8,654
Purchased Services	19,050	18,378	672
Capital Outlay	0	1,929	(1,929)
Total Pupil	284,302	251,881	32,421
Instructional Staff:			
Salaries and Wages	8,500	7,736	764
Fringe Benefits	1,500	1,257	243
Purchased Services	20,000	17,149	2,851
Total Instructional Staff	30,000	26,142	3,858
Administration:			
Salaries and Wages	98,900	90,057	8,843
Fringe Benefits	30,000	27,640	2,360
Purchased Services	4,950	2,744	2,206
Total Administration	133,850	120,441	13,409
Pupil Transportation:			
Salaries and Wages	48,000	45,105	2,895
Fringe Benefits	12,300	10,650	1,650
Total Pupil Transportation	60,300	55,755	4,545
Total Support Services	508,452	454,219	54,233
Non-Instructional Services:			
Salaries and Wages	45,000	43,060	1,940
Fringe Benefits	15,520	10,577	4,943
Purchased Services	500	322	178
Total Non-Instructional Services	61,020	53,959	7,061
Total Expenditures	579,737	528,295	51,442
Excess of Revenues Over (Under) Expenditures	(500)	(15,704)	(15,204)
Fund Balance at Beginning of Year	23,153	23,153	0
Prior Year Encumbrances Appropriated	500	500	0
Fund Balance at End of Year	\$23,153	\$7,949	(\$15,204)

KETTERING CITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
 BASIS) AND ACTUAL - CARL D. PERKINS VEA FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Intergovernmental	\$78,306	\$78,306	\$0
Total Revenues	78,306	78,306	0
Expenditures:			
Current:			
Instruction:			
Vocational:			
Salaries and Wages	18,224	0	18,224
Fringe Benefits	6,162	0	6,162
Purchased Services	10,684	39,179	(28,495)
Supplies and Materials	7,336	19,717	(12,381)
Capital Outlay	600	485	115
Total Vocational	43,006	59,381	(16,375)
Total Instruction	43,006	59,381	(16,375)
Total Expenditures	43,006	59,381	(16,375)
Excess of Revenues Over (Under) Expenditures	35,300	18,925	(16,375)
Fund Balance at Beginning of Year	44,529	44,529	0
Prior Year Encumbrances Appropriated	5,020	5,020	0
Fund Balance at End of Year	\$84,849	\$68,474	(\$16,375)

KETTERING CITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES-BUDGET (NON-GAAP
 BASIS) AND ACTUAL - TITLE I FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Intergovernmental	\$393,370	\$393,370	\$0
Total Revenues	393,370	393,370	0
Expenditures:			
Current:			
Instruction:			
Special:			
Salaries and Wages	311,680	287,854	23,826
Fringe Benefits	68,715	65,098	3,617
Purchased Services	640	5,428	(4,788)
Supplies and Materials	480	11,034	(10,554)
Total Special	381,515	369,414	12,101
Total Instruction	381,515	369,414	12,101
Support Services:			
Pupil:			
Salaries and Wages	12,900	12,596	304
Fringe Benefits	6,200	6,103	97
Total Pupil	19,100	18,699	401
Total Support Services	19,100	18,699	401
Total Expenditures	400,615	388,113	12,502
Excess of Revenues Over (Under) Expenditures	(7,245)	5,257	12,502
Fund Balance at Beginning of Year	32,644	32,644	0
Fund Balance at End of Year	\$25,399	\$37,901	\$12,502

KETTERING CITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET (NON-GAAP
 BASIS) AND ACTUAL - EVEN START PROGRAM FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Intergovernmental	\$143,387	\$143,387	\$0
Total Revenues	143,387	143,387	0
Expenditures:			
Current:			
Instruction:			
Special:			
Salaries and Wages	71,224	69,002	2,222
Fringe Benefits	13,000	12,029	971
Supplies and Materials	2,635	2,539	96
Total Special	86,859	83,570	3,289
Total Instruction	86,859	83,570	3,289
Support Services:			
Pupil:			
Salaries and Wages	57,538	53,574	3,964
Fringe Benefits	8,858	8,562	296
Purchased Services	5,481	4,910	571
Total Pupil	71,877	67,046	4,831
Administration:			
Salaries and Wages	18,009	15,075	2,934
Fringe Benefits	5,616	3,971	1,645
Supplies and Materials	192	192	0
Total Administration	23,817	19,238	4,579
Central:			
Purchased Services	8,500	8,500	0
Other Central	3,700	0	3,700
Total Central	12,200	8,500	3,700
Total Support Services	107,894	94,784	13,110
Total Expenditures	194,753	178,354	16,399
Excess of Revenues Over (Under) Expenditures	(51,366)	(34,967)	16,399
Fund Balance at Beginning of Year	50,331	50,331	0
Prior Year Encumbrances Appropriated	667	667	0
Fund Balance at End of Year	(\$368)	\$16,031	\$16,399

KETTERING CITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES-BUDGET (NON-GAAP
 BASIS) AND ACTUAL - TITLE VI INNOVATION FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Intergovernmental	\$53,810	\$53,810	\$0
Total Revenues	53,810	53,810	0
Expenditures:			
Current:			
Instruction:			
Regular:			
Purchased Services	3,812	80	3,732
Supplies and Materials	7,384	6,816	568
Capital Outlay	8,493	12,803	(4,310)
Total Regular	19,689	19,699	(10)
Total Instruction	19,689	19,699	(10)
Support Services:			
Pupil:			
Salaries and Wages	20,000	3,779	16,221
Fringe Benefits	1,000	222	778
Supplies and Materials	7,942	6,219	1,723
Total Pupil	28,942	10,220	18,722
Total Support Services	28,942	10,220	18,722
Non-Instructional Services:			
Purchased Services	5,908	4,231	1,677
Capital Outlay	6,000	6,078	(78)
Total Non-Instructional Services	11,908	10,309	1,599
Total Expenditures	60,539	40,228	20,311
Excess of Revenues Over (Under) Expenditures	(6,729)	13,582	20,311
Other Financing (Uses):			
Refund of Prior Year's Receipts	(3,000)	(3,000)	0
Total Other Financing Uses	(3,000)	(3,000)	0
Excess of Revenues Over (Under) Expenditures and Other Financing Uses	(9,729)	10,582	20,311
Fund Balance at Beginning of Year	6,526	6,526	
Prior Year Encumbrances Appropriated	7,279	7,279	0
Fund Balance at End of Year	\$4,076	\$24,387	\$20,311

KETTERING CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET (NON-GAAP
BASIS) AND ACTUAL - DRUG FREE SCHOOL PROGRAM FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Intergovernmental	\$38,234	\$38,234	\$0
Total Revenues	38,234	38,234	0
Expenditures:			
Current:			
Support Services:			
Pupil:			
Salaries and Wages	8,766	9,490	(724)
Fringe Benefits	1,746	1,443	303
Purchased Services	17,869	19,900	(2,031)
Supplies and Materials	4,982	2,939	2,043
Total Pupil	33,363	33,772	(409)
Total Support Services	33,363	33,772	(409)
Non-Instructional Services:			
Salaries and Wages	1,636	1,636	0
Fringe Benefits	288	288	0
Purchased Services	1,688	1,688	0
Supplies and Materials	1,059	888	171
Total Non-Instructional Services	4,671	4,500	171
Total Expenditures	38,034	38,272	(238)
Excess of Revenues Over (Under) Expenditures	200	(38)	(238)
Other Financing (Uses):			
Refund of Prior Year's Receipts	(783)	(783)	0
Total Other Financing Uses	(783)	(783)	0
Excess of Revenues Over (Under) Expenditures and Other Financing Uses	(583)	(821)	(238)
Fund Balance at Beginning of Year	1,472	1,472	0
Prior Year Encumbrances Appropriated	667	667	0
Fund Balance at End of Year	\$1,556	\$1,318	(\$238)

KETTERING CITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES-BUDGET (NON-GAAP
 BASIS) AND ACTUAL - PRESCHOOL GRANT FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Intergovernmental	\$7,350	\$7,350	\$0
Total Revenues	7,350	7,350	0
Expenditures:			
Current:			
Instruction:			
Special:			
Purchased Services	3,599	0	3,599
Supplies and Materials	500	1,599	(1,099)
Capital Outlay	2,000	4,170	(2,170)
Total Special	6,099	5,769	330
Total Instruction	6,099	5,769	330
Support Services:			
Pupil:			
Purchased Services	0	621	(621)
Total Pupil	0	621	(621)
Total Support Services	0	621	(621)
Total Expenditures	6,099	6,390	(291)
Excess of Revenues Over (Under) Expenditures	1,251	960	(291)
Other Financing (Uses):			
Refund of Prior Year's Receipts	(2,650)	(2,650)	0
Total Other Financing Uses	(2,650)	(2,650)	0
Excess of Revenues Over (Under) Expenditures and Other Financing Uses	(1,399)	(1,690)	(291)
Fund Balance at Beginning of Year	327	327	0
Prior Year Encumbrances Appropriated	3,272	3,272	0
Fund Balance at End of Year	\$2,200	\$1,909	(\$291)

KETTERING CITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES-BUDGET (NON-GAAP
 BASIS) AND ACTUAL - OTHER FEDERAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Intergovernmental	\$58,916	\$72,836	\$13,920
Total Revenues	58,916	72,836	13,920
Expenditures:			
Current:			
Instruction:			
Regular:			
Salaries and Wages	90,777	92,138	(1,361)
Fringe Benefits	24,656	27,053	(2,397)
Purchased Services	16,857	11,857	5,000
Supplies and Materials	7,940	5,523	2,417
Total Regular	140,230	136,571	3,659
Total Instruction	140,230	136,571	3,659
Total Expenditures	140,230	136,571	3,659
Excess of Revenues Over (Under) Expenditures	(81,314)	(63,735)	17,579
Other Financing Sources:			
Advances-In	55,000	55,000	0
Total Other Financing Sources	55,000	55,000	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(26,314)	(8,735)	17,579
Fund Balance at Beginning of Year	(17,045)	(17,045)	0
Prior Year Encumbrances Appropriated	25,152	25,152	0
Fund Balance at End of Year	(\$18,207)	(\$628)	\$17,579

