

**KETTERING CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2006**



**Auditor of State  
Betty Montgomery**





Mary Taylor, CPA  
Auditor of State

January 17, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

*Mary Taylor*

MARY TAYLOR, CPA  
Auditor of State

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**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, 2006**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Disbursements</b>	<b>Non-Cash Disbursement</b>
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
<i>Passed through Ohio Department of Education</i>						
Nutrition Cluster:						
Food Donation	10.550	N/A		\$260,333		\$260,333
School Breakfast Program	10.553	05-PU-2005	20,133		20,133	
		05-PU-2006	70,188		70,188	
Total School Breakfast Program			90,321		90,321	
National School Lunch Program	10.555	LL-P4-2005	141,565		141,565	
		LL-P4-2006	455,686		455,686	
Total National School Lunch Program			597,251		597,251	
Total Nutrition Cluster			687,572		687,572	
Child and Adult Care Food Program	10.558	LUCP-2005	156		156	
		LUCP-2006	919		919	
		CCMO-2005	2,450		2,450	
		CCMO-2006	14,708		14,708	
Total Child and Adult Care Food Program			18,233		18,233	
Team Nutrition Grants	10.574	TWAD-2004	490		490	
<b>Total United States Department of Agriculture</b>			706,295	260,333	706,295	260,333
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
<i>Passed through Ohio Department of Education</i>						
Adult Education State Grant Program	84.002	AB-S1-2005	10,186		5,270	
		AB-S1-2005C	1,048		1,048	
		AB-S1-2006	87,703		76,226	
Total Adult Education State Grant Program			98,937		82,544	
Title I Grants to Local Educational Agencies	84.010	C1-S1-2005	(6,316)		83,787	
		C1-S1-2006	388,780		347,536	
Total Title I Grant to Local Educational Agencies			382,464		431,323	
Special Education Cluster:						
Special Education_Grants to States (IDEA Part B)	84.027	6B-SF-2005	363,145		333,529	
		6B-SF-2006	1,848,030		1,580,844	
Total Special Education Grant to States (IDEA Part B)			2,211,175		1,914,373	
Special Education_Preschool Grants	84.173	PG-S1-2003			309	
		PG-S1-2004			262	
		PG-S1-2005	4,441		1,979	
		PG-S1-2006	4,959		2,234	
Total Special Education Preschool Grants			9,400		4,784	
Total Special Education Cluster			2,220,575		1,919,157	
Safe and Drug Free Schools and Communities_National Program	84.184	T4-S1-2005	8,980		377	
Safe and Drug Free Schools and Communities_State Grants	84.186	DR-S1-2003	2,287			
		DR-S1-2004	1,121			
		DR-S1-2005	4,228			
		DR-S1-2006	20,120		19,634	
Total Safe and Drug Free Schools and Communities State Grants			27,756		19,634	

**KETTERING CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2006  
(Continued)**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Disbursements</b>	<b>Non-Cash Disbursement</b>
Even Start State Educational Agencies	84.213	EV-S1-2003			17,768	
		EV-S1-2005	11,939		12,086	
		EV-S1-2006	195,612		169,458	
Total Even Start State Educational Agencies			<u>207,551</u>		<u>199,312</u>	
State Grants for Innovative Programs	84.298	C2-S1-2002			2,548	
		C2-S1-2005			(509)	
		C2-S1-2006	26,342		20,153	
Total State Grants for Innovative Programs			<u>26,342</u>		<u>22,192</u>	
Education Technology State Grants	84.318	TJ-S1-2005	(242)		100	
		TJ-S1-2006	6,081		5,431	
Total Education Technology State Grants			<u>5,839</u>		<u>5,531</u>	
English Language Acquisition Grants	84.365	T3-S1-2005	(1,145)		1,370	
		T3-S1-2006	18,792		11,529	
		T3-S2-2005	2,880		2,296	
		T3-S2-2006	1,136		522	
Total English Language Acquisition Grant			<u>21,663</u>		<u>15,717</u>	
Improving Teacher Quality State Grants	84.367	TR-S1-2000			1,252	
		TR-S1-2004			25,000	
		TR-S1-2005	125,888		18,639	
		TR-S1-2006	107,361		55,376	
Total Improving Teacher Quality State Grants			<u>233,249</u>		<u>100,267</u>	
Vocational Education_Basic Grants to States	84.048	20-AO-2005	10,000			
<i>Passed through Centerville City School District</i> Vocational Education Basic Grants to States		20-AO-2002			15	
		20-AO-2004			49,574	
		20-AO-2005	7,092		26,265	
		20-AO-2006	88,930			
			<u>96,022</u>		<u>75,854</u>	
Total Vocational Education Basic Grants to States			<u>106,022</u>		<u>75,854</u>	
<b>Total United States Department of Education</b>			<u>3,330,398</u>		<u>2,871,531</u>	
<b>UNITED STATES DEPARTMENT OF HUMAN SERVICES</b>						
<i>Passed through Montgomery County Educational Service Center</i>						
Medical Assistance Program	93.778	N/A	5,487		5,487	
<i>Passed through Ohio Department of Mental Retardation and Developmental Disabilities</i>						
Medical Assistance Program	93.778	N/A	98,636		98,636	
Total Medical Assistance Program			<u>104,123</u>		<u>104,123</u>	
State Children's Insurance Program	93.767	N/A	6,867		6,867	
<b>Total United States Department of Human Services -</b>			<u>215,113</u>		<u>215,113</u>	
<b>Total Federal Assistance</b>			<u>\$4,251,806</u>	<u>\$260,333</u>	<u>\$3,792,939</u>	<u>\$260,333</u>

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

**KETTERING CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2006**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - NUTRITION CLUSTER**

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

**NOTE C - MATCHING REQUIREMENTS**

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

**NOTE D - TRANSFERABILITY**

\$61,565 was transferred from CFDA 84.367 to CFDA 84.010.

The District and the Ohio Department of Education (with some limitations) may transfer funds from one or more applicable programs to one or more other applicable programs, or to Title I, Part A. Transferred funds are subject to all of the requirements, set-asides, and limitations of the programs into which they are transferred.

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## Auditor of State Betty Montgomery

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kettering City School District (the District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated December 15, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated December 15, 2006, we reported other matters related to noncompliance we deemed immaterial.

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

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

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

**Betty Montgomery**  
Auditor of State

December 15, 2006



## Auditor of State Betty Montgomery

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

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

To the Board of Education:

#### Compliance

We have audited the compliance of Kettering City School District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2006. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2006. In a separate letter to the District's management dated December 15, 2006, we reported another matter related to federal noncompliance not requiring inclusion in this report.

#### Internal Control Over Compliance

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

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**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 reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

**Federal Awards Expenditures Schedule**

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District as of and for the year ended June 30, 2006, and have issued our report thereon dated December 15, 2006. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying federal awards expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



**Betty Montgomery**  
Auditor of State

December 15, 2006

**KETTERING CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2006**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	<b>Special Education Cluster:</b> CFDA # 84.027: Special Education Grants to States; CFDA #e84.173: Special Education Preschool Grants
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	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  
MONTGOMERY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2006

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2005-001	ORC Sec. 5705.39 – Appropriations exceeded estimated resources at December 31, 2004.	No	Reported in separate letter to management



**KETTERING CITY SCHOOL DISTRICT**

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*Montgomery County, Ohio*

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2006**



*KETTERING CITY SCHOOL DISTRICT*

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***KETTERING CITY SCHOOL DISTRICT***

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Montgomery County, Ohio

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2006**

*Prepared by:*  
Mr. Steven G. Clark  
Treasurer

*KETTERING CITY SCHOOL DISTRICT*

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**KETTERING CITY SCHOOL DISTRICT**

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# **KETTERING CITY SCHOOL DISTRICT**

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# KETTERING CITY SCHOOL DISTRICT

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## *INTRODUCTORY SECTION*

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# Kettering City School District

3750 Far Hills Avenue  
Kettering, Ohio 45429

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

fax (937)-499-1467

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December 15, 2006

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

We are pleased to present the tenth Comprehensive Annual Financial Report (CAFR) of the Kettering City School District for the fiscal year ended June 30, 2006. This report was prepared by the Treasurer's Office, and includes the unqualified opinion of our independent auditors, The Ohio Auditor of State. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. The CAFR conforms to generally accepted accounting principles (GAAP) applicable to government entities.

The CAFR is presented in three sections:

- The *Introductory Section*, which is unaudited, includes this letter of transmittal, an organization chart, a list of the District's elected board members and other members of the administration, the GFOA Certificate of Achievement and the ASBO Certificate for Excellence in Financial Reporting.
- The *Financial Section* begins with the Report of Independent Accountants and includes Management's Discussion and Analysis (MD&A), the basic financial statements and notes that provide an overview of the district's financial position and results of operations; the combining statements for major funds and other schedules that provide information relative to the basic financial statements.
- The *Statistical Section*, which is unaudited, includes selected financial, economic and demographic information, generally presented on a multi-year basis.

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

# ***KETTERING CITY SCHOOL DISTRICT***

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## ***Letter of Transmittal For the Fiscal Year Ended June 30, 2006***

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

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

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

### **HISTORY AND BACKGROUND**

The 2006 marked the 164th year of existence for the Van Buren/Kettering City School District. Van Buren Township was established on June 26, 1841, through separation from Dayton. The township was at first divided into small one-room district schools (#1, #6, #9, #10, #11 and #12) and later into Carrmonte, Pasadena and Fairmont elementary districts. Oakwood and Belmont were originally part of Van Buren Township. Oakwood formed its own district in 1926. Later, the Belmont area was annexed to Dayton.

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

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

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

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

## ***KETTERING CITY SCHOOL DISTRICT***

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### ***Letter of Transmittal For the Fiscal Year Ended June 30, 2006***

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

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

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

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

The Kettering City School District currently has a population of about 62,183 and covers 21.3 square miles. The City of Moraine has 6,702 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 officials opening enrollment of the District 7,478 (approximately 155 from Moraine) enrolled in nine elementary school, two middle schools and one high school during the 2005-06 school year. Other facilities operated by the District include a maintenance building, a transportation building, and the Central Office Building that had been a high school and junior high school previously. The Central Office Building also houses the District's alternative high school program.

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

### **ORGANIZATION OF THE DISTRICT**

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

## ***KETTERING CITY SCHOOL DISTRICT***

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### ***Letter of Transmittal For the Fiscal Year Ended June 30, 2006***

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The Board member on June 30, 2006 were as follows:

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

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

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

### **ECONOMIC CONDITION AND OUTLOOK**

#### *Economic Condition and Outlook (Kettering)*

The economic environment for Kettering's business community continued to be one of relative stability during 2005. 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 2005. Kettering's unemployment rate for 2005 was 5.4% compared to rates of 6.2% for Montgomery County, 5.9% for the State of Ohio and 5.1% for the United States.

Kettering's broad range of businesses includes several major employers. These employers include Kettering Medical Center employing 3,100 and Delphi Automotive Systems a manufacturer of automobile brake and suspension systems employing over 1,600. Reynolds and Reynolds, a fortune 1000 company based in Dayton since 1866 has completed its Phase II at the Miami Valley Research Park located in Kettering. The company now employs 1,200 people at the Research park campus. GE Consumer Finance, a credit card processing center, recently announced plans to expand their Kettering operation. The company anticipates increasing their work force from 1,200 to more than 1,800 at their Kettering site by the end of 2006. Other major employers in the city include Intimate Brands Inc., a catalogue order center for Victoria's Secret, Kodak Versamark a manufacturer of digital printers, and a number of engineering firms and computer hardware and software related businesses.

#### *Economic Condition and Outlook (Moraine)*

The City of Moraine continued its commitment of ensuring economic prosperity and growth by assisting numerous new and existing businesses with relocation and expansion efforts. During 2005, Moraine welcomed 10 new companies to their business friendly abode. Moraine also acknowledged 6 businesses that increased their real and/or personal property investment in the city during 2005. The dedication of Moraine's new and existing businesses has allowed the city to continue to build upon several of its economic development strategic goals.

## ***KETTERING CITY SCHOOL DISTRICT***

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### ***Letter of Transmittal For the Fiscal Year Ended June 30, 2006***

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

### **EMPLOYEE RELATIONS**

The Board employs 1,075 full-time equivalent (FTE) employees (including non-teaching personnel). Of the Board's current employees, 633 (FTE) are certificated by the Ohio Department of Education serving as classroom teachers, education specialists and administrators, all of whom have at least a bachelor's degree. The starting salary for a teacher with bachelor's degree for the period beginning August 1, 2005 was \$31,828. The maximum teacher salary in 2005-2006 for a doctorate degree was \$81,480 with 28 years longevity.

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

260 of the Board's classified employees are members of the Ohio Association of Public School Employees ("OAPSE") which is a labor organization affiliated with the American Federation of State, County and Municipal Employees ("AFSME"). The previous contract between the Board and OAPSE became effective August 1, 2003 and expires July 31, 2006.

These agreements marked a continuation of the historical turn in labor relations between the District, KEA, and OAPSE. The collaborative interest-based bargaining approach that involves the exchange of ideas, concerns and mutual problem solving to improve the instruction of students and to address the needs of the District in a cooperative manner was used and resulted in a third consecutive 4-year negotiated agreement with both employee bargaining groups.

### **MAJOR INITIATIVES**

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

The Kettering City Schools have long been committed to providing children from Kettering and Moraine with excellent educational opportunities, as evidenced by a strong, comprehensive curriculum program comprised of more than 200 courses at the secondary level – including Advanced Placement, honors, career education and Tech Prep courses; as well as a full range of classes at the elementary level.

This year, for the first time, the Kettering City School District received an "Excellent" rating on the State Report Card. This is the highest designation given by the Ohio Department of Education, and is the result of a great deal of hard work over the past several years on the part of Kettering's exceptional curriculum department and its talented staff members.

# **KETTERING CITY SCHOOL DISTRICT**

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## ***Letter of Transmittal For the Fiscal Year Ended June 30, 2006***

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In November of 2006, the Kettering City School District passed the renewal of its .6-mill Permanent Improvement Levy. The district will be placing an operating levy on the ballot in May of 2007. It has been three years since the district had an operating levy on the ballot, and it is hoped that the Kettering community will be supportive of this vital tax issue.

Changes in business tax laws at the state level, a school funding system that does not allow for inflationary growth, unfunded state and federal educational mandates and increased costs in such things as health insurance and natural gas are all challenges that the Kettering Schools – like districts all across the state – are facing, and these challenges make it almost inevitable that districts return to their voters on a regular basis, every two-to-three years, for passage of operating levies.

Kettering voters have consistently passed levies on behalf of their public schools, and in fact, have not failed a levy in well over a decade. Results from community surveys, which are conducted on a regular basis, have shown, time-and-again, that Kettering citizens value their public schools and truly understand the correlation between strong public schools, strong property values and a strong overall community. It is hoped that this tradition of commitment to and support of their schools will continue in 2007.

### **FINANCIAL INFORMATION**

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

#### *Internal Controls*

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

#### *Single Audit Act*

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

## ***KETTERING CITY SCHOOL DISTRICT***

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### ***Letter of Transmittal For the Fiscal Year Ended June 30, 2006***

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The results of the District's single audit for the fiscal year ended June 30, 2006 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

#### ***Budgetary Controls***

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

#### ***Risk Management***

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

#### ***Cash Management***

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

### **OTHER INFORMATION**

#### ***Independent Audit***

The State of Ohio requires an annual audit by either the Auditor of State or by an independent public accounting firm. The State Auditor performed the audit for the fiscal year ended June 30, 2006. The auditor's report on the District's basic financial statements, combining and individual fund statements and schedules, is included in the financial section of this Comprehensive Annual Financial Report.

## ***KETTERING CITY SCHOOL DISTRICT***

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### ***Letter of Transmittal For the Fiscal Year Ended June 30, 2006***

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#### *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, 2005. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for the preparation of the state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The Kettering City School District has received a Certificate of Achievement for the last 11 consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

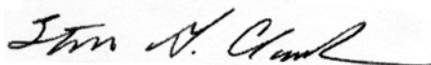
The Association of School Business Officials of the United States and Canada awarded a Certificate of Excellence in Financial Reporting to the Kettering City School District for its comprehensive annual financial report for the year ended June 30, 2005. This award certifies that a Comprehensive Annual 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 on year only. The Kettering City School District has received a Certificate of Excellence for the 12 consecutive years. We believe our current report continues to conform to the Certificate of excellence program requirements, and we are submitting it to ASBO.