KETTERING CITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES-BUDGET (NON-GAAP
 BASIS) AND ACTUAL - ALL SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Tuition and Fees	\$214,798	\$227,798	\$13,000
Interest	18,429	18,429	0
Intergovernmental	3,298,610	3,219,286	(79,324)
Extracurricular Activities	433,898	524,511	90,613
Classroom Materials and Fees	39,123	39,123	0
Miscellaneous	116,220	116,209	(11)
Total Revenues	4,121,078	4,145,356	24,278
Expenditures:			
Current:			
Instruction:			
Regular:			
Salaries and Wages	249,381	196,130	53,251
Fringe Benefits	53,287	43,493	9,794
Purchased Services	35,649	44,389	(8,740)
Supplies and Materials	175,392	158,192	17,200
Capital Outlay	60,251	72,758	(12,507)
Other Regular	6,480	7,176	(696)
Total Regular	580,440	522,138	58,302
Special:			
Salaries and Wages	384,504	357,718	26,786
Fringe Benefits	82,015	77,264	4,751
Purchased Services	10,294	6,803	3,491
Supplies and Materials	4,565	16,212	(11,647)
Capital Outlay	3,360	20,873	(17,513)
Total Special	484,738	478,870	5,868
Vocational:			
Salaries and Wages	18,224	0	18,224
Fringe Benefits	6,162	0	6,162
Purchased Services	10,684	39,179	(28,495)
Supplies and Materials	18,293	19,717	(1,424)
Capital Outlay	600	485	115
Total Vocational	53,963	59,381	(5,418)
Adult/Continuing:			
Salaries and Wages	30,706	30,583	123
Fringe Benefits	6,256	4,720	1,536
Supplies and Materials	4,200	1,404	2,796
Capital Outlay	2,800	909	1,891
Total Adult/Continuing	43,962	37,616	6,346
Total Instruction	1,163,103	1,098,005	65,098

(Continued)

KETTERING CITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES-BUDGET (NON-GAAP
 BASIS) AND ACTUAL - ALL SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002
 (Continued)

	Revised Budget	Actual	Over/Under
Support Services:			
Pupil:			
Salaries and Wages	396,288	311,713	84,575
Fringe Benefits	97,353	82,211	15,142
Purchased Services	55,800	52,838	2,962
Supplies and Materials	22,725	29,976	(7,251)
Capital Outlay	0	1,929	(1,929)
Total Pupil	572,166	478,667	93,499
Instructional Staff:			
Salaries and Wages	148,247	119,459	28,788
Fringe Benefits	33,423	24,122	9,301
Purchased Services	54,475	54,904	(429)
Supplies and Materials	41,362	22,845	18,517
Capital Outlay	15,907	26,086	(10,179)
Total Instructional Staff	293,414	247,416	45,998
Administration:			
Salaries and Wages	154,862	131,642	23,220
Fringe Benefits	47,307	38,445	8,862
Purchased Services	106,508	93,673	12,835
Supplies and Materials	202,973	176,436	26,537
Capital Outlay	78,884	68,048	10,836
Other Administration	55,800	36,690	19,110
Total Administration	646,334	544,934	101,400
Operation & Maintenance of Plant:			
Purchased Services	27,165	24,432	2,733
Capital Outlay	11,459	11,459	0
Total Operation & Maintenance of Plant	38,624	35,891	2,733
Pupil Transportation:			
Salaries and Wages	48,000	45,105	2,895
Fringe Benefits	12,300	10,650	1,650
Total Pupil Transportation	60,300	55,755	4,545
Central:			
Purchased Services	44,836	53,774	(8,938)
Supplies and Materials	30,938	33,538	(2,600)
Other Central	3,700	0	3,700
Total Central	79,474	87,312	(7,838)

(Continued)

KETTERING CITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES-BUDGET (NON-GAAP
 BASIS) AND ACTUAL - ALL SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002
 (Continued)

	Revised Budget	Actual	Over/Under
Total Support Services	1,690,312	1,449,975	240,337
Non-Instructional Services:			
Salaries and Wages	753,472	615,555	137,917
Fringe Benefits	180,207	153,112	27,095
Purchased Services	96,042	93,150	2,892
Supplies and Materials	325,195	584,903	(259,708)
Capital Outlay	102,374	121,876	(19,502)
Other Non-Instructional	483	0	483
Total Non-Instructional Services	1,457,773	1,568,596	(110,823)
Extracurricular Activities:			
Academic and Subject Oriented:			
Purchased Services	44,723	23,939	20,784
Supplies and Materials	109,058	107,720	1,338
Capital Outlay	3,000	1,037	1,963
Other Academic and Subject Oriented	40,200	87,103	(46,903)
Total Academic and Subject Oriented	196,981	219,799	(22,818)
Sports Oriented:			
Salaries and Wages	5,300	3,293	2,007
Fringe Benefits	1,257	501	756
Purchased Services	113,364	72,707	40,657
Supplies and Materials	134,519	136,218	(1,699)
Capital Outlay	72,500	15,495	57,005
Other Sports Oriented	17,676	20,717	(3,041)
Total Sports Oriented	344,616	248,931	95,685
School and Public Services:			
Purchased Services	62,174	59,142	3,032
Supplies and Materials	5,614	15,352	(9,738)
Capital Outlay	4,000	0	4,000
Other School and Public Services	87,858	56,988	30,870
Total School and Public Services	159,646	131,482	28,164
Total Extracurricular Activities	701,243	600,212	101,031
Total Expenditures	5,012,431	4,716,788	295,643
Excess of Revenues Over (Under) Expenditures	(891,353)	(571,432)	319,921
Other Financing Sources (Uses):			
Operating Transfers-In	13,500	13,500	0
Advances-In	71,460	71,460	0
Refund of Prior Year's Receipts	(25,097)	(25,097)	0
Total Other Financing Sources (Uses)	59,863	59,863	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(831,490)	(511,569)	319,921
Fund Balances at Beginning of Year - See Note 3	856,421	856,421	0
Prior Year Encumbrances Appropriated	767,605	767,605	0
Fund Balances at End of Year	\$792,536	\$1,112,457	\$319,921

DEBT SERVICE FUND

The debt service fund is used to account for the accumulation of resources and the payment of, general long-term debt principal, interest, and related costs. A description of the School District's Debt Service Fund is as follows:

BOND RETIREMENT

To account for property taxes collected for the payment of general obligation bonded debt. Since this is the only debt service fund, no individual fund information is presented.

CAPITAL PROJECTS FUNDS

The capital projects funds account for the acquisition, construction or improvement of capital facilities other than those financed by proprietary and trust funds.

Permanent Improvement

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

Building

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

Replacement

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.

Vocational Education Equipment

To account for receipts and expenditures involved in the replacement or updating of equipment essential for the instruction of students in job skills.

SchoolNet Plus

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

KETTERING CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 ALL CAPITAL PROJECTS FUNDS
 JUNE 30, 2002

	Permanent Improvement	Building	Replacement	Vocational Education Equipment	SchoolNet Plus	Totals
Assets:						
Equity in Pooled Cash and Cash Equivalents	\$900,976	\$0	\$102,848	\$0	\$8,700	\$1,012,524
Receivables:						
Taxes	702,181	0	0	0	0	702,181
Interest	1,421	0	161	0	0	1,582
Total Assets	\$1,604,578	\$0	\$103,009	\$0	\$8,700	\$1,716,287
Liabilities and Fund Balances:						
Liabilities:						
Accounts Payable	70,224	0	0	0	0	70,224
Due to Other Funds	10,319	0	0	0	0	10,319
Deferred Revenue	558,425	0	0	0	0	558,425
Total Liabilities	638,968	0	0	0	0	638,968
Fund Balances:						
Reserved for Encumbrances	392,082	0	0	0	0	392,082
Reserved for Property Tax	143,756	0	0	0	0	143,756
Unreserved	429,772	0	103,009	0	8,700	541,481
Total Fund Balances	965,610	0	103,009	0	8,700	1,077,319
Total Liabilities and Fund Balances	\$1,604,578	\$0	\$103,009	\$0	\$8,700	\$1,716,287

KETTERING CITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 ALL CAPITAL PROJECTS FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Permanent Improvement	Building	Replacement	Vocational Education Equipment	SchoolNet Plus	Totals
Revenues:						
Taxes	\$765,205	\$0	\$0	\$0	\$0	\$765,205
Interest	20,241	0	2,783	0	0	23,024
Intergovernmental	76,379	0	0	19,351	8,700	104,430
Miscellaneous	1,398	0	0	0	0	1,398
Total Revenues	863,223	0	2,783	19,351	8,700	894,057
Expenditures:						
Current:						
Instruction:						
Regular	0	0	1,812	0	0	1,812
Vocational	0	0	0	19,351	0	19,351
Support Services:						
Fiscal	9,620	0	0	0	0	9,620
Operation and Maintenance of Plant	910,762	0	0	0	6,000	916,762
Facilities Acquisitions and Constructions	11,738	956,686	0	0	0	968,424
Total Expenditures	932,120	956,686	1,812	19,351	6,000	1,915,969
Excess of Revenues Over (Under) Expenditures	(68,897)	(956,686)	971	0	2,700	(1,021,912)
Fund Balances at Beginning of Year	1,034,507	956,686	102,038	0	6,000	2,099,231
Fund Balances at End of Year	\$965,610	\$0	\$103,009	\$0	\$8,700	\$1,077,319

KETTERING CITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
 PERMANENT IMPROVEMENT FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Taxes	\$686,726	\$686,726	\$0
Interest	18,823	18,823	0
Intergovernmental	71,134	71,134	0
Miscellaneous	214,906	1,398	(213,508)
Total Revenues	991,589	778,081	(213,508)
Expenditures:			
Current:			
Support Services:			
Fiscal:			
Purchased Services	266	266	0
Miscellaneous	20,000	9,354	10,646
Total Fiscal	20,266	9,620	10,646
Operation and Maintenance of Plant:			
Purchased Services	1,053,339	1,015,458	37,881
Supplies and Materials	2,825	2,825	0
Capital Outlay	23,918	22,684	1,234
Total Operation and Maintenance of Plant	1,080,082	1,040,967	39,115
Total Support Services	1,100,348	1,050,587	49,761
Facilities Acquisition and Construction Services:			
Architecture and Engineering Services:			
Purchased Services	275,000	275,000	0
Capital Outlay	19,176	11,738	7,438
Total Architecture and Engineering Services	294,176	286,738	7,438
Total Expenditures	1,394,524	1,337,325	57,199
Excess of Revenues Over (Under) Expenditures	(402,935)	(559,244)	(156,309)
Fund Balance at Beginning of Year	943,954	943,954	0
Prior Year Encumbrances Appropriated	53,962	53,962	0
Fund Balance at End of Year	\$594,981	\$438,672	(\$156,309)

KETTERING CITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
 BUILDING FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Interest	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Instruction:			
Regular:			
Capital Outlay	6,600	6,600	0
Total Regular	6,600	6,600	0
Instruction:	6,600	6,600	0
Facilities Acquisition and Construction Services:			
Architecture and Engineering Services:			
Purchased Services	1,198,987	1,198,987	0
Total Architecture Engineering Services	1,198,987	1,198,987	0
Total Facilities Acquisition and Construction Services	1,198,987	1,198,987	0
Total Expenditures:	1,205,587	1,205,587	0
Excess of Revenues Over (Under) Expenditures	(1,205,587)	(1,205,587)	0
Fund Balance at Beginning of Year	700,000	700,000	0
Prior Year Encumbrances Appropriated	505,587	505,587	0
Fund Balance at End of Year	\$0	\$0	\$0

KETTERING CITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
 REPLACEMENT FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Interest	\$6,000	\$2,622	(\$3,378)
Total Revenues	6,000	2,622	(3,378)
Expenditures:			
Current:			
Support Services:			
Operation and Maintenance of Plant:			
Purchased Services	60,000	1,812	58,188
Total Operation and Maintenance of Plant	60,000	1,812	58,188
Total Support Services	60,000	1,812	58,188
Total Expenditures:	60,000	1,812	58,188
Excess of Revenues Over (Under) Expenditures	(54,000)	810	54,810
Fund Balance at Beginning of Year	102,038	102,038	0
Fund Balance at End of Year	\$48,038	\$102,848	\$54,810

KETTERING CITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
 VOCATIONAL EDUCATION EQUIPMENT FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Intergovernmental	\$20,000	\$19,351	(\$649)
Total Revenues	20,000	19,351	(649)
Expenditures:			
Current:			
Instruction:			
Vocational:			
Capital Outlay	0	19,351	(19,351)
Total Vocational	0	19,351	(19,351)
Total Instruction	0	19,351	(19,351)
Total Expenditures	0	19,351	(19,351)
Excess of Revenues Over (Under) Expenditures	20,000	0	(20,000)
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$20,000	\$0	(\$20,000)

KETTERING CITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
 SCHOOLNET PLUS FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Intergovernmental	\$8,700	\$8,700	\$0
Total Revenues	8,700	8,700	0
Expenditures:			
Current:			
Instruction:			
Regular	0	0	0
Capital Outlay	0	0	0
Total Regular	0	0	0
Total Instruction	0	0	0
Total Expenditures	0	0	0
Excess of of Revenues Over (Under) Expenditures and Other Uses	8,700	8,700	0
Other Financing (Uses):			
Refund of Prior Year's Receipts	(6,000)	(6,000)	0
Total Other Financing Uses	(6,000)	(6,000)	
Excess of of Revenues Over (Under) Expenditures and Other Uses	2,700	2,700	0
Fund Balance at Beginning of Year	6,000	6,000	0
Fund Balance at End of Year	\$8,700	\$8,700	\$0

KETTERING CITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES-BUDGET (NON-GAAP
 BASIS) AND ACTUAL - ALL CAPITAL PROJECTS FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Revised Budget	Actual	Over/Under
Revenues:			
Taxes	\$686,726	\$686,726	\$0
Interest	24,823	21,445	(3,378)
Intergovernmental	99,834	99,185	(649)
Miscellaneous	214,906	1,398	(213,508)
Total Revenues	1,026,289	808,754	(217,535)
Expenditures:			
Current:			
Instruction:			
Regular:			
Capital Outlay	6,600	6,600	0
Total Regular	6,600	6,600	0
Vocational:			
Capital Outlay	0	19,351	(19,351)
Total Vocational	0	19,351	(19,351)
Total Instruction	6,600	25,951	(19,351)
Support Services:			
Fiscal:			
Purchased Services	266	266	0
Miscellaneous	20,000	9,354	10,646
Total Fiscal	20,266	9,620	10,646
Operation and Maintenance of Plant:			
Purchased Services	1,113,339	1,017,270	96,069
Supplies and Materials	2,825	2,825	0
Capital Outlay	23,918	22,684	1,234
Total Operation and Maintenance of Plant	1,140,082	1,042,779	97,303
Total Support Services	1,160,348	1,052,399	107,949
Facilities Acquisition and Construction Services:			
Architecture and Engineering Services:			
Purchased Services	1,473,987	1,473,987	0
Capital Outlay	19,176	11,738	7,438
Total Facilities Acquisition and Construction Services	1,493,163	1,485,725	7,438
Total Expenditures	2,660,111	2,564,075	96,036
Excess of Revenues Over (Under) Expenditures	(1,633,822)	(1,755,321)	(121,499)
Other Financing (Uses):			
Refund of Prior Year's Receipts	(6,000)	(6,000)	0
Total Other Financing Uses	(6,000)	(6,000)	0
Excess of Revenue and Other Financing Sources Over (Under) Expenditures	(1,639,822)	(1,761,321)	(121,499)
Fund Balances at Beginning of Year	1,751,992	1,751,992	0
Prior Year Encumbrances Appropriated	559,549	559,549	0
Fund Balances at End of Year	\$671,719	\$550,220	(\$121,499)

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Food Service

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

Uniform School Supplies

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

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

Special Enterprise

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

KETTERING CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 ALL ENTERPRISE FUNDS
 JUNE 30, 2002

	Food Service	Uniform School Supplies	Rotary Special Services	Special Enterprise	Totals
Assets:					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$574,073	\$111,512	\$15,153	\$96,342	\$797,080
Receivables:					
Accounts	859	0	0	2,159	3,018
Interest	590	0	0	0	590
Intergovernmental	67,396	0	0	0	67,396
Inventory for Resale	44,718	0	0	0	44,718
Total Current Assets	687,636	111,512	15,153	98,501	912,802
Non-Current Assets:					
Fixed Assets (net, where applicable, of Accumulated Depreciation)	150,048	0	0	3,428	153,476
Total Non-Current Assets	150,048	0	0	3,428	153,476
Total Assets	\$837,684	\$111,512	\$15,153	\$101,929	\$1,066,278
Liabilities:					
Accounts Payable	365	8,826	1,667	160	11,018
Accrued Wages	87,901	0	0	34,814	122,715
Compensated Absences	65,254	0	0	0	65,254
Intergovernmental Payable	41,068	0	0	4,025	45,093
Deferred Revenue	44,718	0	0	0	44,718
Total Liabilities	239,306	8,826	1,667	38,999	288,798
Fund Equity:					
Retained Earnings	476,991	102,686	13,486	62,930	656,093
Contributed Capital	121,387	0	0	0	121,387
Total Fund Equity	598,378	102,686	13,486	62,930	777,480
Total Liabilities and Fund Equity	\$837,684	\$111,512	\$15,153	\$101,929	\$1,066,278

KETTERING CITY SCHOOL DISTRICT
 COMBINING STATEMENTS OF REVENUES,
 EXPENSES AND CHANGES IN FUND EQUITY
 ALL ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Food Service	Uniform School Supplies	Rotary Special Services	Special Enterprise	Totals
Operating Revenues:					
Sales	\$1,503,342	\$0	\$16,269	\$0	\$1,519,611
Tuition and Fees	0	225,578	16,952	339,240	581,770
Miscellaneous	1,909	0	0	0	1,909
Total Operating Revenues	1,505,251	225,578	33,221	339,240	2,103,290
Operating Expenses:					
Salaries	670,905	0	0	195,038	865,943
Fringe Benefits	254,172	0	0	70,947	325,119
Purchased Services	76,715	0	0	0	76,715
Supplies and Materials	26,399	39,900	0	33,896	100,195
Cost of Sales	983,893	216,257	28,514	0	1,228,664
Other Operating Expenses	6,514	2,600	0	0	9,114
Depreciation	29,260	0	0	0	29,260
Total Operating Expenses	2,047,858	258,757	28,514	299,881	2,635,010
Operating Income (Loss)	(542,607)	(33,179)	4,707	39,359	(531,720)
Non-Operating Revenues (Expenses):					
Federal Donated Commodities	134,743	0	0	0	134,743
Intergovernmental	504,518	0	0	0	504,518
Interest	6,765	0	0	0	6,765
Loss on Disposal of Fixed Assets	(9,761)	0	0	0	(9,761)
Total Non-Operating Revenues (Expenses)	636,265	0	0	0	636,265
Net Income	93,658	(33,179)	4,707	39,359	104,545
Retained Earnings at Beginning of Year	383,333	135,865	8,779	23,571	551,548
Retained Earnings at End of Year	476,991	102,686	13,486	62,930	656,093
Contributed Capital at Beginning & End of Year	121,387	0	0	0	121,387
Total Fund Equity at End of Year	\$598,378	\$102,686	\$13,486	\$62,930	\$777,480

KETERING CITY SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 ALL ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Food Service	Uniform School Supplies	Rotary Special Services	Special Enterprise	Totals
Cash Flows from Operating Activities:					
Cash Received from Customers and Users	\$1,504,440	\$225,578	\$33,221	\$337,081	\$2,100,320
Cash Paid to Employees for Services and Benefits	(907,521)	0	0	(247,519)	(1,155,040)
Cash Paid to Suppliers for Goods and Services	(958,529)	(250,666)	(28,396)	(33,838)	(1,271,429)
Net Cash Provided (Used) by Operating Activities	(361,610)	(25,088)	4,825	55,724	(326,149)
Cash Flows from Investing Activities:					
Earnings on Investments	6,176	0	0	0	6,176
Net Cash Provided by Investing Activities	6,176	0	0	0	6,176
Cash Flows from Noncapital Financing Activities:					
Operating Grants Received	498,602	0	0	0	498,602
Net Cash Provided by Noncapital Financing Activities	498,602	0	0	0	498,602
Cash Flows from Capital and Related Financing Activities:					
Payments for Capital Acquisitions	(39,669)	0	0	(3,428)	(43,097)
Net Cash Used for Capital and Related Financing Activities	(39,669)	0	0	(3,428)	(43,097)
Net Increase in Cash	103,499	(25,088)	4,825	52,296	135,532
Cash and Cash Equivalents at Beginning of Year	470,574	136,600	10,328	44,046	661,548
Cash and Cash Equivalents at End of Year	\$574,073	\$111,512	\$15,153	\$96,342	\$797,080