#### *Acknowledgments*

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

Sincerely,



Mr. Steven G. Clark, CFO  
Treasurer



Dr. Robert A. Mengerink, PhD.  
Superintendent

# KETTERING CITY SCHOOL DISTRICT

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## *Principal Officials*

*For the Fiscal Year Ended June, 30, 2006*

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### *Elected Officials*

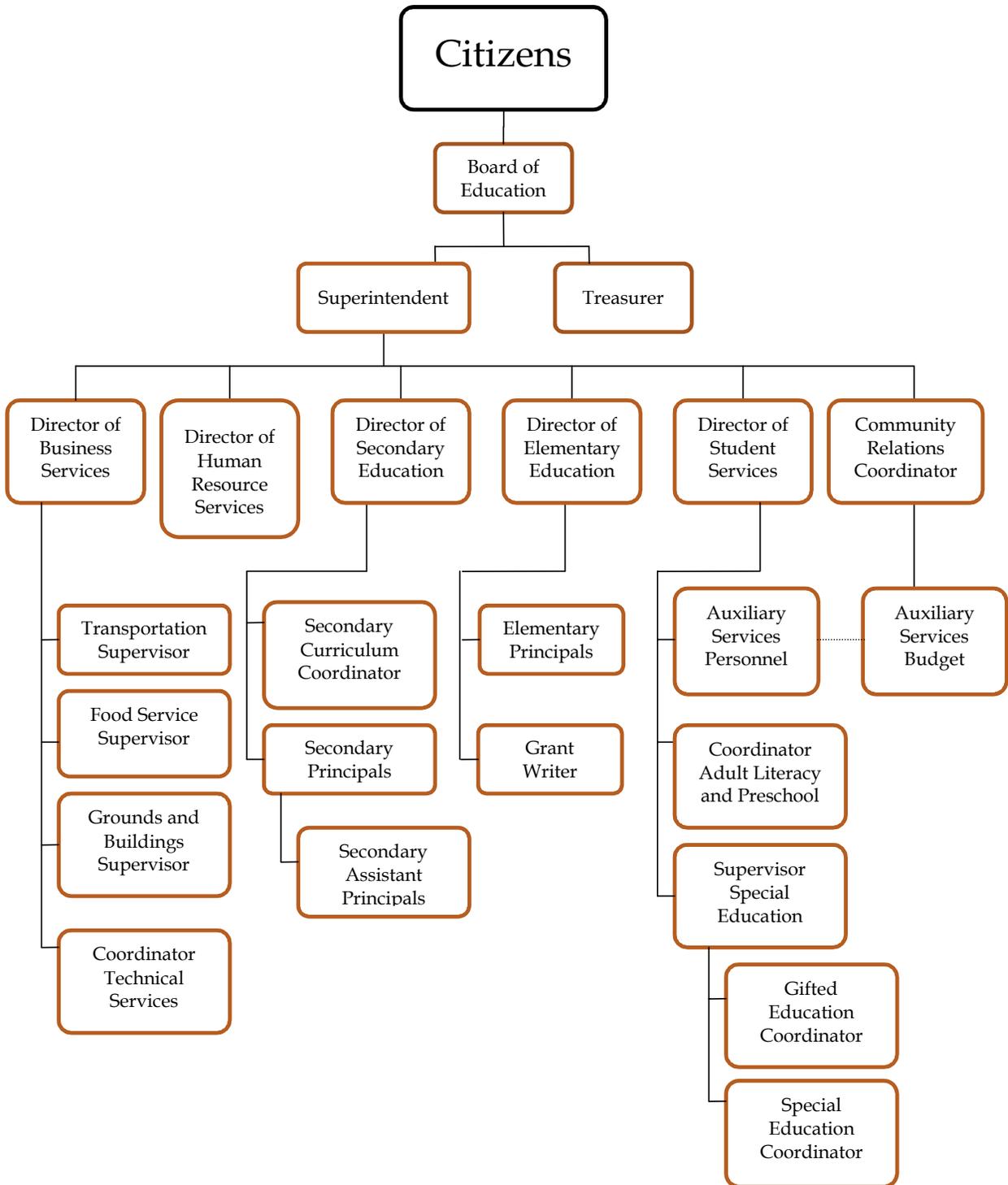
President – Board Of Education	....	Mr. James Trent
Vice President – Board Of Education	....	Mr. George Bayless
Board Member	....	Ms. Lori Simms
Board Member	....	Miss Julie Ann Gilmore
Board Member	....	Mr. Frank Maus

### *Administrative Officials*

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

# KETTERING CITY SCHOOL DISTRICT

## Organizational Chart For the Fiscal Year Ended June, 30, 2006



# KETTERING CITY SCHOOL DISTRICT

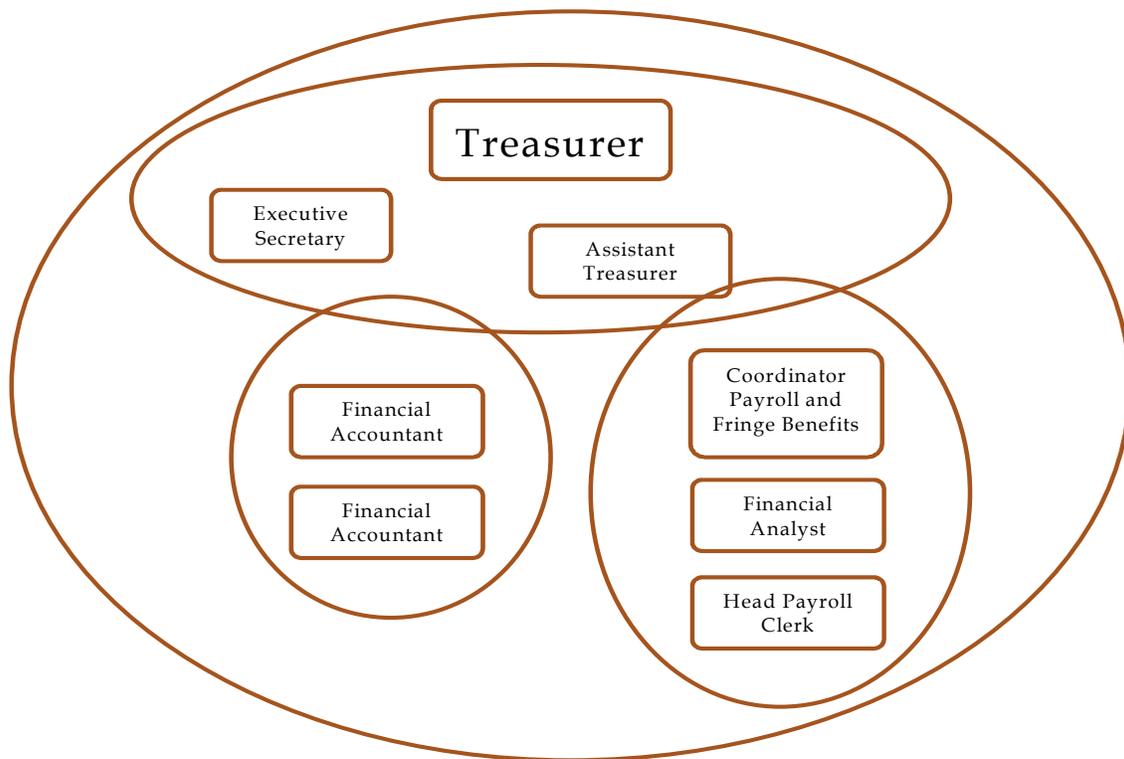
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*Office of the Treasurer  
For the Fiscal Year Ended June 30, 2006*

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## **Team Organization**

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



*KETTERING CITY SCHOOL DISTRICT*

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

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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, 2005

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.



*Carla E. Perry*

President

*Jeffrey R. Emmer*

Executive Director

**KETTERING CITY SCHOOL DISTRICT**

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

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**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, 2005**

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

President

Interim Executive Director

*KETTERING CITY SCHOOL DISTRICT*

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## *FINANCIAL SECTION*

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kettering City School District, (the District), as of and for the fiscal year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2006, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General 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 15, 2006, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

**Betty Montgomery**  
Auditor of State

December 15, 2006

# KETTERING CITY SCHOOL DISTRICT

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*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006*

*Unaudited*

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The discussion and analysis of Kettering City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2006. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

## **FINANCIAL HIGHLIGHTS**

### **Key financial highlights for 2006 are as follows:**

In total, net assets increased \$2,233,767, an 11.5% increase from 2005.

General revenues accounted for \$76,416,580 in revenue or 88.3% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$10,160,591 or 11.7% of total revenues of \$86,577,171.

The District had \$84,343,404 in expenses related to governmental activities; only \$10,160,591 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$76,416,480 were adequate to provide for these programs.

Among major funds, the general fund had \$68,899,575 in revenues and \$71,945,363 in expenditures. The general fund's fund balance decreased \$3,033,427, to \$9,570,500. Revenues decreased from 2005 by .7% primarily due to the decrease in property tax revenues. Expenditures increased from 2005 by 4.22% primarily due to increases in salaries and wages. Other increases included tuition paid to the County, due to an increase in the number of special students attending the County Program. Previously the State paid the County directly but current practices require payment from the General Fund.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

These statements are as follows:

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

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

# KETTERING CITY SCHOOL DISTRICT

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*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006*

*Unaudited*

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## **Government-wide Statements**

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

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

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

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

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

## **Fund Financial Statements**

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

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

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

## KETTERING CITY SCHOOL DISTRICT

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006*

*Unaudited*

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

### FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The following table provides a summary of the District's net assets for 2006 compared to 2005.

	Governmental Activities		Increase (Decrease)
	2006	2005	
Current and other assets	\$82,466,567	\$107,214,026	(\$24,747,459)
Capital assets, Net	119,730,917	99,170,641	20,560,276
Total assets	202,197,484	206,384,667	(4,187,183)
Long-term debt outstanding	117,853,723	119,131,433	(1,277,710)
Other liabilities	62,714,606	67,857,846	(5,143,240)
Total liabilities	180,568,329	186,989,279	(6,420,950)
Net assets			
Invested in capital assets, net of related debt	10,572,943	8,537,315	2,035,628
Restricted	4,355,857	3,965,989	389,868
Unrestricted	6,700,355	6,892,084	(191,729)
Total net assets	\$21,629,155	\$19,395,388	\$2,233,767

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## **KETTERING CITY SCHOOL DISTRICT**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006**

**Unaudited**

**Changes in Net Assets** – The following table shows the changes in net assets for fiscal years 2006 and 2005:

	Governmental Activities		Increase (Decrease)
	2006	2005	
<b>Revenues</b>			
Program Revenues:			
Charges for Services and Sales	\$3,272,128	\$3,198,208	\$73,920
Operating Grants and Contributions	6,807,693	6,609,782	197,911
Capital Grants and Contributions	80,770	197,400	(116,630)
Total Program Revenues	<u>10,160,591</u>	<u>10,005,390</u>	<u>155,201</u>
General revenues:			
Taxes	57,412,021	58,078,104	(666,083)
Grants and Entitlements	16,595,607	16,296,597	299,010
Investment earnings	1,100,764	1,462,565	(361,801)
Miscellaneous	1,308,188	1,715,022	(406,834)
Total General Revenues	<u>76,416,580</u>	<u>77,552,288</u>	<u>(1,135,708)</u>
Total Revenues	<u>86,577,171</u>	<u>87,557,678</u>	<u>(980,507)</u>
<b>Program Expenses</b>			
Instruction:			
Regular	30,026,305	30,303,175	(276,870)
Special	7,592,499	7,195,031	397,468
Vocational	1,989,974	1,938,656	51,318
Adult/Continuing	28,453	40,025	(11,572)
Other Instruction	3,546,792	2,193,266	1,353,526
Support Services:			
Pupils	6,183,114	6,012,755	170,359
Instructional Staff	4,473,685	4,293,737	179,948
Board of Education	58,880	1,551,467	(1,492,587)
Administration	6,280,987	6,220,245	60,742
Fiscal Services	1,723,088	1,521,850	201,238
Business	519,187	371,627	147,560
Operation and Maintenance of Plant	7,491,277	7,434,445	56,832
Pupil Transportation	2,731,380	3,013,238	(281,858)
Central	1,090,013	1,356,202	(266,189)
Non-Instructional Services	4,051,744	4,305,313	(253,569)
Extracurricular Activities	1,457,996	1,604,609	(146,613)
Interest and Fiscal Charges	5,098,030	4,942,861	155,169
Total expenses	<u>84,343,404</u>	<u>84,298,502</u>	<u>44,902</u>
Change in Net Assets	2,233,767	3,259,176	(1,025,409)
Net Assets Beginning of Year	<u>19,395,388</u>	<u>16,136,212</u>	<u>3,259,176</u>
Net Assets End of Year	<u>\$21,629,155</u>	<u>\$19,395,388</u>	<u>\$2,233,767</u>

# KETTERING CITY SCHOOL DISTRICT

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006**

**Unaudited**

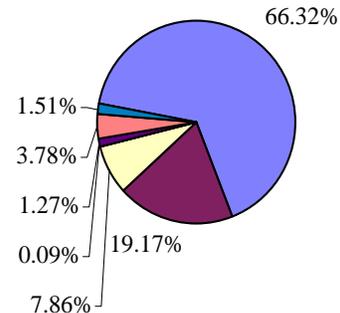
## Governmental Activities

Net assets of the District's governmental activities increased by \$2,233,767. This was due to a combination of factors, the increase in intergovernmental, earnings on investments, and other miscellaneous revenues.

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

The District's reliance upon tax revenues is demonstrated by the following graph indicating 66.32% of total revenues from general tax revenues:

Revenue Sources	2006 Amount	Percent of Total
Taxes	\$ 57,412,021	66.32%
Grants and Entitlements	16,595,607	19.17%
Operating Grants and Contributions	6,807,693	7.86%
Capital Grants and Contributions	80,770	0.09%
Investment earnings	1,100,764	1.27%
Charges for Services and Sales	3,272,128	3.78%
Miscellaneous	1,308,188	1.51%
<b>Total revenues</b>	<b>\$86,577,171</b>	<b>100.00%</b>



## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$16,382,976, which is less than last year's total of \$35,861,075. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2006 and 2005.

	Fund Balance June 30, 2006	Fund Balance June 30, 2005	Increase (Decrease)
General	\$9,570,500	\$12,603,927	(\$3,033,427)
Debt Service	2,752,772	2,243,653	509,119
Building Capital Projects	1,114,300	18,034,345	(16,920,045)
Other Governmental	2,945,404	2,979,150	(33,746)
<b>Total</b>	<b>\$16,382,976</b>	<b>\$35,861,075</b>	<b>(\$19,478,099)</b>

## KETTERING CITY SCHOOL DISTRICT

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006**

**Unaudited**

*General Fund* – The District's General Fund balance decrease is due to several factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2006 Revenues	2005 Revenues	Increase (Decrease)
Taxes	\$49,839,118	\$50,778,148	(\$939,030)
Tuition and Fees	57,022	75,966	(18,944)
Transportation	237,299	308,858	(71,559)
Interest	974,583	637,249	337,334
Intergovernmental	17,083,452	16,642,958	440,494
Extracurricular Activities	61,212	58,502	2,710
Classroom Materials and Fees	7,240	8,167	(927)
Miscellaneous	639,649	905,637	(265,988)
<b>Total</b>	<b>\$68,899,575</b>	<b>\$69,415,485</b>	<b>(\$515,910)</b>

General Fund revenues in 2006 decreased approximately .7% compared to revenues in fiscal year 2005. The major factor contributing to this decrease was the decrease in tax revenues associated with the phasing out of the tangible personal property tax. This phase out will eliminate the tax on the tangible personal property of general businesses, telephone and telecommunications companies, and railroads by the year 2009.

	2006 Expenditures	2005 Expenditures	Increase (Decrease)
<b>Instruction:</b>			
Regular	\$30,805,896	\$28,779,223	\$2,026,673
Special	5,934,660	5,777,181	157,479
Vocational	1,791,629	1,738,269	53,360
Other Instruction	3,699,059	2,202,452	1,496,607
<b>Supporting Services:</b>			
Pupils	5,165,617	4,953,119	212,498
Instructional Staff	4,060,815	3,985,578	75,237
Board of Education	61,408	1,557,965	(1,496,557)
Administration	5,733,643	5,515,581	218,062
Fiscal Services	1,680,791	1,460,933	219,858
Business	529,149	552,678	(23,529)
Operation & Maintenance of Plant	7,624,146	7,471,142	153,004
Pupil Transportation	2,707,061	2,702,077	4,984
Central	871,193	930,712	(59,519)
Non-Instructional Services	1,418	1,910	(492)
Extracurricular Activities	1,172,998	1,162,947	10,051
Facility Acquisition and Construction	3,342	4,115	(773)
<b>Debt Service:</b>			
Principal Retirement	88,937	214,137	(125,200)
Interest & Fiscal Charges	13,601	21,336	(7,735)
<b>Total</b>	<b>\$71,945,363</b>	<b>\$69,031,355</b>	<b>\$2,914,008</b>

# KETTERING CITY SCHOOL DISTRICT

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006*

*Unaudited*

The expenditures increased by \$2,914,008 or 4.22% over the prior year mostly due to salaries and wages increases which affect the increase in fringe benefits, as well. Other increases included tuition paid to the County, due to an increase in the number of special students attending the County Program. Previously the State paid the County directly but current practices require payment from the General Fund.