(Continued)

KETTERING CITY SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 ALL ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002
 (Continued)

	Food Service	Uniform School Supplies	Rotary Special Services	Special Enterprise	Totals
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>					
Operating Income (Loss)	(\$542,607)	(\$33,179)	\$4,707	\$39,359	(\$531,720)
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>					
Depreciation	29,260	0	0	0	29,260
Donated Commodities Received During the Year	134,743	0	0	0	134,743
<u>Changes in Assets and Liabilities:</u>					
(Increase) in Accounts Receivable	(812)	0	0	(2,159)	(2,971)
(Increase) in Inventory Held for Resale	(8,268)	0	0	0	(8,268)
Increase in Accounts Payable	250	8,091	118	58	8,517
Increase in Accrued Wages	3,583	0	0	19,555	23,138
Increase/(Decrease) in Intergovernmental Payable	4,045	0	0	(1,089)	2,956
Increase in Compensated Absences	9,928	0	0	0	9,928
Increase in Deferred Revenue	8,268	0	0	0	8,268
Total Adjustments	180,997	8,091	118	16,365	205,571
Net Cash Provided by (Used for) Operating Activities	(361,610)	(25,088)	4,825	55,724	(326,149)

Non-cash Investing, Capital and Financing Activities:

During the year, the Food Service Enterprise Fund used materials and supplies inventory valued at \$134,743. This inventory was donated to the District and no cash payments were made to acquire the inventory. An expense for this usage was included in the Operating Loss of the fund and therefore, Donated Commodities must be recognized as an adjustment to reconcile to Net Cash Used for Operating Activities.

INTERNAL SERVICE FUND

These funds are used to account for the financing of goods and services provided by one fund to other funds of the District or to other governments on a cost-reimbursement basis.

Employee Benefits Self-Insurance

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

Computer Network

To account for State monies to support library automation products and services.

Dental Insurance

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

KETTERING CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 ALL INTERNAL SERVICE FUNDS
 JUNE 30, 2002

	Employee Benefits Self-Insurance	Computer Network	Dental Insurance	Totals
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$82,799	\$795	\$304,769	\$388,363
Interest Receivable	31	0	0	31
Total Assets	\$82,830	\$795	\$304,769	\$388,394
Liabilities:				
Claims Payable	38,365	0	156,243	194,608
Total Liabilities	38,365	0	156,243	194,608
Fund Equity:				
Retained Earnings	44,465	795	148,526	193,786
Total Fund Equity	44,465	795	148,526	193,786
Total Liabilities and Fund Equity	\$82,830	\$795	\$304,769	\$388,394

KETTERING CITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES,
 EXPENSES AND CHANGES IN FUND EQUITY
 ALL INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Employee Benefits Self-Insurance	Computer Network	Dental Insurance	Totals
Operating Revenues:				
Charges for Services	\$187,309	\$0	\$504,571	\$691,880
Total Operating Revenues	187,309	0	504,571	691,880
Operating Expenses:				
Fringe Benefits	187,841	0	0	187,841
Purchased Services	0	0	639,572	639,572
Total Operating Expenses	187,841	0	639,572	827,413
Operating (Loss)	(532)	0	(135,001)	(135,533)
Non-Operating Revenues:				
Interest	791	0	5,074	5,865
Total Non-Operating Revenues	791	0	5,074	5,865
Net Income (Loss)	259	0	(129,927)	(129,668)
Retained Earnings at Beginning of Year	44,206	795	278,453	323,454
Retained Earnings at End of Year	44,465	795	148,526	193,786

KETTERING CITY SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 ALL INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Employee Benefits Self-Insurance	Computer Network	Dental Insurance	Totals
Increase (Decrease) in Cash and Cash Equivalents:				
Cash Flows from Operating Activities:				
Cash Received from Customers and Users	\$187,309	\$0	\$504,571	\$691,880
Cash Payments for Claims	(182,873)	0	(626,859)	(809,732)
Net Cash Provided (Used) by Operating Activities	4,436	0	(122,288)	(117,852)
Cash Flows from Investing Activities:				
Earnings on Investments	818	0	5,074	5,892
Net Cash Provided by Investing Activities	818	0	5,074	5,892
Net Increase (Decrease) in Cash	5,254	0	(117,214)	(111,960)
Cash and Cash Equivalents at Beginning of Year	77,545	795	421,983	500,323
Cash and Cash Equivalents at End of Year	\$82,799	\$795	\$304,769	\$388,363
Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities:				
Operating (Loss)	(532)	0	(135,001)	(135,533)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:				
Increase in Claims Payable	4,968	0	12,713	17,681
Total Adjustments	4,968	0	12,713	17,681
Net Cash Provided by (Used for) Operating Activities	\$4,436	\$0	(\$122,288)	(\$117,852)

FIDUCIARY FUND TYPES

Fiduciary funds 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. These include expendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Expendable Trust Fund

Special Trust Funds

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.

Non-Expendable Trust Fund

Charles Craig Memorial Fund

This fund is used to account for principal trust amount received and related interest income. The interest portion of the trust can be used for the music department.

Agency Funds

Student Managed Activities Fund

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

KETTERING CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 TRUST AND AGENCY FUNDS
 JUNE 30, 2002

	Expendable Trust	Non- Expendable Trust	Agency Student Managed Activities	Totals
	Special Trust	Charles Craig Memorial		
Assets:				
Equity in pooled Cash and Cash Equivalents	\$74,599	\$598	\$76,204	\$151,401
Interest Receivable	79	16	0	95
Restricted Assets:				
Cash and Cash Equivalents	0	12,801	0	12,801
Total Assets	\$74,678	\$13,415	\$76,204	\$164,297
Liabilities:				
Accounts Payable	0	0	839	839
Due to Students	0	0	75,365	75,365
Total Liabilities	0	0	76,204	76,204
Fund Equity:				
Fund Balance:				
Reserved for Encumbrances	394	0	0	394
Reserved for Charles Craig Memorial	0	10,000	0	10,000
Reserved for JE Prass Endowment	0	2,801	0	2,801
Unreserved	74,284	614	0	74,898
Total Fund Equity	74,678	13,415	0	88,093
Total Liabilities and Fund Equity	\$74,678	\$13,415	\$76,204	\$164,297

KETTERING CITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN ASSETS
 AND LIABILITIES
 STUDENT MANAGED ACTIVITIES AGENCY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Balance July 1, 2001	Additions	Deductions	Balance June 30, 2002
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$94,614	\$164,435	\$182,845	\$76,204
Total Assets	<u>\$94,614</u>	<u>\$164,435</u>	<u>\$182,845</u>	<u>\$76,204</u>
Liabilities:				
Accounts Payable	18,055	839	18,055	839
Due to Students	76,559	75,365	76,559	75,365
Total Liabilities	<u>\$94,614</u>	<u>\$76,204</u>	<u>\$94,614</u>	<u>\$76,204</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

The general fixed assets account group is used to account for all land, buildings, equipment and machinery, furniture and fixtures, and vehicles not used in the operations of the proprietary funds.

KETTERING CITY SCHOOL DISTRICT
 SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE
 AS OF JUNE 30, 2002

General Fixed Assets:	
Land	\$466,616
Buildings and Building Improvements	31,578,194
Furniture, Vehicles and Equipment	<u>7,998,480</u>
Total General Fixed Assets	<u>\$40,043,290</u>
Investment in General Fixed Assets by Source:	
General Fund	4,161,408
Special Revenue Funds	1,098,304
Capital Projects Funds	18,816,320
Acquired Before July 1, 1991 *	<u>15,967,258</u>
Total Investment in General Fixed Assets	<u>\$40,043,290</u>

*Represents older assets for which fund source cannot practically be obtained.

KETTERING CITY SCHOOL DISTRICT
SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION AND TYPE
AS OF JUNE 30, 2002

Function	Land and Land Improvements	Buildings and Building Improvements	Furniture Vehicles and Equipment	Total
Instruction:				
Regular	\$458,616	\$16,794,580	\$2,229,461	\$19,482,657
Special	0	0	231,124	231,124
Vocational	0	0	499,073	499,073
Support Services:				
Pupil			75,465	75,465
Instructional Staff	0	0	284,774	284,774
Administration	8,000	205,000	300,464	513,464
Fiscal Services	0	0	65,903	65,903
Business	0	0	544,427	544,427
Operation and Maintenance of Plant	0	0	386,531	386,531
Pupil Transportation	0	0	1,502,088	1,502,088
Central	0	0	585,851	585,851
Extracurricular Activities	0	0	21,206	21,206
Non-Instructional Services	0	0	333,685	333,685
Facilities Acquisitions and Constructions	0	14,578,614	938,428	15,517,042
Total General Fixed Assets	<u>\$466,616</u>	<u>\$31,578,194</u>	<u>\$7,998,480</u>	<u>\$40,043,290</u>

KETTERING CITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN GENERAL
FIXED ASSETS BY FUNCTION
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

Function	Balance at July 1, 2001	Additions	Deductions	Balance at June 30, 2002
Instruction:				
Regular	\$20,642,362	\$87,231	\$1,246,936	\$19,482,657
Special	207,978	23,146	0	231,124
Vocational	454,572	44,501	0	499,073
Support Services:				
Pupil	72,758	2,707	0	75,465
Instructional staff	269,598	15,176	0	284,774
Administration	510,751	2,713	0	513,464
Fiscal Services	65,903	0	0	65,903
Business	504,112	40,315	0	544,427
Operation and Maintenance of Plant	385,291	1,240	0	386,531
Pupil Transportation	1,411,851	315,909	225,672	1,502,088
Central	513,230	72,621	0	585,851
Extracurricular Activities	21,206	0	0	21,206
Non-Instructional Services	277,982	55,703	0	333,685
Facilities Acquisitions and Constructions	15,517,042	0	0	15,517,042
Total General Fixed Assets	\$40,854,636	\$661,262	\$1,472,608	\$40,043,290

KETTERING CITY SCHOOL DISTRICT

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STATISTICAL SECTION



KETTERING CITY SCHOOL DISTRICT



STATISTICAL TABLES

The following unaudited statistical tables reflect social and economic data, financial trends and fiscal capacity of the District.

TABLE 1

KETTERING CITY SCHOOL DISTRICT, OHIO
 GENERAL FUND EXPENDITURES BY FUNCTION
 LAST TEN FISCAL YEARS (1)
 1993-2002

	2002 Fiscal	2001 Fiscal	2000 Fiscal	1999 Fiscal	1998 Fiscal	1997 Fiscal	1996 Fiscal	1995 Fiscal	1994 Fiscal	1993 Fiscal
Instruction	32,968,156	\$30,263,928	\$28,068,880	\$27,701,029	\$25,873,143	\$24,781,696	\$24,761,092	\$24,149,420	\$23,611,953	\$23,452,715
Pupil Support	3,992,908	3,689,028	3,367,631	3,339,089	3,171,244	3,081,770	3,140,318	3,005,286	2,844,239	2,621,846
Instructional Staff Support	2,478,821	2,258,215	2,004,574	1,799,145	1,661,116	1,473,362	1,547,427	1,510,360	1,482,578	1,362,338
Board of Education	49,099	48,890	41,882	64,039	55,101	40,665	53,010	47,247	39,769	34,283
Administration	4,709,537	4,426,041	4,189,610	3,462,423	3,438,046	3,147,860	3,478,666	3,167,268	3,231,564	2,935,631
Fiscal Services	1,370,038	1,255,064	1,147,099	990,188	797,455	827,174	591,246	1,083,407	925,837	842,042
Business	664,441	704,132	744,856	750,168	549,380	756,728	560,836	637,721	578,399	435,743
Plant Operations	5,695,882	5,481,763	5,301,331	5,103,205	5,032,322	4,769,614	5,016,837	4,892,348	5,066,232	4,341,451
Pupil Transportation	2,340,739	2,059,335	1,805,751	1,691,214	1,807,120	1,638,472	1,542,442	1,560,123	1,691,888	1,640,208
Central	980,705	869,380	685,341	490,522	551,731	443,983	383,990	411,371	485,725	399,179
Non-Instructional Services	631	1,283	1,507	1,827	1,041	1,243	1,270	1,013	1,145	1,424
Extracurricular Activities	993,865	928,070	865,333	847,790	800,792	730,494	698,747	725,308	689,133	717,657
Capital Outlay	58,884	43,869	83,403	42,210	55,552	50,815	631,991	32,121	28,054	35,556
Debt Service	478,819	372,353	151,423	150,183	147,527	150,183	45,511	23,123	0	0
Other Financing Uses	13,500	210,000	456,125	501,982	210,801	306,119	279,917	51,761	0	0
Total Expenditures and Other Financing Uses	\$56,796,025	\$52,611,371	\$48,914,746	\$46,935,014	\$44,152,371	\$42,200,178	\$42,733,300	\$41,097,877	\$40,676,516	\$38,820,073

Source: Kettering City School District Financial Records

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

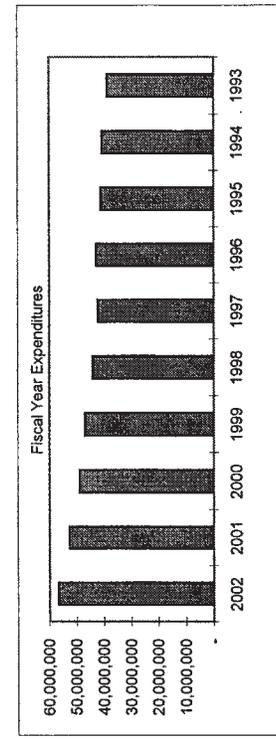


TABLE 2

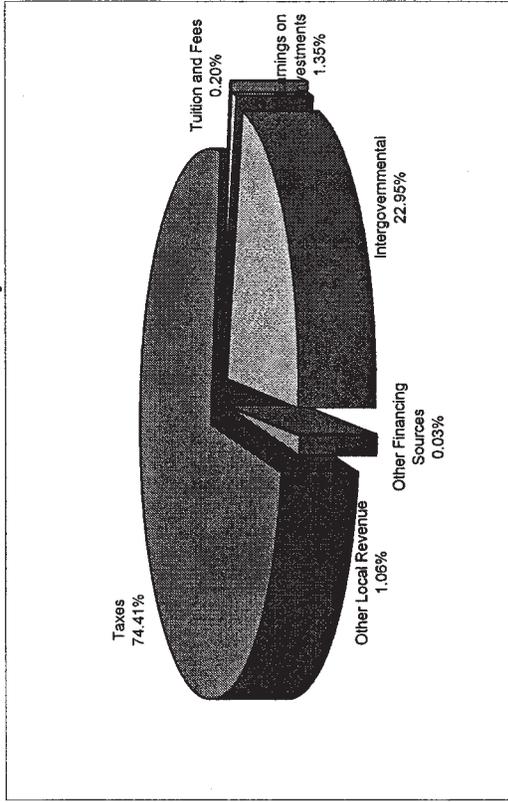
KETTERING CITY SCHOOL DISTRICT, OHIO
 GENERAL FUND REVENUES BY SOURCE
 LAST TEN FISCAL YEARS (1)
 1993-2002

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal
Taxes	48,038,743	\$43,400,486	\$38,407,084	\$37,044,947	\$36,393,675	\$35,217,070	\$32,558,028	\$30,251,651	\$31,292,741	\$29,460,020
Tuition and Fees	127,616	118,187	146,437	119,823	43,674	35,829	35,334	38,123	35,346	50,053
Earnings on Investments	874,434	1,534,530	1,241,325	1,068,868	1,056,544	812,702	699,862	659,613	449,580	439,610
Intergovernmental	14,817,081	11,147,663	10,214,285	9,895,652	8,895,297	8,667,382	8,157,609	7,939,529	7,850,050	7,891,324
Other Local Revenues	687,315	746,884	422,332	701,472	562,949	354,710	657,106	440,799	294,395	358,525
Other Financing Sources	16,454	1,537	5,523	3,284	11,700	39,800	0	0	0	0
Total Revenues and Other Financing Sources	\$64,561,643	\$56,949,287	\$50,436,986	\$48,834,046	\$46,963,839	\$45,127,493	\$42,107,939	\$39,329,715	\$39,922,112	\$38,199,532

Source: Kettering City School District Financial Records

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

2002 Fiscal Year Revenues By Source

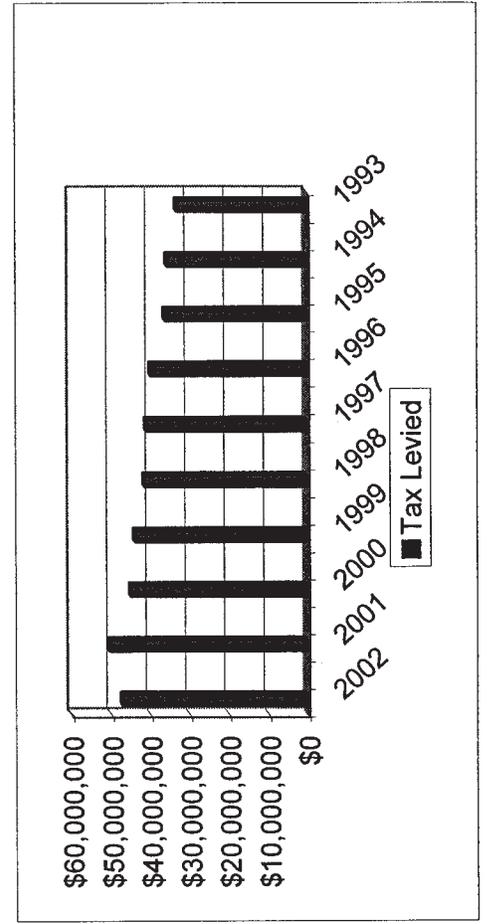


KETTERING CITY SCHOOL DISTRICT, OHIO
 PROPERTY TAX LEVIES AND COLLECTIONS - REAL, PERSONAL, AND PUBLIC UTILITY PROPERTY
 LAST TEN COLLECTION (CALENDAR) YEARS
 1993-2002

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
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%
1995	\$35,981,853	\$35,420,771	98.44%	\$844,373	\$36,265,144	100.79%	\$2,885,789	8.02%
1994	\$35,468,975	\$35,344,584	99.65%	\$1,154,490	\$36,499,074	102.90%	\$3,171,797	8.94%
1993	\$33,079,669	\$33,418,861	101.03%	\$1,041,920	\$34,460,781	104.18%	\$3,660,740	11.07%

Source: Montgomery County Auditor.

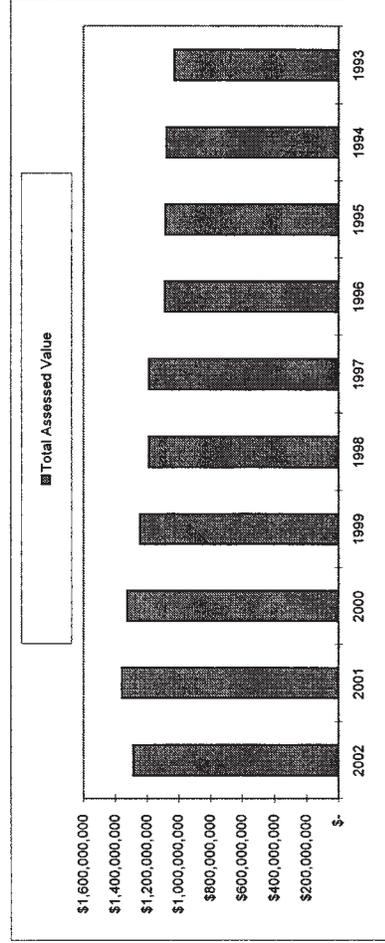
- (1) Taxes levied and collected are presented on a cash basis.
- (2) State reimbursements of rollback and homestead exemptions are included; December 2002 settlement estimate included.
- (3) Penalties and interest are included, since by Ohio law they become part of the tax obligation as assessment occurs.