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

During the course of fiscal year 2006, the District amended its general fund two times, none significant.

For the General Fund, budget basis revenue of \$74 million was an increase from the original budget estimates of \$72 million. This was due to an increase in State Foundation money. The General Fund had an adequate fund balance to cover expenditures.

*Building Fund* – The District's Building Fund balance decrease is due to over \$17.1 million of expenditures relating to the District's continuing building construction project.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### *Capital Assets*

At the end of fiscal 2006 the District had \$119,730,917 net of accumulated depreciation invested in land, buildings and improvements, furniture, vehicles and equipment and construction in progress. All capital assets are related to governmental activities. The following table shows fiscal year 2006 and 2005 balances:

	Governmental Activities		Increase (Decrease)
	2006	2005	
Land	\$466,616	\$466,616	\$0
Construction in Progress	103,749,271	82,999,126	20,750,145
Building and Improvements	31,578,194	31,578,194	0
Furniture, Vehicles and Equipment	6,120,452	5,591,119	529,333
Less: Accumulated Depreciation	(22,183,616)	(21,464,414)	(719,202)
Totals	<u>\$119,730,917</u>	<u>\$99,170,641</u>	<u>\$20,560,276</u>

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

As of June 30, 2006, the District has contractual commitments of \$628,338 for additional construction and renovation items related to its facilities. Additional information can be found in Note 16.

# KETTERING CITY SCHOOL DISTRICT

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006*

*Unaudited*

## **Debt**

At June 30, 2006, the District had \$109,918,779 in bonds outstanding, \$2,864,774 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2006 and 2005:

	2006	2005
Governmental Activities:		
General Obligation Bonds	\$109,918,779	\$112,019,538
Capital Leases Payable	678,136	567,133
Compensated Absences	7,256,808	6,544,762
Totals	<u>\$117,853,723</u>	<u>\$119,131,433</u>

Under current state statutes, the District's combined voted and unvoted general obligation bonded debt issues are subject to a legal limitation based on 9% of the total assessed value of real and personal property. At June 30, 2006, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 11.

## **ECONOMIC FACTORS**

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

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

## **REQUESTS FOR INFORMATION**

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

*KETTERING CITY SCHOOL DISTRICT*

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## **KETTERING CITY SCHOOL DISTRICT**

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### ***Statement of Net Assets*** ***June 30, 2006***

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	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 7,882,960
Investments	16,791,941
Receivables:	
Taxes	57,160,301
Intergovernmental	179,420
Interest	83,282
Inventory of Supplies at Cost	318,207
Inventory Held for Resale	37,655
Restricted Assets:	
Cash and Cash Equivalents	12,801
Non-Depreciable Capital Assets	104,215,887
Depreciable Capital Assets, Net	15,515,030
<b>Total Assets</b>	<b>202,197,484</b>
<b>Liabilities:</b>	
Accounts Payable	599,011
Accrued Wages and Benefits	8,206,688
Intergovernmental Payable	1,649,986
Retainage Payable	255,828
Claims Payable	211,502
Deferred Revenue	51,355,109
Accrued Interest Payable	436,482
Long Term Liabilities:	
Due Within One Year	3,633,831
Due in More Than One Year	114,219,892
<b>Total Liabilities</b>	<b>180,568,329</b>
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	10,572,943
Restricted For:	
Capital Projects	755,941
Debt Service	2,649,523
Permanent Fund:	
Expendable	1,312
Nonexpendable	12,801
Other Purposes	936,280
Unrestricted	6,700,355
<b>Total Net Assets</b>	<b>\$ 21,629,155</b>

See accompanying notes to the basic financial statements

## KETTERING CITY SCHOOL DISTRICT

### Statement of Activities For the Fiscal Year Ended June 30, 2006

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Assets
					Governmental Activities
<b>Governmental Activities:</b>					
Instruction:					
Regular	\$ 30,026,305	\$ 334,109	\$ 376,258	\$ 0	\$ (29,315,938)
Special	7,592,499	237,299	2,876,339	0	(4,478,861)
Vocational	1,989,974	0	316,934	0	(1,673,040)
Adult/Continuing	28,453	35,460	87,705	0	94,712
Other Instruction	3,546,792	0	0	0	(3,546,792)
Support Services:					
Pupils	6,183,114	0	318,981	0	(5,864,133)
Instructional Staff	4,473,685	400,010	43,221	0	(4,030,454)
Board of Education	58,880	0	0	0	(58,880)
Administration	6,280,987	30,252	115,721	0	(6,135,014)
Fiscal Services	1,723,088	0	0	0	(1,723,088)
Business	519,187	0	0	0	(519,187)
Operation and Maintenance of Plant	7,491,277	0	0	80,770	(7,410,507)
Pupil Transportation	2,731,380	0	135,676	0	(2,595,704)
Central	1,090,013	0	61,562	0	(1,028,451)
Non-Instructional Services	4,051,744	1,759,386	2,475,296	0	182,938
Extracurricular Activities	1,457,996	475,612	0	0	(982,384)
Interest and Fiscal Charges	5,098,030	0	0	0	(5,098,030)
<b>Total Governmental Activities</b>	<b>\$ 84,343,404</b>	<b>\$ 3,272,128</b>	<b>\$ 6,807,693</b>	<b>\$ 80,770</b>	<b>(74,182,813)</b>
<b>General Revenues</b>					
Taxes					57,412,021
Grants and Entitlements not Restricted to Specific Programs					16,595,607
Investment Earnings					1,100,764
Miscellaneous					1,308,188
Total General Revenues					<u>76,416,580</u>
Change in Net Assets					2,233,767
Net Assets Beginning of Year					<u>19,395,388</u>
Net Assets End of Year					<u>\$ 21,629,155</u>

See accompanying notes to the basic financial statements

## KETTERING CITY SCHOOL DISTRICT

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2006**

	General	Debt Service	Building Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 2,947,759	\$ 418,018	\$ 1,438,941	\$ 2,767,275	\$ 7,571,993
Investments	13,942,707	2,001,521	0	847,713	16,791,941
Receivables:					
Taxes	48,973,346	7,539,179	0	647,776	57,160,301
Intergovernmental	0	0	0	179,420	179,420
Interest	56,840	0	15,954	10,488	83,282
Inventory of Supplies at Cost	318,207	0	0	0	318,207
Inventory Held for Resale	0	0	0	37,655	37,655
Restricted Assets:					
Cash and Cash Equivalents	0	0	0	12,801	12,801
<b>Total Assets</b>	<b>\$ 66,238,859</b>	<b>\$ 9,958,718</b>	<b>\$ 1,454,895</b>	<b>\$ 4,503,128</b>	<b>\$ 82,155,600</b>
<b>Liabilities:</b>					
Accounts Payable	\$ 299,405	\$ 0	\$ 84,767	\$ 214,839	\$ 599,011
Accrued Wages and Benefits	7,763,887	0	0	442,801	8,206,688
Intergovernmental Payable	1,530,258	0	0	119,728	1,649,986
Contracts Payable	0	0	255,828	0	255,828
Deferred Revenue	47,074,809	7,205,946	0	780,356	55,061,111
<b>Total Liabilities</b>	<b>56,668,359</b>	<b>7,205,946</b>	<b>340,595</b>	<b>1,557,724</b>	<b>65,772,624</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	1,400,398	0	524,835	757,856	2,683,089
Reserved for Supplies Inventory	318,207	0	0	37,655	355,862
Reserved for Debt Service	0	2,419,539	0	0	2,419,539
Reserved for Property Taxes	1,898,537	333,233	0	28,158	2,259,928
Reserved for Endowments	0	0	0	12,801	12,801
Unreserved, Undesignated in:					
General Fund	5,953,358	0	0	0	5,953,358
Special Revenue Funds	0	0	0	1,401,577	1,401,577
Capital Projects Funds	0	0	589,465	706,045	1,295,510
Permanent Fund	0	0	0	1,312	1,312
<b>Total Fund Balances</b>	<b>9,570,500</b>	<b>2,752,772</b>	<b>1,114,300</b>	<b>2,945,404</b>	<b>16,382,976</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 66,238,859</b>	<b>\$ 9,958,718</b>	<b>\$ 1,454,895</b>	<b>\$ 4,503,128</b>	<b>\$ 82,155,600</b>

See accompanying notes to the basic financial statements

**KETTERING CITY SCHOOL DISTRICT**

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***Reconciliation Of Total Governmental Fund Balances  
To Net Assets Of Governmental Activities  
June 30, 2006***

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<b>Total Governmental Fund Balances</b>			\$ 16,382,976
<b><i>Amounts reported for governmental activities in the statement of net assets are different because</i></b>			
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.			119,730,917
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.			
	Taxes Receivable - accrual basis	3,545,264	
	Grants Receivable - accrual basis	<u>160,738</u>	
	Total		3,706,002
The internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net assets.			99,465
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
	Amounts Due Within One Year	(3,633,831)	
	Amounts Due in More Than One Year	(114,219,892)	
	Accrued Interest on Long-Term Debt	<u>(436,482)</u>	
	Total		<u>(118,290,205)</u>
<b><i>Net Assets of Governmental Funds</i></b>			<b><u><u>\$ 21,629,155</u></u></b>

See accompanying notes to the basic financial statements

## KETTERING CITY SCHOOL DISTRICT

### Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2006

	General	Debt Service	Building Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 49,839,118	\$ 6,964,986	\$ 0	\$ 641,924	\$ 57,446,028
Tuition and Fees	57,022	0	0	126,537	183,559
Transportation	237,299	0	0	0	237,299
Interest	974,583	0	120,459	91,302	1,186,344
Sales	0	0	0	1,750,980	1,750,980
Intergovernmental	17,083,452	828,892	0	5,581,409	23,493,753
Extracurricular Activities	61,212	0	0	659,140	720,352
Classroom Materials and Fees	7,240	0	0	239,994	247,234
Miscellaneous	639,649	0	37,578	763,665	1,440,892
<b>Total Revenue</b>	<b>68,899,575</b>	<b>7,793,878</b>	<b>158,037</b>	<b>9,854,951</b>	<b>86,706,441</b>
<b>Expenditures:</b>					
Current:					
Regular	30,805,896	0	0	561,595	31,367,491
Special	5,934,660	0	0	1,514,377	7,449,037
Vocational	1,791,629	0	0	178,350	1,969,979
Adult/Continuing	0	0	0	29,675	29,675
Other Instruction	3,699,059	0	0	0	3,699,059
Supporting Services:					
Pupils	5,165,617	0	0	1,146,642	6,312,259
Instructional Staff	4,060,815	0	0	419,466	4,480,281
Board of Education	61,408	0	0	0	61,408
Administration	5,733,643	6,177	0	655,383	6,395,203
Fiscal Services	1,680,791	87,714	0	10,927	1,779,432
Business	529,149	0	0	12,267	541,416
Operation and Maintenance of Plant	7,624,146	0	0	157,498	7,781,644
Pupil Transportation	2,707,061	0	0	423,031	3,130,092
Central	871,193	0	0	165,024	1,036,217
Non-Instructional Services	1,418	0	0	4,171,537	4,172,955
Extracurricular Activities	1,172,998	0	0	361,013	1,534,011
Facility Acquisition and Construction	3,342	0	17,078,082	303,990	17,385,414
Debt Service:					
Principal Retirement	88,937	2,005,067	0	0	2,094,004
Interest and Fiscal Charges	13,601	5,185,801	0	0	5,199,402
<b>Total Expenditures</b>	<b>71,945,363</b>	<b>7,284,759</b>	<b>17,078,082</b>	<b>10,110,775</b>	<b>106,418,979</b>
Excess (Deficiency) of Revenues Over Expenditures	(3,045,788)	509,119	(16,920,045)	(255,824)	(19,712,538)
<b>Other Financing Sources (Uses):</b>					
Capital Lease Issued	0	0	0	199,940	199,940
Transfers In	0	0	0	13,500	13,500
Transfers Out	(13,500)	0	0	0	(13,500)
<b>Total Other Financing Sources (Uses)</b>	<b>(13,500)</b>	<b>0</b>	<b>0</b>	<b>213,440</b>	<b>199,940</b>
Net Change in Fund Balance	(3,059,288)	509,119	(16,920,045)	(42,384)	(19,512,598)
<b>Fund Balances at Beginning of Year</b>	<b>12,603,927</b>	<b>2,243,653</b>	<b>18,034,345</b>	<b>2,979,150</b>	<b>35,861,075</b>
Increase in Inventory Reserve	25,861	0	0	8,638	34,499
<b>Fund Balances End of Year</b>	<b>\$ 9,570,500</b>	<b>\$ 2,752,772</b>	<b>\$ 1,114,300</b>	<b>\$ 2,945,404</b>	<b>\$ 16,382,976</b>

See accompanying notes to the basic financial statements

## **KETTERING CITY SCHOOL DISTRICT**

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***Reconciliation Of The Statement Of Revenues, Expenditures  
And Changes In Fund Balances Of Governmental Funds  
To The Statement Of Activities  
For The Fiscal Year Ended June 30, 2006***

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**Net Change in Fund Balances - Total Governmental Funds** \$(19,512,598)

***Amounts reported for governmental activities in the statement of activities are different because***

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	20,566,526
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(6,250)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(129,270)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.	1,894,064
In the statement of activities, interest is accrued on outstanding bonds whereas in governmental funds, an interest expenditure is reported when due.	101,372
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(677,547)
The internal service fund is used by management to charge the costs of services to individual funds and is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities.	(2,530)
<b><i>Change in Net Assets of Governmental Activities</i></b>	<u><u>\$ 2,233,767</u></u>

See accompanying notes to the basic financial statements

## KETTERING CITY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Fiscal Year Ended June 30, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 52,651,195	\$ 54,242,078	\$ 51,564,033	\$ (2,678,045)
Tuition and Fees	58,224	59,984	57,022	(2,962)
Transportation	242,302	249,623	237,299	(12,324)
Interest	966,364	995,563	946,410	(49,153)
Intergovernmental	17,443,634	17,970,702	17,083,452	(887,250)
Extracurricular Activities	62,503	64,391	61,212	(3,179)
Classroom Material and Fees	7,393	7,616	7,240	(376)
Miscellaneous	351,588	362,211	344,330	(17,881)
Total Revenues	71,783,203	73,952,168	70,300,998	(3,651,170)
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	30,646,585	30,588,945	30,898,813	(309,868)
Special	5,499,768	5,489,328	5,852,409	(363,081)
Vocational	1,792,133	1,788,748	1,795,131	(6,383)
Other Instruction	4,004,980	3,997,984	4,028,446	(30,462)
Support Services:				
Pupils	5,112,546	5,102,914	5,138,216	(35,302)
Instructional Staff	3,924,457	3,917,060	4,010,434	(93,374)
Board of Education	51,786	51,690	62,103	(10,413)
Administration	5,811,840	5,800,941	5,722,243	78,698
Fiscal Services	2,531,776	2,526,996	1,740,378	786,618
Business	607,333	606,202	543,528	62,674
Operation and Maintenance of Plant	7,911,301	7,896,759	8,073,169	(176,410)
Pupil Transportation	3,127,143	3,121,335	2,806,438	314,897
Central	1,181,935	1,179,809	1,215,048	(35,239)
Non-Instructional Services	1,904	1,900	1,418	482
Extracurricular Activities	1,241,841	1,239,483	1,179,532	59,951
Facility Acquisition and Construction	6,368	6,361	6,257	104
Debt Service:				
Principal Retirement	850,389	88,937	88,937	0
Interest and Fiscal Charges	130,049	13,601	13,601	0
Total Expenditures	74,434,134	73,418,993	73,176,101	242,892

(Continued)