KETTERING CITY SCHOOL DISTRICT, OHIO
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 1993-2002

TABLE 4

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 Ratio (3)
	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	
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	33%
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	35%
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	35%
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	34%
1998	\$695,332,700	\$1,986,664,957	\$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	35%
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	34%
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	34%
1995	\$617,056,940	\$1,763,019,829	\$252,017,690	\$720,050,543	\$153,873,867	\$615,495,468	\$61,652,470	\$70,059,625	\$1,084,600,967	\$3,168,625,464	34%
1994	\$616,548,630	\$1,761,567,514	\$254,794,270	\$727,983,629	\$146,219,296	\$584,877,184	\$60,018,560	\$68,202,932	\$1,077,580,776	\$3,142,631,259	34%
1993	\$577,099,540	\$1,648,855,829	\$240,499,980	\$687,142,800	\$149,196,506	\$596,786,024	\$60,184,610	\$68,391,602	\$1,026,980,636	\$3,001,176,255	34%



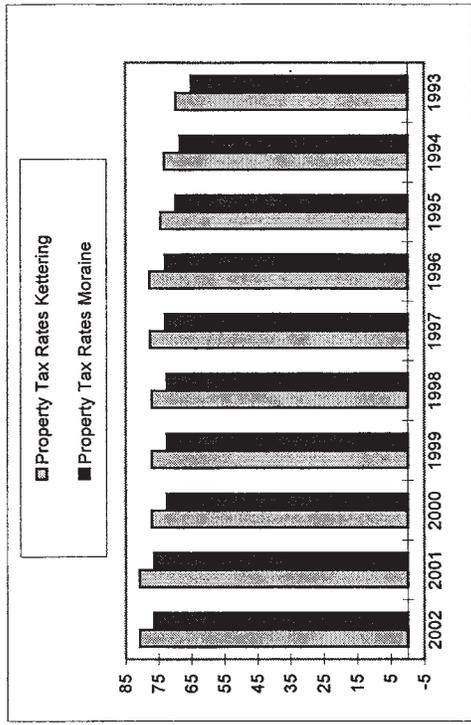
Source: Montgomery County Auditor.

- (1) Includes Public Utility Real Property.
- (2) Includes Personal Property \$10,000 exemption.
- (3) Ratio represents Total Assessed Value/Total Estimated Actual Value.

TABLE 5

KETTERING CITY SCHOOL DISTRICT, OHIO
 PROPERTY TAX RATES
 DIRECT AND OVERLAPPING GOVERNMENTS
 PER \$1,000 OF ASSESSED VALUE
 LAST TEN YEARS (1)
 1993-2002

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Montgomery County	17.24	17.24	16.64	16.64	16.64	16.64	16.64	16.64	16.14	13.65
Dayton/Montgomery County Library	0.26	0.26	0.26	0.26	0.26	0.72	0.72	0.72	0.00	0.00
City of Kettering	6.91	6.92	6.92	6.98	7.00	7.00	7.17	7.17	7.17	7.17
Kettering City School District	56.30	56.30	53.10	53.10	53.10	53.10	53.10	49.80	49.81	48.90
Total for City of Kettering Residents	80.71	80.72	76.92	76.98	77.00	77.46	77.63	74.33	73.12	69.72
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	76.30	76.30	72.50	72.50	72.50	72.96	72.96	69.66	68.45	65.05



Source: Montgomery County Auditor.

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

TABLE 6

KETTERING CITY SCHOOL DISTRICT, OHIO
 RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
 AND NET BONDED DEBT PER CAPITA
 LAST TEN YEARS
 1993-2002

Collection Year	Population (1)	Total Assessed Value (2)	Gross Bonded Debt (3)	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita
2002	61,940	\$ 1,288,193,960	\$ 15,425,667	\$ 1,123,191	\$ 14,302,476	1.11%	\$ 231
2001	61,940	\$ 1,359,934,703	\$ 15,935,000	\$ 809,347	\$ 15,125,653	1.11%	\$ 244
2000	61,940	\$ 1,326,065,588	\$ 15,270,240	\$ 978,825	\$ 14,291,415	1.08%	\$ 231
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
1995	61,862	\$ 1,084,600,967	\$ 15,007,989	\$ 714,318	\$ 14,293,671	1.32%	\$ 231
1994	61,600	\$ 1,077,580,776	\$ 14,775,000	\$ 589,534	\$ 14,185,466	1.32%	\$ 230
1993	61,405	\$ 1,026,980,636	\$ 0	\$ 0	\$ 0	0.00%	\$ 0

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, 2002

TABLE 7

Assessed Valuation of District	\$1,288,193,960
<hr/>	
Overall Direct Debt Limitation	
Direct debt limitation	\$115,937,456
9% of assessed valuation	1,123,191
Amount available in Debt Service Fund	
Gross indebtedness	15,425,667
Less: Debt exempt from limitation	(2,095,667)
Debt subject to 9% limitation	(13,330,000)
Legal debt margin with 9% limitation	<u>\$103,730,647</u>

Unvoted Direct Debt Limitation	
Unvoted debt limitation	\$1,288,194
0.1% of assessed valuation	0

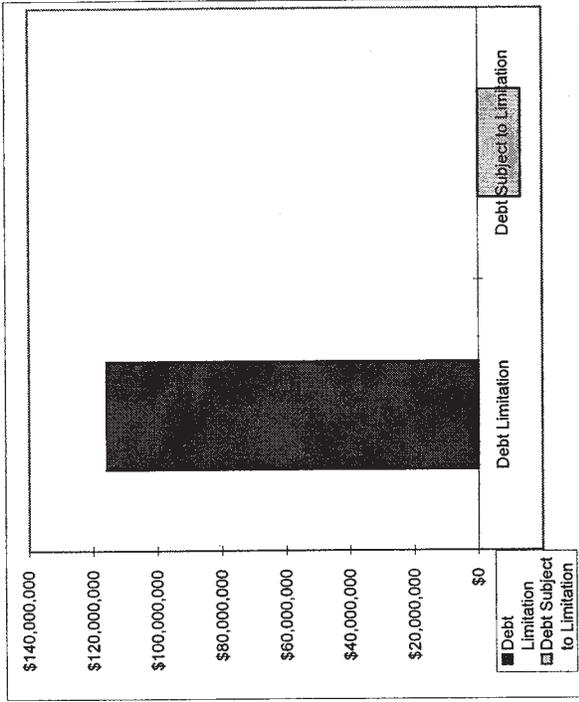
Amount available in Debt Service Fund related to unvoted debt	
Gross indebtedness authorized by the Board	15,425,667
Less: Debt exemption from limitation	(15,425,667)
Debt subject to 0.1% limitation	0

Legal debt margin within 0.1% limitation	<u>\$1,288,194</u>
Energy Conservation Bond Limitation	
Ohio Revised Code Section 133.042	

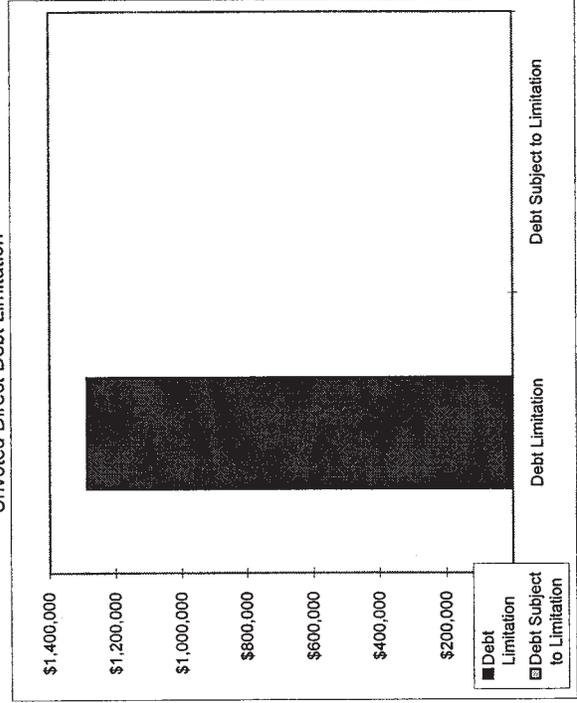
Debt Limitation	
0.9% of assessed valuation	\$11,593,746
Energy Conservation Bonds Authorized by the Board	(2,095,667)
Energy conservation notes authorized by the Board	0
Legal debt margin within 0.9% limitation	<u>\$9,498,079</u>

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, 2002

Governmental Unit	Gross General Obligation	Percent Applicable to District	Amount Applicable to District
Direct:			
Kettering City School District	\$15,425,667	100.00%	\$15,425,667
Overlapping:			
Montgomery County	40,614,870	14.66%	5,954,140
City of Kettering	7,514,792	82.21%	6,177,911
City of Moraine	0	17.79%	0
Total overlapping:	48,129,662		12,132,051
Total direct and overlapping debt:	\$63,555,329		\$27,557,718

Source: Montgomery County Auditor.

OVERLAPPING DEBT APPLICABLE TO DISTRICT

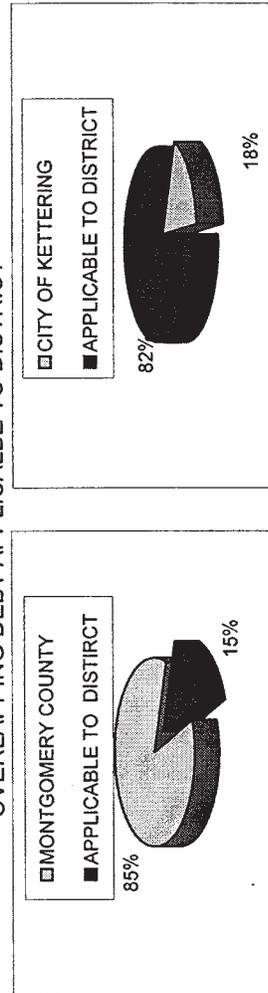


TABLE 9

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)
 1993-2002

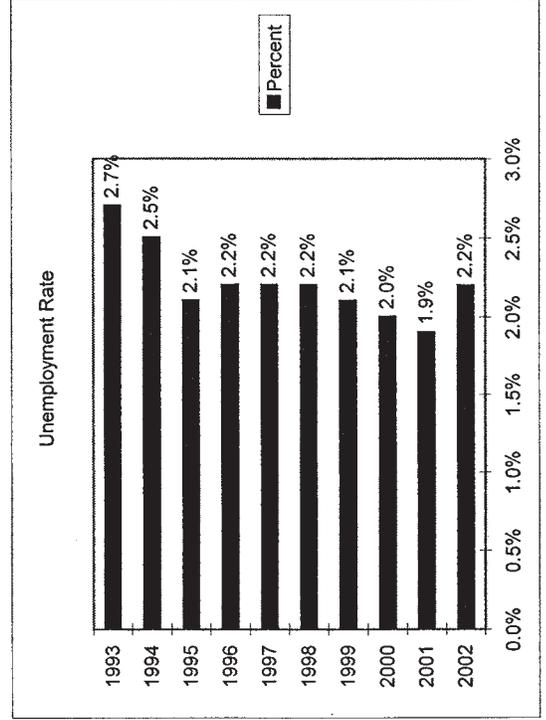
Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures and Other Financing Uses	Ratio of Debt Service to General Fund Expenditures (%)
2002	\$494,333	\$838,860	\$1,333,193	\$56,796,025	2.35%
2001	\$520,240	\$828,768	\$1,349,008	\$52,611,371	2.57%
2000	\$612,038	\$856,056	\$1,468,094	\$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%
1995	\$7,011	\$805,878	\$812,889	\$41,097,877	1.98%
1994	0	\$267,918	\$267,918	\$40,676,516	0.66%
1993	0	0	0	\$38,820,073	0.00%

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
 1993-2002

Year	Population (1)(5)	School Enrollment (2)	Per Capita Income (3)(5)	Unemployment Rate (4)(5)
2002	61,940	7,847	\$26,811	2.2%
2001	61,940	8,038	\$25,956	1.9%
2000	61,940	8,004	\$26,475	2.0%
1999	62,371	8,031	\$25,956	2.1%
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	2.2%
1995	61,862	7,954	\$23,066	2.1%
1994	61,600	7,921	\$22,186	2.5%
1993	61,405	7,794	\$21,478	2.7%



Sources:

- (1) Based on census data for 1990. All other years are estimates from the Cities of Kettering and Moraine; includes an estimated 1,371 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; 2002 projected.
- (4) Data for the City of Kettering, Ohio from Ohio Bureau of Employment Services; 2002 as of June; all other years as of December.
- (5) Prior year amounts have been restated to reflect current available information.

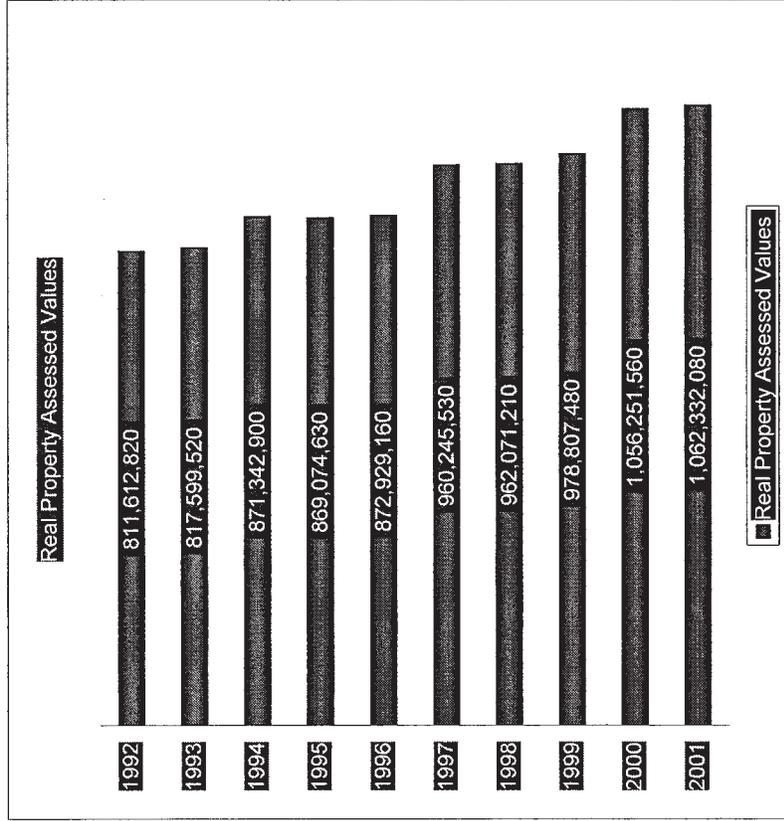
KETTERING CITY SCHOOL DISTRICT, OHIO
 CONSTRUCTION, BANK DEPOSITS, AND PROPERTY VALUES
 LAST TEN COLLECTION (CALENDAR) YEARS
 1992-2001

TABLE 11

Collection Year	Residential Construction (1)	Commercial Construction (1)	Bank Deposits (2) in Thousands	Real Property Assessed Values (3)
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
1994	\$4,431,111	\$28,871,108	\$4,034,766	\$871,342,900
1993	\$7,008,075	\$12,563,963	\$3,834,335	\$817,599,520
1992	\$5,385,151	\$9,112,603	\$4,068,798	\$811,612,820

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, 2002

TABLE 12

Name of Taxpayer	Type of Business	Real Property Assessed Valuation	Personal Property Assessed Valuation	Total Assessed Valuation	% of Total Assessed Valuation
General Motors Corporation (1)	Automotive manufacturer	\$26,587,820	\$67,551,120	\$94,138,940	27.82%
Dayton Power and Light	Gas and electric utility	2,057,470	85,616,070	87,673,540	25.91%
Scitex Digital Printing, Inc.	Digital printing	0	11,889,693	11,889,693	3.51%
Ohio Bell	Telephone utility	1,582,900	9,970,460	11,553,360	3.41%
Reynolds & Reynolds Co.	Retail Business Forms	4,379,010	2,124,970	6,503,980	1.92%
Kettering Medical Center	Private Hospital	7,594,430	0	7,594,430	2.24%
Bank One	Banking Services	5,675,440	0	5,675,440	1.68%
Elder Beerman Stores Corp	Retail Store	1,298,340	2,636,790	3,935,130	1.16%
Teachers Retirement System	Retirement System	4,760,000	0	4,760,000	1.41%
Dayton Town & Country Inc.	Property management	4,382,110	0	4,382,110	1.30%
Sub-Total		58,317,520	179,789,103	238,106,623	70.37%
All Others		59,087,860	41,170,609	100,258,469	29.63%
Grand Total		\$117,405,380	\$220,959,712	\$338,365,092	100.00%

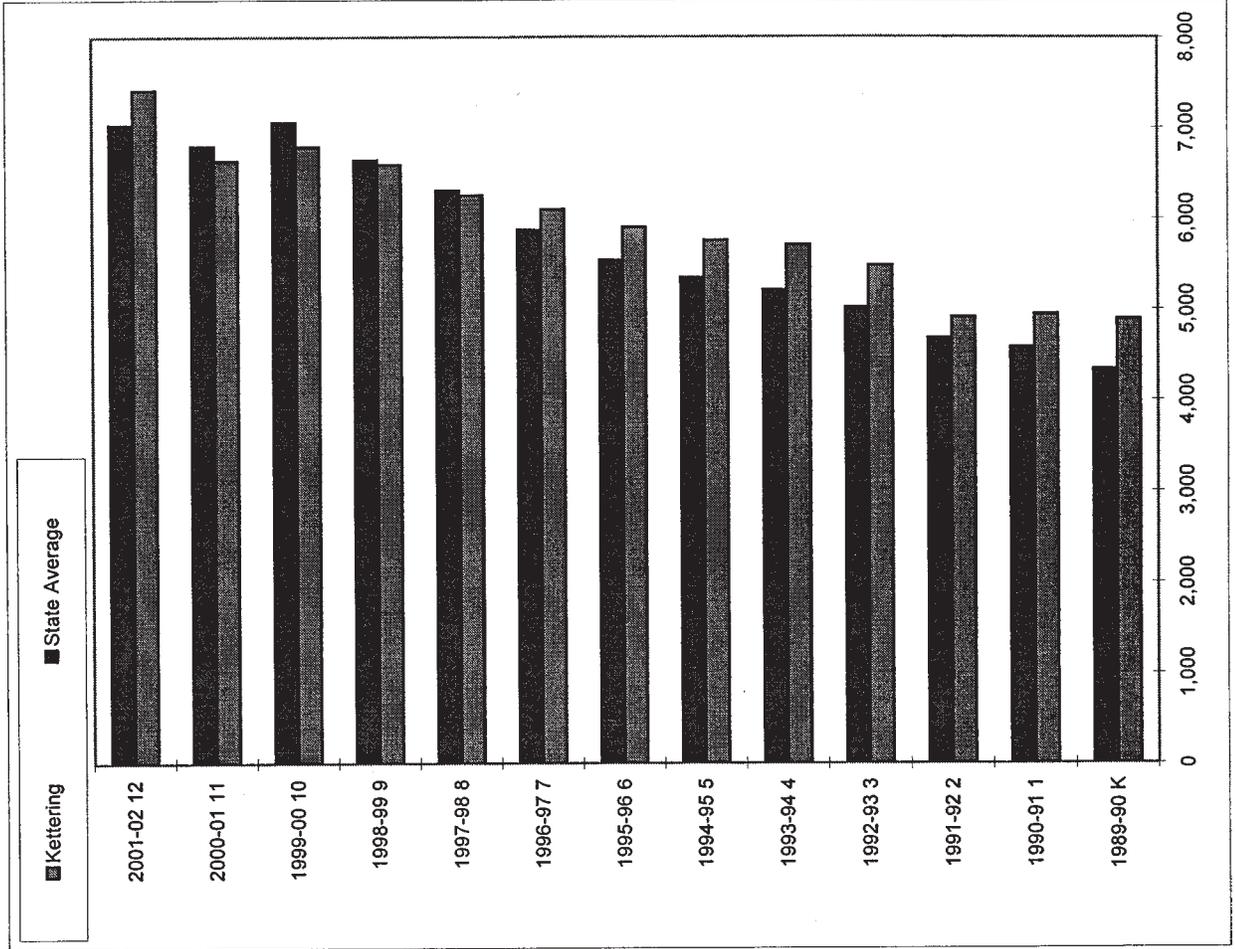
Source: Montgomery County, Ohio, Auditor's Office.