## KETTERING CITY SCHOOL DISTRICT

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**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Fiscal Year Ended June 30, 2006**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(2,650,931)	533,175	(2,875,103)	(3,408,278)
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(13,526)	(13,500)	(13,500)	0
Refund of Prior Year's Expenditures	301,545	310,657	295,319	(15,338)
Total Other Financing Sources (Uses):	288,019	297,157	281,819	(15,338)
Net Change in Fund Balance	(2,362,912)	830,332	(2,593,284)	(3,423,616)
Fund Balance at Beginning of Year	16,781,458	16,781,458	16,781,458	0
Prior Year Encumbrances	1,174,030	1,174,030	1,174,030	0
Fund Balance at End of Year	\$ 15,592,576	\$ 18,785,820	\$ 15,362,204	\$ (3,423,616)

See accompanying notes to the basic financial statements

**KETTERING CITY SCHOOL DISTRICT**

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***Statement of Net Assets***  
***Proprietary Fund***  
***June 30, 2006***

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	Governmental Activities - Internal Service Fund
<b>Assets:</b>	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 310,967
<b>Total Assets</b>	<u>310,967</u>
<b>Liabilities:</b>	
<i>Current Liabilities:</i>	
Claims Payable	211,502
<b>Total Liabilities</b>	<u>211,502</u>
<b>Net Assets:</b>	
Unrestricted	99,465
<b>Total Net Assets</b>	<u>\$ 99,465</u>

See accompanying notes to the basic financial statements

## **KETTERING CITY SCHOOL DISTRICT**

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***Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2006***

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	Governmental Activities - Internal Service Funds
<b>Operating Revenues:</b>	
Charges for Services	\$ 831,180
<b>Total Operating Revenues</b>	<u>831,180</u>
<b>Operating Expenses:</b>	
Purchased Services	842,948
<b>Total Operating Expenses</b>	<u>842,948</u>
Operating (Loss)	(11,768)
<b>Nonoperating Revenue (Expenses):</b>	
Interest	9,238
<b>Total Nonoperating Revenues (Expenses)</b>	<u>9,238</u>
Change in Net Assets	(2,530)
Net Assets Beginning of Year	<u>101,995</u>
Net Assets End of Year	<u>\$ 99,465</u>

See accompanying notes to the basic financial statements

## **KETTERING CITY SCHOOL DISTRICT**

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***Statement of Cash Flows***  
***Proprietary Fund***  
***For the Fiscal Year Ended June 30, 2006***

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	Governmental Activities - Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Interfund Charges	\$831,180
Cash Payments for Claims	<u>(825,811)</u>
Net Cash Provided by Operating Activities	<u>5,369</u>
<u>Cash Flows from Investing Activities:</u>	
Receipts of Interest	<u>9,238</u>
Net Cash Provided by Investing Activities	<u>9,238</u>
Net Increase in Cash and Cash Equivalents	14,607
Cash and Cash Equivalents at Beginning of Year	<u>296,360</u>
Cash and Cash Equivalents at End of Year	<u><u>\$310,967</u></u>
<u>Reconciliation of Operating Loss to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Loss	(\$11,768)
Adjustments to Reconcile Operating Loss to	
Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Claims Payable	<u>17,137</u>
Total Adjustments	<u>17,137</u>
Net Cash Provided by Operating Activities	<u><u>\$5,369</u></u>

See accompanying notes to the basic financial statements

# **KETTERING CITY SCHOOL DISTRICT**

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***Statement of Net Assets***  
***Fiduciary Funds***  
***June 30, 2006***

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	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 198,424
<b>Total Assets</b>	<u>198,424</u>
<b>Liabilities:</b>	
Claims Payable	73,626
Due to Others	55,616
Due to Students	69,182
<b>Total Liabilities</b>	<u>\$ 198,424</u>

See accompanying notes to the basic financial statements

# ***KETTERING CITY SCHOOL DISTRICT***

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Reporting Entity**

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

The District operates under a locally elected five-member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies. This Board controls the District's instructional and support facilities staffed by 442 (FTE) classified personnel and 633 (FTE) certificated teaching and administrative personnel to provide services to students and other community members.

In terms of enrollment the District is the 32nd largest in the State of Ohio (among 612 districts) and the third largest in Montgomery County. It currently operates 9 elementary schools, 2 middle schools (grades 6-8), and one comprehensive high school (grades 9-12).

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

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

#### **B. Basis of Presentation - Fund Accounting**

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

# KETTERING CITY SCHOOL DISTRICT

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## *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006*

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **B. Basis of Presentation - Fund Accounting** (Continued)

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

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

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

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

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

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

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

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

# KETTERING CITY SCHOOL DISTRICT

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## *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006*

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **C. Basis of Presentation – Financial Statements**

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

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

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

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

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

# **KETTERING CITY SCHOOL DISTRICT**

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **C. Basis of Presentation – Financial Statements (Continued)**

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

Fiduciary funds are reported using the economic resources measurement focus. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operation.

#### **D. Basis of Accounting**

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

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

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

Current property taxes measurable at June 30, 2006, and which are not intended to finance fiscal 2006 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2006 are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

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

# **KETTERING CITY SCHOOL DISTRICT**

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **D. Basis of Accounting** (Continued)

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

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

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

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

#### **E. Budgetary Process**

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

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

# ***KETTERING CITY SCHOOL DISTRICT***

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **E. Budgetary Process (Continued)**

##### **1. Estimated Resources**

Prior to April 1, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported as the final budgeted amount on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2006.

##### **2. Appropriations**

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

##### **3. Encumbrances**

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

# KETTERING CITY SCHOOL DISTRICT

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### E. Budgetary Process (Continued)

##### 4. Lapsing of Appropriations

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

##### 5. Budgetary Basis of Accounting

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

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

Net Change in Fund Balance	
	<u>General Fund</u>
GAAP Basis (as reported)	(\$3,059,288)
Increase (Decrease):	
Accrued Revenues at June 30, 2006, received during FY 2007	(1,783,836)
Accrued Revenues at June 30, 2005, received during FY 2006	3,480,578
Accrued Expenditures at June 30, 2006, paid during FY 2007	9,593,550
Accrued Expenditures at June 30, 2005, paid during FY 2006	(9,124,485)
Encumbrances Outstanding	<u>(1,699,803)</u>
Budget Basis	<u><u>(\$2,593,284)</u></u>

# ***KETTERING CITY SCHOOL DISTRICT***

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **F. Cash and Cash Equivalents**

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

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 5, "Cash, Cash Equivalents and Investments."

#### **G. Investments**

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the District records all its investments at fair value. See Note 5, "Cash, Cash Equivalents and Investments."

The District has invested funds in the STAR Ohio during 2006. 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, 2006. Also, the District invested in repurchase agreements which are valued at cost, and U.S. Government securities which are stated at fair value. See Note 5, "Cash, Cash Equivalents and Investments."

Under existing Ohio statutes, the Board of Education has, by resolution, specified the funds to receive allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2006 totaled \$974,583, which includes \$161,347 assigned from other District funds, and \$220,999 was credited to other funds of the District.

#### **H. Inventory**

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

#### **I. Capital Assets and Depreciation**

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

##### **1. Property, Plant and Equipment - Governmental Activities**

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

**KETTERING CITY SCHOOL DISTRICT**

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***Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Capital Assets and Depreciation** (Continued)

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

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

2. Depreciation

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

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

**J. Long-Term Obligations**

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

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

**K. Compensated Absences**

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

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

# **KETTERING CITY SCHOOL DISTRICT**

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **K. Compensated Absences** (Continued)

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

#### **L. Net Assets**

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

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

#### **M. Pensions**

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

#### **N. Interfund Activity**

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

#### **O. Restricted Assets**

Restricted assets in the permanent fund represent cash and cash equivalents restricted based upon applicable trust agreements. A fund balance reserve has also been established for this amount.

# KETTERING CITY SCHOOL DISTRICT

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## *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006*

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **P. Reservations of Fund Balance**

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

#### **Q. Estimates**

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

#### **R. Operating Revenues and Expenses**

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

### NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

The District has implemented GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, which amends NCGA Statement 1 and GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*, which amends GASB Statement No. 34. Implementation of these GASB statements had no impact on the District's financial position or results of operation.

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## **KETTERING CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 3 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

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

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

Capital Asset Additions	\$21,340,659
Depreciation Expense	<u>(774,133)</u>
	\$20,566,526

*Governmental revenues not reported in the funds:*

Decrease in Delinquent Tax Revenue	(\$34,007)
Decrease in Interest Receivable	(85,580)
Decrease in Grants Receivable	<u>(9,683)</u>
	(\$129,270)

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

Bond Principal Payment	\$2,005,067
Capital Lease Payment	88,937
Capital Lease Issuance	<u>(199,940)</u>
	\$1,894,064

*Interest expense not reported in the funds:*

Increase in accrued interest on long term debt	(\$24,880)
Amortization of Bond Premium	<u>126,252</u>
	\$101,372

*Expenses not reported in the funds:*

Increase in compensated absences	(\$712,046)
Increase in supplies inventory	<u>34,499</u>
	(\$677,547)

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## ***KETTERING CITY SCHOOL DISTRICT***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 4 – DEFICIT FUND EQUITIES**

The fund deficits at June 30, 2005 of \$586 in the Public School Preschool Fund and of \$55,030 in the Title I Fund (special revenue funds) arise from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. The deficits do not exist under the budgetary/cash basis of accounting. The General Fund provides operating transfers when cash is required, not when accruals occur.

#### **NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

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

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

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

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

**KETTERING CITY SCHOOL DISTRICT**

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***Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006***

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**NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

**A. Deposits**

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

At year end the carrying amount of the District's deposits was \$1,125,792 and the bank balance was \$1,481,823. The Federal Deposit Insurance Corporation (FDIC) covered \$275,313 of the bank balance and \$1,206,510 was uninsured. Of the remaining uninsured bank balance, the District was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the District's name	<u>\$1,206,510</u>
Total Balance	<u><u>\$1,206,510</u></u>

## **KETTERING CITY SCHOOL DISTRICT**

### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

#### **NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

##### **B. Investments**

The District's investments at June 30, 2006 were as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>		
			<u>less than 1</u>	<u>1-3</u>	<u>3-5</u>
Repurchase Agreements	\$1,633,708	N/A	\$1,633,708	\$0	\$0
STAR Ohio	3,895,744	AAA <sup>m 1</sup>	3,895,744	0	0
US Treasury Money Market	1,438,941	N/A <sup>3</sup>	1,438,941	0	0
FHLB	7,908,471	AAA <sup>1</sup> , Aaa <sup>2</sup>	3,947,841	1,972,820	1,987,810
FNMA	4,947,820	AAA <sup>1</sup> , Aaa <sup>2</sup>	4,947,820	0	0
FHLMC	3,935,650	AAA <sup>1</sup> , Aaa <sup>2</sup>	2,950,720	984,930	0
Total Investments	<u>\$23,760,334</u>		<u>\$18,814,774</u>	<u>\$2,957,750</u>	<u>\$1,987,810</u>

<sup>1</sup> Standard & Poor's

<sup>2</sup> Moody's Investor Service

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

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

*Concentration of Credit Risk* – The District places no limit on the amount the District may invest in one issuer. Of the District's total investments, 6.9% are repurchase agreements, 16.4% are STAR Ohio, 6.0% are US Treasury Money Market, 33.3% are FHLB, 20.8% are FNMA and 16.6% are FHLMC.

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the District's investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the District. The District has no policy on custodial credit risk and is governed by Ohio Revised Code as described under Deposits.

# **KETTERING CITY SCHOOL DISTRICT**

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

#### **C. Reconciliation of Cash, Cash Equivalents and Investments**

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

	Cash & Cash Equivalents/ Deposits *	Investments
Per GASB Statement No. 9	\$8,094,185	\$16,791,941
Repurchase Agreements	(1,633,708)	1,633,708
STAR Ohio	(3,895,744)	3,895,744
US Treasury Money Market	(1,438,941)	1,438,941
Per GASB Statement No. 3	<u>\$1,125,792</u>	<u>\$23,760,334</u>

\* - Includes restricted cash

### **NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Real property taxes received in calendar year 2006 were levied after April 1, 2005, on the assessed value listed as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 became a lien December 31, 2004, were levied after April 1, 2005 and are collected in 2006 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

# **KETTERING CITY SCHOOL DISTRICT**

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **NOTE 6 - PROPERTY TAXES (Continued)**

Tangible personal property tax revenue received during calendar 2006 (other than public utility property) represents the collection of 2006 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2005, on the value as of December 31, 2005. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Montgomery County. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2006, are available to finance fiscal year 2006 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2006 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2006 was \$1,898,537 in the general fund, \$333,233 in the debt service fund, and \$28,158 in the permanent improvement capital projects fund.

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

The assessed values upon which the fiscal year 2006 taxes were collected are:

	2005 Second Half Collections	2006 First Half Collections
Agricultural/Residential and Other Real Estate	\$1,271,199,660	\$1,275,658,100
Public Utility Personal	68,105,680	66,758,300
Tangible Personal Property	113,936,679	81,871,302
Total Assessed Value	<u>\$1,453,242,019</u>	<u>\$1,424,287,702</u>
Tax rate per \$1,000 of assessed valuation	\$67.80	\$67.80

### **NOTE 7 - RECEIVABLES**

Receivables at June 30, 2006 consisted of taxes, interest receivable and intergovernmental receivables. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of Federal funds.

**KETTERING CITY SCHOOL DISTRICT**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006**

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**NOTE 8 - TRANSFERS**

Following is a summary of transfers in and out for all funds at June 30, 2006:

Fund	Transfer In	Transfer Out
General Fund	\$0	\$13,500
Other Governmental Funds	13,500	0
Total All Funds	<u>\$13,500</u>	<u>\$13,500</u>

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

**NOTE 9 - CAPITAL ASSETS**

Summary by category of changes in governmental activities capital assets at June 30, 2006:

*Historical Cost:*

Class	June 30, 2005	Additions	Deletions	June 30, 2006
<b>Capital assets not being depreciated:</b>				
Land	\$466,616	\$0	\$0	\$466,616
Construction in Progress	82,999,126	20,750,145	0	103,749,271
<b>Capital assets being depreciated:</b>				
Buildings and Improvements	31,578,194	0	0	31,578,194
Furniture, Vehicles and Equipment	5,591,119	590,514	(61,181)	6,120,452
Total Cost	<u>\$120,635,055</u>	<u>\$21,340,659</u>	<u>(\$61,181)</u>	<u>\$141,914,533</u>

**Accumulated Depreciation:**

Class	June 30, 2005	Additions	Deletions	June 30, 2006
Buildings and Improvements	(\$18,806,606)	(\$394,729)	\$0	(\$19,201,335)
Furniture, Vehicles and Equipment	(2,657,808)	(379,404)	54,931	(2,982,281)
Total Depreciation	<u>(\$21,464,414)</u>	<u>(\$774,133) *</u>	<u>\$54,931</u>	<u>(\$22,183,616)</u>
<b>Net Value:</b>	<u>\$99,170,641</u>			<u>\$119,730,917</u>

# **KETTERING CITY SCHOOL DISTRICT**

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **NOTE 9 - CAPITAL ASSETS (Continued)**

\* Depreciation expenses were charged to governmental functions as follows:

Instruction:	
Regular	\$268,488
Special	28,873
Vocational	37,277
Support Services:	
Pupils	6,531
Instructional Staff	42,714
Administration	66,964
Fiscal	9,221
Business	14,754
Operations & Maintenance of Plant	27,091
Pupil Transportation	198,110
Central	27,793
Other Noninstructional Services	42,629
Extracurricular Activities	3,688
Total Depreciation Expense	<u>\$774,133</u>

### **NOTE 10 - DEFINED BENEFIT PENSION PLANS AND POST EMPLOYMENT BENEFITS**

#### **A. School Employees Retirement System**

The Kettering City School District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided 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. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, by calling (800) 878-5853 or by visiting the SERS website at [ohsers.org](http://ohsers.org).

Plan members are required to contribute 10 percent of their annual covered salary and the Kettering City School District is required to contribute at an actuarially determined rate. The current Kettering City School District rate is 14 percent of annual covered payroll. A portion of the Kettering City School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The Kettering City School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005, and 2004 were \$1,232,806, \$1,052,215, and \$1,150,849, respectively; 100 percent has been contributed for all three fiscal years.

## ***KETTERING CITY SCHOOL DISTRICT***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 10 - DEFINED BENEFIT PENSION PLANS AND POST EMPLOYMENT BENEFITS (Continued)**

##### **B. State Teachers Retirement System of Ohio**

The Kettering City School District contributes to the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (614) 227-4090, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2006, plan members were required to contribute 10 percent of their annual covered salaries. The Kettering City School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2005, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

## ***KETTERING CITY SCHOOL DISTRICT***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 10 - DEFINED BENEFIT PENSION PLANS AND POST EMPLOYMENT BENEFITS (Continued)**

##### **B. State Teachers Retirement System of Ohio**

The Kettering City School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2006, 2005, and 2004 were \$6,414,031, \$4,716,953, and \$4,755,333, respectively; 77 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004. Contributions to the DC and Combined Plans for fiscal year 2006 were \$5,157,535 made by the Kettering City School District and \$120,917 made by the plan members.

##### **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 of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2006, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages paid.

##### **D. Postemployment Benefits**

The Kettering City School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Ohio Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the Kettering City School District, this amount equaled \$493,387 for fiscal year 2006.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005 (the latest information available), the balance in the Fund was \$3.3 billion. For the year ended June 30, 2005, net health care costs paid by STRS Ohio were \$254,780,000 and STRS Ohio had 115,395 eligible benefit recipients.

## **KETTERING CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 10 - DEFINED BENEFIT PENSION PLANS AND POST EMPLOYMENT BENEFITS (Continued)**

##### **D. Postemployment Benefits (Continued)**

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, compared to 3.43 percent of covered payroll for fiscal year 2005. 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, pro-rated for partial service credit. For fiscal year 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the Kettering City School District, the amount contributed to fund health care benefits, including the surcharge, during the 2006 fiscal year equaled \$436,971.

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. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next fiscal year. Expenses for health care for the fiscal year ended June 30, 2005 (the latest information available), were \$178,221,113. At June 30, 2005, SERS had net assets available for payment of health care benefits of \$267.5 million. SERS has 58,123 participants eligible to receive health care benefits.

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## **KETTERING CITY SCHOOL DISTRICT**

### **Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006**

#### **NOTE 11- LONG-TERM DEBT AND OTHER OBLIGATIONS**

Detail of the changes in the long-term debt of the District for the year ended June 30, 2006 is as follows:

	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006	Amount Due Within One Year
2003 School Improvement	\$81,050,000	\$0	(\$1,450,000)	\$79,600,000	\$1,665,000
2004 School Improvement	14,420,000	0	(325,000)	14,095,000	330,000
1998 Energy Conservation	495,000	0	(165,000)	330,000	165,000
2002 Energy Conservation	939,499	0	(65,067)	874,432	68,522
2005 School Improvement Refunding	12,149,989	0	0	12,149,989	510,000
Sub-Total General Obligation Bonds	109,054,488	0	(2,005,067)	107,049,421	2,738,522
Interest Accretion	18,669	30,560	0	49,229	0
Premium General Obligation Bond	2,946,381	0	(126,252)	2,820,129	126,252
Total General Obligation Bonds	112,019,538	30,560	(2,131,319)	109,918,779	2,864,774
Capital Leases Payable	567,133	199,940	(88,937)	678,136	127,876
Compensated Absences	6,544,762	7,256,808	(6,544,762)	7,256,808	641,181
Total Governmental Long-Term Debt	\$119,131,433	\$7,487,308	(\$8,765,018)	\$117,853,723	\$3,633,831

#### **2003 School Improvement Bond**

Purpose:	Finance new construction and renovations at each of the District's 12 schools.
Original Issue Amount:	\$87,400,000
Issue Date:	2003
Payment Dates:	June 1 and December 1
Interest Rate:	2% at June 30, 2006; rate changes to 2.3% in 2008, 3% in 2010, 3.15% in 2011 3.3% in 2012, 3.5% in 2014 and 5% from 2015 - 2030
Maturity Date:	2030

#### **2004 School Improvement Bond**

Purpose:	Finance new construction and renovations at each of the District's 12 schools.
Original Issue Amount:	\$15,000,000
Issue Date:	2004
Payment Dates:	June 1 and December 1
Interest Rate:	2% at June 30, 2006; rate changes to 18.937% in 2008, 2.75% in 2009, 3.0% in 2010 3.5% in 2011, 3.75% in 2012, 4% in 2013, 5% from 2020, 4.625% in 2022, 4.75% in 2024 and 5% from 2026 - 2032
Maturity Date:	2031

## **KETTERING CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 11- LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)**

##### **1998 Energy Conservation Bond**

Purpose:	Provide funds for energy efficient lighting, energy management systems and new boilers.
Original Issue Amount:	\$1,622,500
Issue Date:	1998
Payment Dates:	June 1 and December 1
Interest Rate:	4.7% at June 30, 2006; rate changes to 4.75% in 2007 and 4.85% in 2008
Maturity Date:	2008

##### **2002 Energy Conservation Bond**

Purpose:	Finance renovations that will significantly reduce energy consumption at the District's facilities.
Original Issue Amount:	\$1,200,000
Issue Date:	2002
Payment Dates:	December 1
Interest Rate:	5.31%
Maturity Date:	2015

##### **2005 School Improvement Refunding Bond**

Purpose:	To advance refund 2003 School Improvement Bond
Original Issue Amount:	\$12,149,989
Issue Date:	2005
Payment Dates:	June 1 and December 1
Interest Rate:	2.5% at June 30, 2006; rate changes to 3% in 2010, 3.25% in 2011, 3.5% in 2012, and 5% from 2015 - 2022
Maturity Date:	2022

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**KETTERING CITY SCHOOL DISTRICT**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006**

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**NOTE 11- LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)**

A summary of the District's future long-term debt funding requirements including principal and interest payments as of June 30, 2006, follows:

Years	General Obligation Bonds		
	Principal	Interest	Total
2007	\$2,738,522	\$4,770,378	\$7,508,900
2008	2,652,160	4,867,329	7,519,489
2009	2,705,992	4,638,684	7,344,676
2010	2,985,027	4,555,229	7,540,256
2011	3,094,276	4,456,306	7,550,582
2012-2016	17,603,444	20,519,213	38,122,657
2017-2021	22,070,000	15,972,862	38,042,862
2022-2026	23,885,000	10,173,643	34,058,643
2027-2031	28,395,000	3,855,715	32,250,715
2032	920,000	23,000	943,000
Totals	\$107,049,421	\$73,832,359	\$180,881,780

**NOTE 12 - CAPITAL LEASE COMMITMENTS**

The District is party to two leases, one for a school bus and another for a telephone system, that meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease as one which transfers benefits and risks of ownership to the lessee. The costs of the leased assets are accounted for in the Governmental Activities Capital Assets and the related liabilities in the Governmental Activities Long-Term Liabilities. The original costs of the assets under capital lease are \$199,940 for the school bus and \$653,538 for the phone system. The leased assets are recorded as furniture, vehicles and equipment within the Capital Asset Footnote.

The following is a schedule of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2006:

Year Ending June 30,	Capital Leases
2007	\$147,639
2008	147,639
2009	147,639
2010	147,639
2011	147,639
Minimum Lease Payments	738,195
Less: Amount representing interest at the District's incremental borrowing rate of interest	(60,059)
Present value of minimum lease payments	\$678,136

# **KETTERING CITY SCHOOL DISTRICT**

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **NOTE 13 - 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 2006, the District contracted with Indiana Insurance Company through Brower Insurance Agency for general liability insurance with a \$1,000,000 per occurrence limit and a \$2,000,000 aggregate. Property is protected by Indiana Insurance Company through Brower Insurance Agency and holds a \$5,000 occurrence deductible.

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

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

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 Prudential Life Insurance Company. The District has elected to provide employee medical/surgical benefits through Anthem Blue Cross/Blue Shield's Community Choice Plan.

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

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

Changes in the fund's claims liability amount in 2006 and 2005 were:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2005	\$179,520	\$777,218	(\$762,373)	\$194,365
2006	194,365	842,948	(825,811)	211,502

## **KETTERING CITY SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 14 – STATUTORY RESERVES**

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2006, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Acquisition Reserve
Set-aside Cash Balance as of June 30, 2005	\$0	\$0
Carryover Balance from Prior Year	(1,668,473)	(81,835,110)
Current Year Set-Aside Requirement	1,105,931	1,105,931
Current Year Offset Credits	0	(668,659)
Qualifying Disbursements	<u>(1,436,078)</u>	<u>(22,347,078)</u>
Set-aside Reserve as of June 30, 2006	<u>(\$1,998,620)</u>	<u>(\$103,744,916)</u>
Qualifying Carryover Amounts to FY 2007	<u>(\$1,998,620)</u>	<u>(\$104,000,000)</u>

Qualifying carryover amount to fiscal year 2006 cannot exceed (\$104,000,000) for capital acquisition set-aside.

#### **NOTE 15 - CONTINGENCIES**

##### **A. Grants**

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, 2006.

##### **B. Litigation**

The District is not a party to any legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects as of June 30, 2006.

# **KETTERING CITY SCHOOL DISTRICT**

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **NOTE 15 – CONTINGENCIES (Continued)**

#### **C. State School Funding**

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

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

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

### **NOTE 16 - CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

As of June 30, 2006, the District had \$628,338 contractual commitments outstanding related to the new construction and renovations taking place at the District's twelve schools.

<u>Vendor</u>	<u>Remaining Contractual Commitment</u>
Kendell Construction Company	\$429,095
Brightman & Mitchell Architects, Inc.	63,938
Stephen Gross & Sons, Inc.	56,944
GM Mechanical, Inc.	21,992
Chapel Electric Company	21,445
Edge & Tinney Architects, Inc.	9,400
S&D/Osterfeld Mechanical Contractors	8,606
Hi-Tek Electric Company	7,741
Marcum & Associates, Inc.	7,610
Donnell, Inc.	1,567
Total	<u><u>\$628,338</u></u>

### **NOTE 17 – SUBSEQUENT EVENTS**

On November 2, 2006, the District issued School Improvement Refunding Bonds, Series 2006 for \$9,639,994. The bonds were issued for the purpose of advance refunding a portion of the School Improvement Bonds, Series 2003. The bonds mature in various amounts ranging from \$35,000 to \$4,090,000 in the years 2008-2016 and 2028-2030. Interest rates range from 4% to 4.375 %.

***KETTERING CITY SCHOOL DISTRICT***

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***KETTERING CITY SCHOOL DISTRICT***

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***C*OMBINING AND ***I***NDIVIDUAL ***F***UND  
***S***TATEMENTS AND ***S***CHEDULES**

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

# ***KETTERING CITY SCHOOL DISTRICT***

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## ***Nonmajor Governmental Funds***

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### ***Special Revenue Funds***

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

#### **Food Services Fund**

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

#### **Special Trust Fund**

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

#### **Uniform School Supplies Fund**

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

#### **Rotary Special Services Fund**

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

#### **Public School Support Fund**

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

#### **Pathfinder/Preschool Fund**

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

#### **Special Enterprise Fund**

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

#### **Athletic Fund**

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

#### **Auxiliary Services Fund**

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

(Continued)

# ***KETTERING CITY SCHOOL DISTRICT***

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## ***Special Revenue Funds***

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### **Education Management Information System Fund**

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

### **Public School Preschool Fund**

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

### **Entry Year Programs Fund**

To implement entry-year programs pursuant to division (T) of section 3317.024 of the Ohio Revised Code.

### **Data Communications Fund**

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

### **District Professional Development Fund**

To account for the District's professional development.

### **OhioReads Fund**

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

### **Summer School Subsidy Fund**

A fund provided to account for the District's intervention activities. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

### **Vocational Education Enhancement Fund**

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

### **Alternative Fund**

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

### **Other State Funds Fund**

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

### **Adult Basic Education Fund**

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

(Continued)

# ***KETTERING CITY SCHOOL DISTRICT***

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## ***Special Revenue Funds***

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### **Education for Economic Security Act (EESA Title II) Fund**

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

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

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

### **Carl D. Perkins Fund**

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

### **Bilingual Education Fund**

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

### **Even Start Program Fund**

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

### **Title I Fund**

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

### **Title VI Innovation Fund**

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

### **Drug Free School Grant Fund**

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

### **Preschool Grant Fund**

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

### **Other Federal Programs Fund**

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

## ***KETTERING CITY SCHOOL DISTRICT***

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### ***Capital Projects Funds***

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

#### **Permanent Improvement Fund**

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

#### **Replacement Fund**

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

#### **SchoolNet Plus Fund**

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

#### **Interactive Video Distance Learning Fund**

To account for monies spent by the State on behalf of the District. The monies are used for capital assets for the interactive video distance learning project. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because there are no assets or liabilities and there was no activity during the year.)

### ***Permanent Fund***

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

#### **Permanent Fund**

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

## KETTERING CITY SCHOOL DISTRICT

**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2006**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 2,498,495	\$ 267,525	\$ 1,255	\$ 2,767,275
Investments	0	847,713	0	847,713
Receivables:				
Taxes	0	647,776	0	647,776
Intergovernmental	179,420	0	0	179,420
Interest	5,964	4,467	57	10,488
Inventory Held for Resale	37,655	0	0	37,655
Restricted Assets:				
Cash and Cash Equivalents	0	0	12,801	12,801
<b>Total Assets</b>	<b>\$ 2,721,534</b>	<b>\$ 1,767,481</b>	<b>\$ 14,113</b>	<b>\$ 4,503,128</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 147,558	\$ 67,281	\$ 0	\$ 214,839
Accrued Wages and Benefits	442,801	0	0	442,801
Intergovernmental Payable	119,728	0	0	119,728
Deferred Revenue	160,738	619,618	0	780,356
<b>Total Liabilities</b>	<b>870,825</b>	<b>686,899</b>	<b>0</b>	<b>1,557,724</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	411,477	346,379	0	757,856
Reserved for Supplies Inventory	37,655	0	0	37,655
Reserved for Property Taxes	0	28,158	0	28,158
Reserved for Endowments	0	0	12,801	12,801
Unreserved, Undesignated in:				
Special Revenue Funds	1,401,577	0	0	1,401,577
Capital Projects Funds	0	706,045	0	706,045
Permanent Fund	0	0	1,312	1,312
<b>Total Fund Balances</b>	<b>1,850,709</b>	<b>1,080,582</b>	<b>14,113</b>	<b>2,945,404</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,721,534</b>	<b>\$ 1,767,481</b>	<b>\$ 14,113</b>	<b>\$ 4,503,128</b>

## KETTERING CITY SCHOOL DISTRICT

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 0	\$ 641,924	\$ 0	\$ 641,924
Tuition and Fees	126,537	0	0	126,537
Interest	48,449	42,293	560	91,302
Sales	1,750,980	0	0	1,750,980
Intergovernmental	5,500,639	80,770	0	5,581,409
Extracurricular Activities	659,140	0	0	659,140
Classroom Materials and Fees	239,994	0	0	239,994
Miscellaneous	504,206	259,459	0	763,665
<b>Total Revenue</b>	<b>8,829,945</b>	<b>1,024,446</b>	<b>560</b>	<b>9,854,951</b>
<b>Expenditures:</b>				
Current:				
Regular	489,201	72,394	0	561,595
Special	1,508,063	6,314	0	1,514,377
Vocational	114,559	63,791	0	178,350
Adult/Continuing	29,675	0	0	29,675
Supporting Services:				
Pupils	918,030	228,612	0	1,146,642
Instructional Staff	410,891	8,575	0	419,466
Administration	622,074	33,309	0	655,383
Fiscal Services	0	10,927	0	10,927
Business	12,267	0	0	12,267
Operation and Maintenance of Plant	36,722	120,776	0	157,498
Pupil Transportation	717	422,314	0	423,031
Central	46,071	118,953	0	165,024
Non-Instructional Services	4,171,537	0	0	4,171,537
Extracurricular Activities	361,013	0	0	361,013
Facility Acquisition and Construction	0	303,990	0	303,990
<b>Total Expenditures</b>	<b>8,720,820</b>	<b>1,389,955</b>	<b>0</b>	<b>10,110,775</b>
Excess (Deficiency) of Revenues Over Expenditures	109,125	(365,509)	560	(255,824)
<b>Other Financing Sources (Uses):</b>				
Capital Lease Issued	0	199,940	0	199,940
Transfers In	13,500	0	0	13,500
<b>Total Other Financing Sources (Uses)</b>	<b>13,500</b>	<b>199,940</b>	<b>0</b>	<b>213,440</b>
Net Change in Fund Balance	122,625	(165,569)	560	(42,384)
<b>Fund Balances at Beginning of Year</b>	<b>1,719,446</b>	<b>1,246,151</b>	<b>13,553</b>	<b>2,979,150</b>
Increase in Inventory Reserve	8,638	0	0	8,638
<b>Fund Balances End of Year</b>	<b>\$ 1,850,709</b>	<b>\$ 1,080,582</b>	<b>\$ 14,113</b>	<b>\$ 2,945,404</b>