(1) Includes Delphi Automotive

KETTERING CITY SCHOOL DISTRICT, OHIO
 COST TO EDUCATE A 2000 GRADUATE
 June 30, 2002

TABLE 13

School Year	Grade	All Funds Cost Per Pupil Kettering City	State Average
1989-90	K	\$4,890	\$4,338
1990-91	1	4,946	4,585
1991-92	2	4,914	4,685
1992-93	3	5,486	5,024
1993-94	4	5,711	5,216
1994-95	5	5,761	5,353
1995-96	6	5,905	5,545
1996-97	7	6,104	5,876
1997-98	8	6,256	6,307
1998-99	9	6,591	6,642
1999-00	10	6,789	7,057
2000-01	11	6,637	6,796
2001-02	12	7,412	7,030



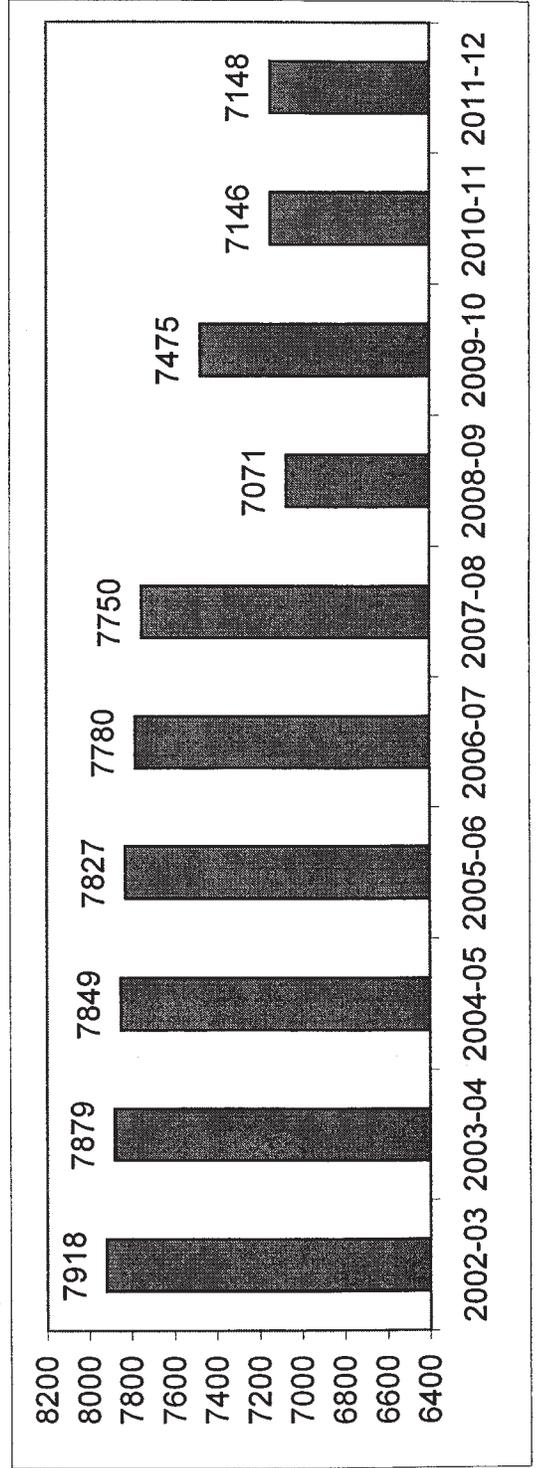
Source: Kettering City School District Records.

KETTERING CITY SCHOOL DISTRICT, OHIO
 ENROLLMENT PROJECTION BY GRADE
 JUNE 30, 2002

TABLE 14

Actual	K	1	2	3	4	5	6	7	8	9	10	11	12	Sp.Ed.*	Total
1998-99	577	592	641	621	637	646	616	634	612	636	615	631	473	15	7946
1999-00	530	609	580	646	610	642	650	623	630	636	624	653	543	12	7988
2000-01	555	550	585	573	650	597	629	656	631	658	623	642	562	9	7920
2001-02	522	577	557	573	582	655	604	626	652	621	639	656	574	0	7838
The following are projections:															
2002-03	606	614	600	578	584	601	626	637	621	648	608	633	547	15	7918
2003-04	606	614	600	600	578	579	598	633	631	625	640	618	542	15	7879
2004-05	606	614	600	600	600	573	579	604	627	635	617	650	529	15	7849
2005-06	606	614	600	600	600	595	573	585	598	631	627	627	556	15	7827
2006-07	606	614	600	600	600	595	593	579	579	602	623	637	537	15	7780
2007-08	606	614	600	600	600	595	593	599	573	583	594	633	545	15	7750
2008-09	541	544	536	535	537	532	525	528	569	560	548	569	532	15	7071
2009-10	597	603	596	602	604	602	584	588	512	580	505	596	491	15	7475
2010-11	555	565	557	559	554	552	543	578	574	519	531	545	499	15	7146
2011-12	557	571	564	556	556	556	547	550	572	585	498	564	472	0	7148

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



KETTERING CITY SCHOOL DISTRICT, OHIO
 DIRECTORY OF SCHOOL FACILITIES
 JUNE 30, 2002

TABLE 15

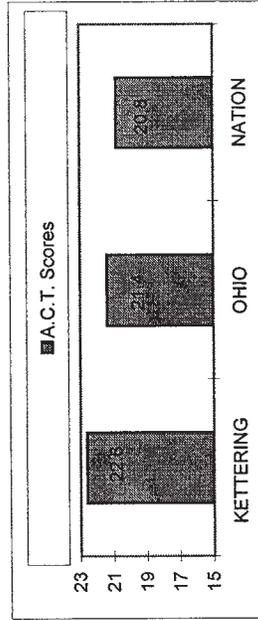
Facility	Address	Administrator	Grades	2001-2002 Enrollment
Beavertown Elementary School	2700 Wilmington Pike	Mr. Mike Kozarec	K-5	395
Greenmont Elementary School	1 East Wren Circle	Mr. Thomas Tudor	K-5	371
Indian Riffle Elementary School	3090 Glengarry Drive	Ms. Debbie Beiter	K-5	455
J. F. Kennedy Elementary School	5030 Polen Drive	Mr. George Caras	K-5	555
Moraine Meadows Elementary School	2600 Holman Street	Ms. Margaret Engelhardt	K-5	197
Oakview Elementary School	4001 Ackerman Boulevard	Dr. Ronald Sinclair	K-5	427
Orchard Park Elementary School	600 East Dorothy Lane	Mr. David Timpone	K-5	321
J. E. Prass Elementary School	2601 Parklawn Drive	Mr. Richard Bowden	K-5	370
Southdale Elementary School	1200 West Dorothy Lane	Ms. Valerie Browning	K-5	391
Kettering Middle School	3000 Glengarry Drive	Ms. Kimberlee Gray	6-8	1,150
Van Buren Middle School	3775 Shroyer Road	Mr. Lowell Vorpe	6-8	731
Kettering Fairmont High School	3301 Shroyer Road	Dr. Peg McAtee	9-12	2,475
Buildings and Grounds Department	2636 Wilmington Pike	Mr. Richard Russell		
Transportation and Bus Garage	2640 Wilmington Pike	Mr. Jeffrey Rush		
Central Administration Building	3750 Far Hills Avenue	Superintendent Dr. Robert Mengerink		

Source: Kettering City School District records.

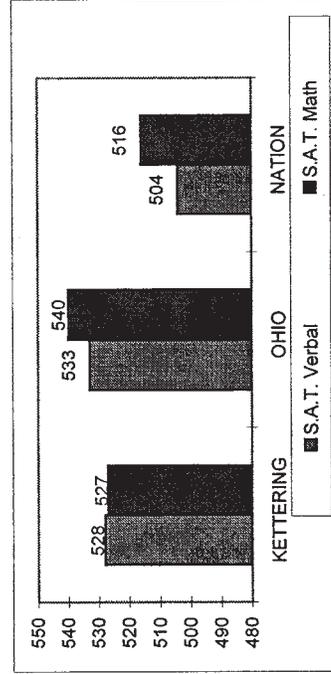
KETTERING CITY SCHOOL DISTRICT, OHIO
STUDENT TEST SCORES SUMMARY
JUNE 30, 2002

PROFICIENCY TEST	PERCENT MEETING STATE STANDARDS	
	4TH GRADE (1) 6TH GRADE (1)	9TH GRADE (1) (2)
WRITING	89%	96%
READING	83%	99%
MATHEMATICS	76%	87%
CITIZENSHIP	84%	96%
SCIENCE	81%	92%

AMERICAN COLLEGE TEST (ACT) (3) (4)	SCORE
KETTERING	22.6
OHIO	21.4
NATION	20.8



SCHOLASTIC APTITUDE TEST (SAT) (5)	MEAN SCORE
VERBAL	
KETTERING CITY	528
OHIO	533
NATION	504
MATHEMATICS	
KETTERING CITY	527
OHIO	540
NATION	516



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 2001-02 test scores.

KETTERING CITY SCHOOL DISTRICT, OHIO
 MISCELLANEOUS STATISTICS
 JUNE 30, 2002

TABLE 17

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 Certified (FTE)	989
Classified (FTE)	592
	397
Average Years Teaching Experience	13.9
Average Teacher Training	Master's Degree
Student Enrollment	7,838
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 (1)	\$7,412

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

KETTERING CITY SCHOOL DISTRICT





STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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P.O. Box 1140
Columbus, Ohio 43216-1140
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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
JANUARY 7, 2003**