## KETTERING CITY SCHOOL DISTRICT

***Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2006***

	Food Services	Special Trust	Uniform School Supplies	Rotary Special Services
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 684,062	\$ 65,674	\$ 117,621	\$ 14,849
Receivables:				
Intergovernmental	0	0	0	0
Interest	2,164	200	0	0
Inventory Held for Resale	37,655	0	0	0
Restricted Assets:				
<b>Total Assets</b>	<b>\$ 723,881</b>	<b>\$ 65,874</b>	<b>\$ 117,621</b>	<b>\$ 14,849</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 2,800	\$ 0	\$ 18,684	\$ 1,128
Accrued Wages and Benefits	122,330	0	0	0
Intergovernmental Payable	52,440	0	0	0
Deferred Revenue	0	0	0	0
<b>Total Liabilities</b>	<b>177,570</b>	<b>0</b>	<b>18,684</b>	<b>1,128</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	72,590	761	44,954	9,247
Reserved for Supplies Inventory	37,655	0	0	0
Unreserved, Undesignated in:				
Special Revenue Funds (Deficit)	436,066	65,113	53,983	4,474
<b>Total Fund Balances (Deficit)</b>	<b>546,311</b>	<b>65,874</b>	<b>98,937</b>	<b>13,721</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 723,881</b>	<b>\$ 65,874</b>	<b>\$ 117,621</b>	<b>\$ 14,849</b>

**KETTERING CITY SCHOOL DISTRICT**

Public School Support	Pathfinder/Preschool	Special Enterprise	Athletic	Auxiliary Services	Education Management Information System	Public School Preschool
\$ 225,488	\$ 17,964	\$ 132,548	\$ 91,841	\$ 505,752	\$ 13,893	\$ 5,058
0	0	0	0	0	0	0
1,200	0	0	0	2,400	0	0
0	0	0	0	0	0	0
<u>\$ 226,688</u>	<u>\$ 17,964</u>	<u>\$ 132,548</u>	<u>\$ 91,841</u>	<u>\$ 508,152</u>	<u>\$ 13,893</u>	<u>\$ 5,058</u>
\$ 9,879	\$ 0	\$ 3,735	\$ 6,383	\$ 58,898	\$ 1,453	\$ 80
0	3,007	35,305	0	113,055	0	4,115
0	2,381	16,221	0	15,567	0	1,449
0	0	0	0	0	0	0
<u>9,879</u>	<u>5,388</u>	<u>55,261</u>	<u>6,383</u>	<u>187,520</u>	<u>1,453</u>	<u>5,644</u>
9,880	2,343	20,213	18,160	50,157	12,440	39
0	0	0	0	0	0	0
<u>206,929</u>	<u>10,233</u>	<u>57,074</u>	<u>67,298</u>	<u>270,475</u>	<u>0</u>	<u>(625)</u>
<u>216,809</u>	<u>12,576</u>	<u>77,287</u>	<u>85,458</u>	<u>320,632</u>	<u>12,440</u>	<u>(586)</u>
<u>\$ 226,688</u>	<u>\$ 17,964</u>	<u>\$ 132,548</u>	<u>\$ 91,841</u>	<u>\$ 508,152</u>	<u>\$ 13,893</u>	<u>\$ 5,058</u>

(Continued)

## KETTERING CITY SCHOOL DISTRICT

***Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2006***

	Entry Year Programs	Data Communications	District Professional Development	OhioReads
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 6,400	\$ 1,840	\$ 1,032	\$ 9,383
Receivables:				
Intergovernmental	0	0	0	0
Interest	0	0	0	0
Inventory Held for Resale	0	0	0	0
Restricted Assets:				
<b>Total Assets</b>	<b>\$ 6,400</b>	<b>\$ 1,840</b>	<b>\$ 1,032</b>	<b>\$ 9,383</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits	0	0	0	0
Intergovernmental Payable	0	0	0	0
Deferred Revenue	0	0	0	0
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	0	1,792	0	0
Reserved for Supplies Inventory	0	0	0	0
Unreserved, Undesignated in:				
Special Revenue Funds (Deficit)	6,400	48	1,032	9,383
<b>Total Fund Balances (Deficit)</b>	<b>6,400</b>	<b>1,840</b>	<b>1,032</b>	<b>9,383</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,400</b>	<b>\$ 1,840</b>	<b>\$ 1,032</b>	<b>\$ 9,383</b>

**KETTERING CITY SCHOOL DISTRICT**

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Vocational Education Enhancement	Alternative	Other State Funds	Adult Basic Education	Title II	EESA Title VI-B
\$ 242	\$ 422	\$ 43,168	\$ 11,477	\$ 58,301	\$ 267,186
2,181	0	0	0	19,205	74,541
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 2,423</u>	<u>\$ 422</u>	<u>\$ 43,168</u>	<u>\$ 11,477</u>	<u>\$ 77,506</u>	<u>\$ 341,727</u>
\$ 0	\$ 0	\$ 2,321	\$ 0	\$ 4,291	\$ 17,836
0	0	4,212	7,371	0	75,902
0	0	525	1,586	0	17,056
2,181	0	0	0	19,205	74,541
<u>2,181</u>	<u>0</u>	<u>7,058</u>	<u>8,957</u>	<u>23,496</u>	<u>185,335</u>
0	215	4,332	1,398	29,342	103,165
0	0	0	0	0	0
242	207	31,778	1,122	24,668	53,227
242	422	36,110	2,520	54,010	156,392
<u>\$ 2,423</u>	<u>\$ 422</u>	<u>\$ 43,168</u>	<u>\$ 11,477</u>	<u>\$ 77,506</u>	<u>\$ 341,727</u>

(Continued)

**KETTERING CITY SCHOOL DISTRICT**

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**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2006**

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	<u>Carl D. Perkins</u>	<u>Bilingual Education</u>	<u>Even Start Program</u>	<u>Title I</u>
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 165,926	\$ 6,263	\$ 23,600	\$ 18,104
Receivables:				
Intergovernmental	10,000	6,843	5,734	39,191
Interest	0	0	0	0
Inventory Held for Resale	0	0	0	0
Restricted Assets:				
<b>Total Assets</b>	<u>\$ 175,926</u>	<u>\$ 13,106</u>	<u>\$ 29,334</u>	<u>\$ 57,295</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 9,665	\$ 3,405	\$ 0	\$ 0
Accrued Wages and Benefits	0	0	13,140	64,364
Intergovernmental Payable	472	0	2,934	8,770
Deferred Revenue	10,000	5,002	5,734	39,191
<b>Total Liabilities</b>	<u>20,137</u>	<u>8,407</u>	<u>21,808</u>	<u>112,325</u>
<b>Fund Balances:</b>				
Reserved for Encumbrances	12,624	267	3,950	0
Reserved for Supplies Inventory	0	0	0	0
Unreserved, Undesignated in:				
Special Revenue Funds (Deficit)	143,165	4,432	3,576	(55,030)
<b>Total Fund Balances (Deficit)</b>	<u>155,789</u>	<u>4,699</u>	<u>7,526</u>	<u>(55,030)</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 175,926</u>	<u>\$ 13,106</u>	<u>\$ 29,334</u>	<u>\$ 57,295</u>

**KETTERING CITY SCHOOL DISTRICT**

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Title VI Innovation	Drug Free School Grant	Preschool Grant	Other Federal Programs	Total Nonmajor Special Revenue Funds
\$ 6,189	\$ 486	\$ 2,726	\$ 1,000	\$ 2,498,495
1,393	11,096	8,993	243	179,420
0	0	0	0	5,964
0	0	0	0	37,655
<u>\$ 7,582</u>	<u>\$ 11,582</u>	<u>\$ 11,719</u>	<u>\$ 1,243</u>	<u>\$ 2,721,534</u>
\$ 3,540	\$ 0	\$ 2,954	\$ 506	\$ 147,558
0	0	0	0	442,801
0	327	0	0	119,728
0	4,884	0	0	160,738
<u>3,540</u>	<u>5,211</u>	<u>2,954</u>	<u>506</u>	<u>870,825</u>
365	4,475	8,768	0	411,477
0	0	0	0	37,655
<u>3,677</u>	<u>1,896</u>	<u>(3)</u>	<u>737</u>	<u>1,401,577</u>
<u>4,042</u>	<u>6,371</u>	<u>8,765</u>	<u>737</u>	<u>1,850,709</u>
<u>\$ 7,582</u>	<u>\$ 11,582</u>	<u>\$ 11,719</u>	<u>\$ 1,243</u>	<u>\$ 2,721,534</u>

**KETTERING CITY SCHOOL DISTRICT**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006**

	Food Services	Special Trust	Uniform School Supplies	Rotary Special Services
<b>Revenues:</b>				
Tuition and Fees	\$ 0	\$ 0	\$ 0	\$ 0
Interest	17,883	1,911	0	0
Sales	1,750,980	0	0	0
Intergovernmental	975,626	0	0	0
Extracurricular Activities	0	12,154	0	0
Classroom Materials and Fees	0	0	184,715	9,175
Miscellaneous	8,406	10,397	0	26,285
<b>Total Revenue</b>	2,752,895	24,462	184,715	35,460
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	0	0	255,785	0
Special	0	0	0	0
Vocational	0	0	5,952	34,145
Adult/Continuing	0	0	0	0
Supporting Services:				
Pupils	0	0	0	0
Instructional Staff	0	23,758	0	0
Administration	0	0	0	0
Business	12,267	0	0	0
Operation and Maintenance of Plant	21,044	0	0	0
Pupil Transportation	0	0	0	0
Central	0	0	0	0
Non-Instructional Services	2,672,289	0	0	0
Extracurricular Activities	0	0	0	0
<b>Total Expenditures</b>	2,705,600	23,758	261,737	34,145
Excess (Deficiency) of Revenues Over Expenditures	47,295	704	(77,022)	1,315
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	0	0	0	0
Net Change in Fund Balance	47,295	704	(77,022)	1,315
<b>Fund Balances at Beginning of Year</b>	490,378	65,170	175,959	12,406
Increase in Inventory Reserve	8,638	0	0	0
<b>Fund Balances End of Year</b>	\$ 546,311	\$ 65,874	\$ 98,937	\$ 13,721

## KETTERING CITY SCHOOL DISTRICT

Public School Support	Pathfinder/ Preschool	Special Enterprise	Athletic	Auxiliary Services	Education Management Information System	Public School Preschool
\$ 0	\$ 126,537	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
10,524	0	0	0	18,131	0	0
0	0	0	0	0	0	0
0	30,172	0	0	1,373,845	25,562	222,675
239,826	0	19,336	387,824	0	0	0
46,104	0	0	0	0	0	0
59,248	0	387,856	9,189	0	0	0
<u>355,702</u>	<u>156,709</u>	<u>407,192</u>	<u>397,013</u>	<u>1,391,976</u>	<u>25,562</u>	<u>222,675</u>
45,013	25,963	0	0	0	0	81,451
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	25,018	348,044	0	0	0	65,826
984	71,413	2,597	0	0	0	57,193
290,643	29,791	59,109	0	0	0	33,440
0	0	0	0	0	0	0
0	0	9,240	6,438	0	0	0
0	0	0	0	0	0	0
0	60	0	0	0	11,852	0
0	0	37,734	0	1,286,317	0	161
0	0	0	361,013	0	0	0
<u>336,640</u>	<u>152,245</u>	<u>456,724</u>	<u>367,451</u>	<u>1,286,317</u>	<u>11,852</u>	<u>238,071</u>
19,062	4,464	(49,532)	29,562	105,659	13,710	(15,396)
<u>0</u>	<u>0</u>	<u>0</u>	<u>13,500</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>13,500</u>	<u>0</u>	<u>0</u>	<u>0</u>
19,062	4,464	(49,532)	43,062	105,659	13,710	(15,396)
197,747	8,112	126,819	42,396	214,973	(1,270)	14,810
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 216,809</u>	<u>\$ 12,576</u>	<u>\$ 77,287</u>	<u>\$ 85,458</u>	<u>\$ 320,632</u>	<u>\$ 12,440</u>	<u>\$ (586)</u>

(Continued)

## KETTERING CITY SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006**

	Entry Year Programs	Data Communications	District Professional Development	OhioReads
<b>Revenues:</b>				
Tuition and Fees	\$ 0	\$ 0	\$ 0	\$ 0
Interest	0	0	0	0
Sales	0	0	0	0
Intergovernmental	6,400	36,000	3,924	20,152
Extracurricular Activities	0	0	0	0
Classroom Materials and Fees	0	0	0	0
Miscellaneous	0	0	0	0
<b>Total Revenue</b>	6,400	36,000	3,924	20,152
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	0	0	0	2,695
Special	0	0	0	0
Vocational	0	0	0	0
Adult/Continuing	0	0	0	0
Supporting Services:				
Pupils	0	0	0	12,150
Instructional Staff	0	0	5,206	1,820
Administration	0	0	0	0
Business	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0
Pupil Transportation	0	0	0	0
Central	0	34,159	0	0
Non-Instructional Services	0	0	0	0
Extracurricular Activities	0	0	0	0
<b>Total Expenditures</b>	0	34,159	5,206	16,665
Excess (Deficiency) of Revenues				
Over Expenditures	6,400	1,841	(1,282)	3,487
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	0	0	0	0
Net Change in Fund Balance	6,400	1,841	(1,282)	3,487
<b>Fund Balances at Beginning of Year</b>	0	(1)	2,314	5,896
Increase in Inventory Reserve	0	0	0	0
<b>Fund Balances End of Year</b>	\$ 6,400	\$ 1,840	\$ 1,032	\$ 9,383

## KETTERING CITY SCHOOL DISTRICT

Summer School Subsidy	Vocational Education Enhancement	Alternative	Other State Funds	Adult Basic Education	Title II	EESA Title VI-B
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
2,306	239	25,750	60,765	90,169	22,272	1,740,572
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>2,306</u>	<u>239</u>	<u>25,750</u>	<u>60,765</u>	<u>90,169</u>	<u>22,272</u>	<u>1,740,572</u>
0	0	17,752	18,416	2,600	0	0
0	0	0	0	0	0	1,038,836
0	0	0	0	0	0	0
0	0	0	0	29,675	0	0
0	0	3,445	59,658	25,514	0	314,212
621	0	4,563	1,018	24,060	94,939	41,167
0	0	500	0	2,147	0	173,359
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	612	164,243
0	0	0	0	0	0	0
<u>621</u>	<u>0</u>	<u>26,260</u>	<u>79,092</u>	<u>83,996</u>	<u>95,551</u>	<u>1,731,817</u>
1,685	239	(510)	(18,327)	6,173	(73,279)	8,755
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
1,685	239	(510)	(18,327)	6,173	(73,279)	8,755
(1,685)	3	932	54,437	(3,653)	127,289	147,637
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 0</u>	<u>\$ 242</u>	<u>\$ 422</u>	<u>\$ 36,110</u>	<u>\$ 2,520</u>	<u>\$ 54,010</u>	<u>\$ 156,392</u>

(Continued)

## KETTERING CITY SCHOOL DISTRICT

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds For the Fiscal Year Ended June 30, 2006

	Carl D. Perkins	Bilingual Education	Even Start Program	Title I
<b>Revenues:</b>				
Tuition and Fees	\$ 0	\$ 0	\$ 0	\$ 0
Interest	0	0	0	0
Sales	0	0	0	0
Intergovernmental	106,022	25,766	195,613	472,395
Extracurricular Activities	0	0	0	0
Classroom Materials and Fees	0	0	0	0
Miscellaneous	0	0	0	2,825
<b>Total Revenue</b>	<b>106,022</b>	<b>25,766</b>	<b>195,613</b>	<b>475,220</b>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	0	16,769	0	0
Special	0	0	68,297	395,743
Vocational	74,462	0	0	0
Adult/Continuing	0	0	0	0
Supporting Services:				
Pupils	0	0	29,428	25,329
Instructional Staff	9,419	240	53,515	9,418
Administration	0	0	33,085	0
Business	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0
Pupil Transportation	0	0	717	0
Central	0	0	0	0
Non-Instructional Services	0	0	0	0
Extracurricular Activities	0	0	0	0
<b>Total Expenditures</b>	<b>83,881</b>	<b>17,009</b>	<b>185,042</b>	<b>430,490</b>
Excess (Deficiency) of Revenues Over Expenditures	22,141	8,757	10,571	44,730
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balance	22,141	8,757	10,571	44,730
<b>Fund Balances at Beginning of Year</b>	<b>133,648</b>	<b>(4,058)</b>	<b>(3,045)</b>	<b>(99,760)</b>
Increase in Inventory Reserve	0	0	0	0
<b>Fund Balances End of Year</b>	<b>\$ 155,789</b>	<b>\$ 4,699</b>	<b>\$ 7,526</b>	<b>\$ (55,030)</b>

**KETTERING CITY SCHOOL DISTRICT**

Title VI Innovation	Drug Free School Grant	Preschool Grant	Other Federal Programs	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 126,537
0	0	0	0	48,449
0	0	0	0	1,750,980
27,736	20,731	9,865	6,082	5,500,639
0	0	0	0	659,140
0	0	0	0	239,994
0	0	0	0	504,206
<u>27,736</u>	<u>20,731</u>	<u>9,865</u>	<u>6,082</u>	<u>8,829,945</u>
19,784	327	0	2,646	489,201
0	0	5,187	0	1,508,063
0	0	0	0	114,559
0	0	0	0	29,675
0	9,029	0	377	918,030
0	7,143	0	1,817	410,891
0	0	0	0	622,074
0	0	0	0	12,267
0	0	0	0	36,722
0	0	0	0	717
0	0	0	0	46,071
5,649	3,464	0	1,068	4,171,537
0	0	0	0	361,013
<u>25,433</u>	<u>19,963</u>	<u>5,187</u>	<u>5,908</u>	<u>8,720,820</u>
2,303	768	4,678	174	109,125
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13,500</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13,500</u>
2,303	768	4,678	174	122,625
1,739	5,603	4,087	563	1,719,446
0	0	0	0	8,638
<u>\$ 4,042</u>	<u>\$ 6,371</u>	<u>\$ 8,765</u>	<u>\$ 737</u>	<u>\$ 1,850,709</u>

## KETTERING CITY SCHOOL DISTRICT

**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**June 30, 2006**

	Permanent Improvement	Replacement	SchoolNet Plus	Nonmajor Capital Projects Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 178,949	\$ 88,205	\$ 371	\$ 267,525
Investments	847,713	0	0	847,713
Receivables:				
Taxes	647,776	0	0	647,776
Interest	4,115	352	0	4,467
<b>Total Assets</b>	<b>\$ 1,678,553</b>	<b>\$ 88,557</b>	<b>\$ 371</b>	<b>\$ 1,767,481</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 67,281	\$ 0	\$ 0	\$ 67,281
Deferred Revenue	619,618	0	0	619,618
<b>Total Liabilities</b>	<b>686,899</b>	<b>0</b>	<b>0</b>	<b>686,899</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	345,099	1,280	0	346,379
Reserved for Property Taxes	28,158	0	0	28,158
Unreserved, Undesignated in:				
Capital Projects Funds	618,397	87,277	371	706,045
<b>Total Fund Balances</b>	<b>991,654</b>	<b>88,557</b>	<b>371</b>	<b>1,080,582</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,678,553</b>	<b>\$ 88,557</b>	<b>\$ 371</b>	<b>\$ 1,767,481</b>

## KETTERING CITY SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Capital Projects Funds  
For the Fiscal Year Ended June 30, 2006**

	Permanent Improvement	Replacement	SchoolNet Plus	Total Nonmajor Capital Projects Funds
<b>Revenues:</b>				
Taxes	\$ 641,924	\$ 0	\$ 0	\$ 641,924
Interest	38,686	3,607	0	42,293
Intergovernmental	80,770	0	0	80,770
Miscellaneous	259,459	0	0	259,459
<b>Total Revenue</b>	1,020,839	3,607	0	1,024,446
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	66,804	5,590	0	72,394
Special	6,314	0	0	6,314
Vocational	63,791	0	0	63,791
Supporting Services:				
Pupils	228,612	0	0	228,612
Instructional Staff	8,575	0	0	8,575
Administration	33,309	0	0	33,309
Fiscal Services	10,927	0	0	10,927
Operation and Maintenance of Plant	118,241	2,535	0	120,776
Pupil Transportation	422,314	0	0	422,314
Central	118,953	0	0	118,953
Facility Acquisition and Construction	303,990	0	0	303,990
<b>Total Expenditures</b>	1,381,830	8,125	0	1,389,955
Excess (Deficiency) of Revenues				
Over Expenditures	(360,991)	(4,518)	0	(365,509)
<b>Other Financing Sources (Uses):</b>				
Capital Lease Issued	199,940	0	0	199,940
<b>Total Other Financing Sources (Uses)</b>	199,940	0	0	199,940
Net Change in Fund Balance	(161,051)	(4,518)	0	(165,569)
<b>Fund Balances at Beginning of Year</b>	1,152,705	93,075	371	1,246,151
<b>Fund Balances End of Year</b>	\$ 991,654	\$ 88,557	\$ 371	\$ 1,080,582

## KETTERING CITY SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Fiscal Year Ended June 30, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 52,651,195	\$ 54,242,078	\$ 51,564,033	\$ (2,678,045)
Tuition and Fees	58,224	59,984	57,022	(2,962)
Transportation	242,302	249,623	237,299	(12,324)
Interest	966,364	995,563	946,410	(49,153)
Intergovernmental	17,443,634	17,970,702	17,083,452	(887,250)
Extracurricular Activities	62,503	64,391	61,212	(3,179)
Classroom Materials and Fees	7,393	7,616	7,240	(376)
Miscellaneous	351,588	362,211	344,330	(17,881)
Total Revenues	71,783,203	73,952,168	70,300,998	(3,651,170)
<b>Expenditures:</b>				
Current:				
Salaries and Wages	46,776,039	46,041,424	46,008,682	32,742
Fringe Benefits	14,886,299	14,325,459	14,274,831	50,628
Purchased Services	8,802,012	8,680,820	8,673,986	6,834
Supplies and Materials	2,896,774	2,921,434	2,877,589	43,845
Other Expenditures	63,301	1,078,627	969,877	108,750
Capital Outlay - New	29,271	239,420	239,420	0
Capital Outlay - Replacement	0	29,271	29,178	93
Debt Service:				
Principal Retirement	850,389	88,937	88,937	0
Interest and Fiscal Charges	130,049	13,601	13,601	0
Total Expenditures	74,434,134	73,418,993	73,176,101	242,892
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,650,931)	533,175	(2,875,103)	(3,408,278)
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(13,526)	(13,500)	(13,500)	0
Refund of Prior Year's Expenditures	301,545	310,657	295,319	(15,338)
Total Other Financing Sources (Uses)	288,019	297,157	281,819	(15,338)
Net Change in Fund Balance	(2,362,912)	830,332	(2,593,284)	(3,423,616)
Fund Balance at Beginning of Year	16,781,458	16,781,458	16,781,458	0
Prior Year Encumbrances	1,174,030	1,174,030	1,174,030	0
Fund Balance at End of Year	\$ 15,592,576	\$ 18,785,820	\$ 15,362,204	\$ (3,423,616)

## **KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Debt Service Fund  
For the Fiscal Year Ended June 30, 2006***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 7,923,436</u>	<u>\$ 8,050,655</u>	<u>\$ 127,219</u>
Total Expenditures and Other Financing Uses	<u>7,462,234</u>	<u>7,284,759</u>	<u>177,475</u>
Net Change in Fund Balance	461,202	765,896	304,694
Fund Balance at Beginning of Year	1,647,334	1,647,334	0
Prior Year Encumbrances	<u>6,309</u>	<u>6,309</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 2,114,845</u></u>	<u><u>\$ 2,419,539</u></u>	<u><u>\$ 304,694</u></u>

## **KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Capital Projects Fund  
For the Fiscal Year Ended June 30, 2006***

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	<b>BUILDING FUND</b>		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u></u>
Total Revenues and Other Financing Sources	\$ 225,000	\$ 235,742	\$ 10,742
Total Expenditures and Other Financing Uses	21,774,030	21,591,515	182,515
Net Change in Fund Balance	(21,549,030)	(21,355,773)	193,257
Fund Balance at Beginning of Year	3,685,118	3,685,118	0
Prior Year Encumbrances	18,268,227	18,268,227	0
Fund Balance at End of Year	<u>\$ 404,315</u>	<u>\$ 597,572</u>	<u>\$ 193,257</u>

## **KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 2,446,913	\$ 2,491,970	\$ 45,057
Total Expenditures and Other Financing Uses	2,518,419	2,517,876	543
Net Change in Fund Balance	(71,506)	(25,906)	45,600
Fund Balance at Beginning of Year	632,947	632,947	0
Prior Year Encumbrances	1,631	1,631	0
Fund Balance at End of Year	<u>\$ 563,072</u>	<u>\$ 608,672</u>	<u>\$ 45,600</u>

**KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006***

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	<b>SPECIAL TRUST FUND</b>		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	\$ 23,305	\$ 24,262	\$ 957
Total Expenditures and Other Financing Uses	34,291	24,519	9,772
Net Change in Fund Balance	(10,986)	(257)	10,729
Fund Balance at Beginning of Year	64,822	64,822	0
Prior Year Encumbrances	348	348	0
Fund Balance at End of Year	<u>\$ 54,184</u>	<u>\$ 64,913</u>	<u>\$ 10,729</u>

## **KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 181,238	\$ 184,715	\$ 3,477
Total Expenditures and Other Financing Uses	354,147	306,691	47,456
Net Change in Fund Balance	(172,909)	(121,976)	50,933
Fund Balance at Beginning of Year	15,498	15,498	0
Prior Year Encumbrances	160,461	160,461	0
Fund Balance at End of Year	<u>\$ 3,050</u>	<u>\$ 53,983</u>	<u>\$ 50,933</u>

**KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 33,754	\$ 35,460	\$ 1,706
Total Expenditures and Other Financing Uses	46,160	43,392	2,768
Net Change in Fund Balance	(12,406)	(7,932)	4,474
Fund Balance at Beginning of Year	10,702	10,702	0
Prior Year Encumbrances	1,704	1,704	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 4,474</u>	<u>\$ 4,474</u>

## **KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 350,000	\$ 354,502	\$ 4,502
Total Expenditures and Other Financing Uses	445,425	349,313	96,112
Net Change in Fund Balance	(95,425)	5,189	100,614
Fund Balance at Beginning of Year	186,991	186,991	0
Prior Year Encumbrances	13,549	13,549	0
Fund Balance at End of Year	<u>\$ 105,115</u>	<u>\$ 205,729</u>	<u>\$ 100,614</u>

## **KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 152,000	\$ 156,709	\$ 4,709
Total Expenditures and Other Financing Uses	161,132	157,758	3,374
Net Change in Fund Balance	(9,132)	(1,049)	8,083
Fund Balance at Beginning of Year	14,538	14,538	0
Prior Year Encumbrances	2,132	2,132	0
Fund Balance at End of Year	<u>\$ 7,538</u>	<u>\$ 15,621</u>	<u>\$ 8,083</u>

## **KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 392,191	\$ 407,192	\$ 15,001
Total Expenditures and Other Financing Uses	551,787	475,379	76,408
Net Change in Fund Balance	(159,596)	(68,187)	91,409
Fund Balance at Beginning of Year	164,979	164,979	0
Prior Year Encumbrances	11,808	11,808	0
Fund Balance at End of Year	<u>\$ 17,191</u>	<u>\$ 108,600</u>	<u>\$ 91,409</u>

## **KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006***

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	ATHLETIC FUND		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 410,000	\$ 410,513	\$ 513
Total Expenditures and Other Financing Uses	458,091	391,307	66,784
Net Change in Fund Balance	(48,091)	19,206	67,297
Fund Balance at Beginning of Year	(2,632)	(2,632)	0
Prior Year Encumbrances	50,724	50,724	0
Fund Balance at End of Year	\$ 1	\$ 67,298	\$ 67,297

## **KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 1,423,000</u>	<u>\$ 1,425,319</u>	<u>\$ 2,319</u>
Total Expenditures and Other Financing Uses	<u>2,063,920</u>	<u>1,669,545</u>	<u>394,375</u>
Net Change in Fund Balance	(640,920)	(244,226)	396,694
Fund Balance at Beginning of Year	156,982	156,982	0
Prior Year Encumbrances	<u>483,941</u>	<u>483,941</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 3</u></u>	<u><u>\$ 396,697</u></u>	<u><u>\$ 396,694</u></u>

**KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 25,562</u>	<u>\$ 25,562</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>46,641</u>	<u>46,641</u>	<u>0</u>
Net Change in Fund Balance	(21,079)	(21,079)	0
Fund Balance at Beginning of Year	<u>21,079</u>	<u>21,079</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

## **KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 232,497	\$ 222,675	\$ (9,822)
Total Expenditures and Other Financing Uses	245,055	240,115	4,940
Net Change in Fund Balance	(12,558)	(17,440)	(4,882)
Fund Balance at Beginning of Year	22,379	22,379	0
Fund Balance at End of Year	<u>\$ 9,821</u>	<u>\$ 4,939</u>	<u>\$ (4,882)</u>

**KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 6,400	\$ 6,400	\$ 0
Total Expenditures and Other Financing Uses	6,400	0	6,400
Net Change in Fund Balance	0	6,400	6,400
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 6,400</u>	<u>\$ 6,400</u>

## **KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 36,000	\$ 36,000	\$ 0
Total Expenditures and Other Financing Uses	36,585	36,537	48
Net Change in Fund Balance	(585)	(537)	48
Fund Balance at Beginning of Year	585	585	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 48</u>	<u>\$ 48</u>

**KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 3,300	\$ 3,924	\$ 624
Total Expenditures and Other Financing Uses	8,767	8,359	408
Net Change in Fund Balance	(5,467)	(4,435)	1,032
Fund Balance at Beginning of Year	5,467	5,467	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 1,032</u>	<u>\$ 1,032</u>

**KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006***

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	<b>OHIOREADS FUND</b>		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>                    </u>
Total Revenues and Other Financing Sources	<u>\$ 18,000</u>	<u>\$ 20,152</u>	<u>\$ 2,152</u>
Total Expenditures and Other Financing Uses	<u>24,630</u>	<u>24,587</u>	<u>43</u>
Net Change in Fund Balance	(6,630)	(4,435)	2,195
Fund Balance at Beginning of Year	7,124	7,124	0
Prior Year Encumbrances	<u>6,694</u>	<u>6,694</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 7,188</u></u>	<u><u>\$ 9,383</u></u>	<u><u>\$ 2,195</u></u>

**KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 2,306	\$ 2,306	\$ 0
Total Expenditures and Other Financing Uses	17,826	17,826	0
Net Change in Fund Balance	(15,520)	(15,520)	0
Fund Balance at Beginning of Year	11,494	11,494	0
Prior Year Encumbrances	4,026	4,026	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

## **KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 242</u>	<u>\$ 242</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>242</u>	<u>3</u>	<u>239</u>
Net Change in Fund Balance	0	239	239
Fund Balance at Beginning of Year	<u>3</u>	<u>3</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 3</u></u>	<u><u>\$ 242</u></u>	<u><u>\$ 239</u></u>

## **KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006***

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	<b>ALTERNATIVE FUND</b>		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Financing Sources	<u>\$ 26,430</u>	<u>\$ 26,430</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>29,789</u>	<u>29,582</u>	<u>207</u>
Net Change in Fund Balance	(3,359)	(3,152)	207
Fund Balance at Beginning of Year	940	940	0
Prior Year Encumbrances	<u>2,419</u>	<u>2,419</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 207</u></u>	<u><u>\$ 207</u></u>

## **KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006***

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	<b>OTHER STATE FUNDS</b>		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 69,162</u>	<u>\$ 69,162</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>120,841</u>	<u>94,755</u>	<u>26,086</u>
Net Change in Fund Balance	(51,679)	(25,593)	26,086
Fund Balance at Beginning of Year	49,129	49,129	0
Prior Year Encumbrances	<u>12,979</u>	<u>12,979</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 10,429</u></u>	<u><u>\$ 36,515</u></u>	<u><u>\$ 26,086</u></u>

## **KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 97,937</u>	<u>\$ 98,939</u>	<u>\$ 1,002</u>
Total Expenditures and Other Financing Uses	<u>93,014</u>	<u>83,944</u>	<u>9,070</u>
Net Change in Fund Balance	4,923	14,995	10,072
Fund Balance at Beginning of Year	(6,715)	(6,715)	0
Prior Year Encumbrances	<u>1,799</u>	<u>1,799</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 7</u></u>	<u><u>\$ 10,079</u></u>	<u><u>\$ 10,072</u></u>

## **KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006***

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	<b>TITLE II FUND</b>		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 143,318</u>	<u>\$ 143,316</u>	<u>\$ (2)</u>
Total Expenditures and Other Financing Uses	<u>149,125</u>	<u>133,900</u>	<u>15,225</u>
Net Change in Fund Balance	(5,807)	9,416	15,223
Fund Balance at Beginning of Year	(31,866)	(31,866)	0
Prior Year Encumbrances	<u>47,118</u>	<u>47,118</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 9,445</u></u>	<u><u>\$ 24,668</u></u>	<u><u>\$ 15,223</u></u>

**KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006***

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<b>EESA TITLE VI-B FUND</b>			Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	\$ 2,211,175	\$ 2,211,174	\$ (1)
Total Expenditures and Other Financing Uses	<u>2,181,558</u>	<u>2,035,372</u>	<u>146,186</u>
Net Change in Fund Balance	29,617	175,802	146,185
Fund Balance at Beginning of Year	(209,039)	(209,039)	0
Prior Year Encumbrances	<u>179,422</u>	<u>179,422</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 146,185</u>	<u>\$ 146,185</u>

**KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 106,000	\$ 106,022	\$ 22
Total Expenditures and Other Financing Uses	162,679	98,143	64,536
Net Change in Fund Balance	(56,679)	7,879	64,558
Fund Balance at Beginning of Year	130,487	130,487	0
Prior Year Encumbrances	5,271	5,271	0
Fund Balance at End of Year	<u>\$ 79,079</u>	<u>\$ 143,637</u>	<u>\$ 64,558</u>

## **KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 23,926	\$ 23,925	\$ (1)
Total Expenditures and Other Financing Uses	44,738	19,389	25,349
Net Change in Fund Balance	(20,812)	4,536	25,348
Fund Balance at Beginning of Year	(9,290)	(9,290)	0
Prior Year Encumbrances	7,345	7,345	0
Fund Balance at End of Year	<u>\$ (22,757)</u>	<u>\$ 2,591</u>	<u>\$ 25,348</u>

**KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 195,612	\$ 195,613	\$ 1
Total Expenditures and Other Financing Uses	225,466	203,263	22,203
Net Change in Fund Balance	(29,854)	(7,650)	22,204
Fund Balance at Beginning of Year	16,453	16,453	0
Prior Year Encumbrances	10,847	10,847	0
Fund Balance at End of Year	<u>\$ (2,554)</u>	<u>\$ 19,650</u>	<u>\$ 22,204</u>

## **KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006***

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	<b>TITLE I FUND</b>		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Financing Sources	<u>\$ 472,395</u>	<u>\$ 475,220</u>	<u>\$ 2,825</u>
Total Expenditures and Other Financing Uses	<u>444,045</u>	<u>431,322</u>	<u>12,723</u>
Net Change in Fund Balance	28,350	43,898	15,548
Fund Balance at Beginning of Year	(36,109)	(36,109)	0
Prior Year Encumbrances	<u>10,315</u>	<u>10,315</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,556</u>	<u>\$ 18,104</u>	<u>\$ 15,548</u>

**KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006***

---

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 26,342	\$ 26,343	\$ 1
Total Expenditures and Other Financing Uses	28,382	26,098	2,284
Net Change in Fund Balance	(2,040)	245	2,285
Fund Balance at Beginning of Year	1,384	1,384	0
Prior Year Encumbrances	655	655	0
Fund Balance at End of Year	<u>\$ (1)</u>	<u>\$ 2,284</u>	<u>\$ 2,285</u>

## **KETTERING CITY SCHOOL DISTRICT**

---

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006***

---

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 33,968	\$ 27,757	\$ (6,211)
Total Expenditures and Other Financing Uses	28,884	24,111	4,773
Net Change in Fund Balance	5,084	3,646	(1,438)
Fund Balance at Beginning of Year	(7,635)	(7,635)	0
Fund Balance at End of Year	<u>\$ (2,551)</u>	<u>\$ (3,989)</u>	<u>\$ (1,438)</u>

## **KETTERING CITY SCHOOL DISTRICT**

---

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006***

---

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 18,393</u>	<u>\$ 9,400</u>	<u>\$ (8,993)</u>
Total Expenditures and Other Financing Uses	<u>16,502</u>	<u>16,505</u>	<u>(3)</u>
Net Change in Fund Balance	1,891	(7,105)	(8,996)
Fund Balance at Beginning of Year	(7,156)	(7,156)	0
Prior Year Encumbrances	<u>5,265</u>	<u>5,265</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ (8,996)</u></u>	<u><u>\$ (8,996)</u></u>

## **KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2006***

---

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 14,819	\$ 14,819	\$ 0
Total Expenditures and Other Financing Uses	14,600	5,937	8,663
Net Change in Fund Balance	219	8,882	8,663
Fund Balance at Beginning of Year	(8,011)	(8,011)	0
Prior Year Encumbrances	100	100	0
Fund Balance at End of Year	<u>\$ (7,692)</u>	<u>\$ 971</u>	<u>\$ 8,663</u>

## **KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Funds  
For the Fiscal Year Ended June 30, 2006***

---

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	\$ 1,221,638	\$ 1,244,428	\$ 22,790
Total Expenditures and Other Financing Uses	1,880,354	1,726,929	153,425
Net Change in Fund Balance	(658,716)	(482,501)	176,215
Fund Balance at Beginning of Year	821,284	821,284	0
Prior Year Encumbrances	284,619	284,619	0
Fund Balance at End of Year	<u>\$ 447,187</u>	<u>\$ 623,402</u>	<u>\$ 176,215</u>

**KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Funds  
For the Fiscal Year Ended June 30, 2006***

---

	<b>REPLACEMENT FUND</b>		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>                    </u>
Total Revenues and Other Financing Sources	<u>\$ 3,100</u>	<u>\$ 3,255</u>	<u>\$ 155</u>
Total Expenditures and Other Financing Uses	<u>60,000</u>	<u>9,405</u>	<u>50,595</u>
Net Change in Fund Balance	(56,900)	(6,150)	50,750
Fund Balance at Beginning of Year	<u>93,075</u>	<u>93,075</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 36,175</u></u>	<u><u>\$ 86,925</u></u>	<u><u>\$ 50,750</u></u>

## **KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Funds  
For the Fiscal Year Ended June 30, 2006***

---

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Total Revenues and Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Expenditures and Other Financing Uses	<u>61,633</u>	<u>61,611</u>	<u>22</u>
Net Change in Fund Balance	(61,633)	(61,611)	22
Fund Balance at Beginning of Year	349	349	0
Prior Year Encumbrances	<u>61,633</u>	<u>61,633</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 349</u></u>	<u><u>\$ 371</u></u>	<u><u>\$ 22</u></u>

**KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Funds  
For the Fiscal Year Ended June 30, 2006***

---

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

**KETTERING CITY SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Permanent Fund  
For the Fiscal Year Ended June 30, 2006***

---

	<b>PERMANENT FUND</b>		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	<u>                    </u>
Total Revenues and Other Financing Sources	<u>\$ 496</u>	<u>\$ 503</u>	<u>\$ 7</u>
Total Expenditures and Other Financing Uses	<u>400</u>	<u>0</u>	<u>400</u>
Net Change in Fund Balance	96	503	407
Fund Balance at Beginning of Year	<u>13,553</u>	<u>13,553</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 13,649</u></u>	<u><u>\$ 14,056</u></u>	<u><u>\$ 407</u></u>

## ***KETTERING CITY SCHOOL DISTRICT***

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### ***Fiduciary Funds***

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

### ***Agency Funds***

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#### **Student Managed Activity Fund**

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

#### **Employee Benefit Fund**

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

**KETTERING CITY SCHOOL DISTRICT**

***Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
June 30, 2006***

	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
<b><u>Student Managed Activity Fund</u></b>				
Assets:				
Cash and Cash Equivalents	\$69,510	\$160,686	(\$161,014)	\$69,182
Total Assets	<u>\$69,510</u>	<u>\$160,686</u>	<u>(\$161,014)</u>	<u>\$69,182</u>
Liabilities:				
Due to Students	\$69,510	\$160,686	(\$161,014)	\$69,182
Total Liabilities	<u>\$69,510</u>	<u>\$160,686</u>	<u>(\$161,014)</u>	<u>\$69,182</u>
<b><u>Employee Benefits Fund</u></b>				
Assets:				
Cash and Cash Equivalents	\$122,626	\$305,350	(\$298,734)	\$129,242
Total Assets	<u>\$122,626</u>	<u>\$305,350</u>	<u>(\$298,734)</u>	<u>\$129,242</u>
Liabilities:				
Claims Payable	\$61,596	\$73,626	(\$61,596)	\$73,626
Due to Others	61,030	231,724	(237,138)	55,616
Total Liabilities	<u>\$122,626</u>	<u>\$305,350</u>	<u>(\$298,734)</u>	<u>\$129,242</u>
<b><u>Totals - All Agency Funds</u></b>				
Assets:				
Cash and Cash Equivalents	\$192,136	\$466,036	(\$459,748)	\$198,424
Total Assets	<u>\$192,136</u>	<u>\$466,036</u>	<u>(\$459,748)</u>	<u>\$198,424</u>
Liabilities:				
Claims Payable	\$61,596	\$73,626	(\$61,596)	\$73,626
Due to Others	61,030	231,724	(237,138)	55,616
Due to Students	69,510	160,686	(161,014)	69,182
Total Liabilities	<u>\$192,136</u>	<u>\$466,036</u>	<u>(\$459,748)</u>	<u>\$198,424</u>

*KETTERING CITY SCHOOL DISTRICT*

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*CAPITAL ASSETS USED IN THE  
OPERATION OF GOVERNMENTAL FUNDS*

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**KETTERING CITY SCHOOL DISTRICT**

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***Capital Assets Used in the Operation of Governmental Funds  
Schedule by Source  
June 30, 2006***

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Capital Assets

Land	\$466,616
Construction in Progress	103,749,271
Buildings and Improvements	31,578,194
Furniture, Vehicles and Equipment	<u>6,120,452</u>
Total Capital Assets	<u><u>\$141,914,533</u></u>

Investment in Capital Assets from:

General Fund	\$5,020,331
Special Revenue Funds	659,229
Capital Project Funds	<u>136,234,973</u>
Total Investment in Capital Assets	<u><u>\$141,914,533</u></u>

## **KETTERING CITY SCHOOL DISTRICT**

***Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity  
June 30, 2006***

Function and Activity	Land	Construction in Progress	Buildings and Improvements	Furniture, Vehicles and Equipment	Total
Instructional Services					
Regular	\$458,616	\$0	\$16,794,580	\$536,731	\$17,789,927
Special	0	0	0	200,831	200,831
Vocational	0	0	0	479,353	479,353
Support Services:					
Pupils	0	0	0	71,273	71,273
Instructional Staff	0	0	0	267,702	267,702
Administration	8,000	0	205,000	262,998	475,998
Fiscal Services	0	0	0	65,903	65,903
Business	0	0	0	476,842	476,842
Operation and Maintenance of Plant	0	0	0	416,879	416,879
Pupil Transportation	0	0	0	2,404,010	2,404,010
Central	0	0	0	193,757	193,757
Non-Instructional Services	0	0	0	722,967	722,967
Extracurricular Activities	0	0	0	21,206	21,206
Facility Acquisition and Construction	0	103,749,271	14,578,614	0	118,327,885
Total Capital Assets	<u>\$466,616</u>	<u>\$103,749,271</u>	<u>\$31,578,194</u>	<u>\$6,120,452</u>	<u>\$141,914,533</u>

## **KETTERING CITY SCHOOL DISTRICT**

### ***Capital Assets Used in the Operation of Governmental Funds Schedule Changes by Function and Activity For the Fiscal Year Ended June 30, 2006***

Function and Activity	June 30, 2005	Additions	Deletions	June 30, 2006
Instructional Services				
Regular	\$17,795,417	\$0	(\$5,490)	\$17,789,927
Special	197,331	3,500	0	200,831
Vocational	452,988	26,365	0	479,353
Support Services:				
Pupils	71,273	0	0	71,273
Instructional Staff	267,702	0	0	267,702
Administration	459,198	16,800	0	475,998
Fiscal Services	65,903	0	0	65,903
Business	476,842	0	0	476,842
Operation and Maintenance of Plant	416,879	0	0	416,879
Pupil Transportation	1,991,505	462,506	(50,001)	2,404,010
Central	186,821	6,936	0	193,757
Non-Instructional Services	654,250	74,407	(5,690)	722,967
Extracurricular Activities	21,206	0	0	21,206
Facility Acquisition and Construction	97,577,740	20,750,145	0	118,327,885
Total Capital Assets	<u>\$120,635,055</u>	<u>\$21,340,659</u>	<u>(\$61,181)</u>	<u>\$141,914,533</u>

*KETTERING CITY SCHOOL DISTRICT*

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*STATISTICAL SECTION*

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***STATISTICAL TABLES***

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

***Contents***

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<b>Financial Trends</b>	S 3 – S 11
These schedules contain trend information to help the reader understand how the District's financial position has changed over time.	
<b>Revenue Capacity</b>	S 12 – S 21
These schedules contain information to help the reader understand and assess the factors affecting the District's ability to generate its most significant local revenue sources, the property tax and the sales tax.	
<b>Debt Capacity</b>	S 20 – S 27
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
<b>Economic and Demographic Information</b>	S 28 – S 33
These schedules offer economic and demographic indicators to help the reader understand the environment within which the District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
<b>Operating Information</b>	S 34 – S 47
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

**Sources Note:**

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

***KETTERING CITY SCHOOL DISTRICT***

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***Kettering City School District***

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*Net Assets by Component  
Last Four Years  
(accrual basis of accounting)*

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	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Governmental Activities</b>				
Invested in Capital Assets, Net of Related Debt	\$14,371,663	\$20,269,335	\$8,537,315	\$10,572,943
Restricted for:				
Capital Projects	0	0	0	755,941
Debt Service	5,097,769	2,299,876	2,144,839	2,649,523
Permanent	0	0	0	14,133
Other Purposes	1,928,915	1,987,718	1,821,150	936,280
Unrestricted (Deficit)	(592,847)	(8,420,717)	6,892,084	6,700,355
Total Governmental Activities Net Assets	<u>\$20,805,500</u>	<u>\$16,136,212</u>	<u>\$19,395,388</u>	<u>\$21,629,175</u>

Source: District Treasurer's Office

Note: District did not implement GASB 34 prior to 2003.

## *Kettering City School District*

*Changes in Net Assets  
Last Four Years  
(accrual basis of accounting)*

	2003	2004	2005	2006
<b>Expenses</b>				
Governmental Activities				
Instruction				
Regular	\$27,787,301	\$30,173,674	\$30,303,175	\$30,026,305
Special	5,615,537	6,597,531	7,195,031	7,592,499
Vocational	1,854,566	1,882,912	1,938,656	1,989,974
Adult/Continuing	39,572	47,683	40,025	28,453
Other Instruction	1,680,376	2,032,719	2,193,266	3,546,792
Support Services				
Pupils	5,251,197	5,840,364	6,012,755	6,183,114
Instructional Staff	3,934,628	4,118,932	4,293,737	4,473,685
Board of Education	64,558	47,482	1,551,467	58,880
Administration	5,501,734	6,257,514	6,220,245	6,280,987
Fiscal Services	1,358,463	1,570,031	1,521,850	1,723,088
Business	838,218	1,280,184	371,627	519,187
Operation and Maintenance of Plant	7,021,493	7,077,799	7,434,445	7,491,277
Pupil Transportation	2,621,551	2,887,069	3,013,238	2,731,380
Central	1,374,618	1,229,421	1,356,202	1,090,013
Non-Instructional Services	3,831,599	3,973,750	4,305,313	4,051,744
Extracurricular Activities	1,547,392	1,576,132	1,604,609	1,457,996
Interest and Fiscal Charges	2,865,622	4,855,798	4,942,861	5,098,030
<i>Total Primary Government Expenses</i>	<u>\$73,188,425</u>	<u>\$81,448,995</u>	<u>\$84,298,502</u>	<u>\$84,343,404</u>
<b>Program Revenues</b>				
Governmental Activities				
Charges for Services				
Instruction	\$584,140	\$587,682	\$691,270	\$606,868
Support Services				
Pupils	354,237	427,550	367,062	0
Instructional Staff	9,468	21,491	10,800	400,010
Administration	0	256,369	21,253	30,252
Non-Instructional Services	1,518,383	1,569,095	1,688,221	1,759,386
Extracurricular Activities	357,006	352,994	419,602	475,612
Operating Grants and Contributions	15,710,262	5,085,821	6,609,782	6,807,693
Capital Grants and Contributions	210,254	75,676	197,400	80,770
<i>Total Primary Government Program Revenues</i>	<u>18,743,750</u>	<u>8,376,678</u>	<u>10,005,390</u>	<u>10,160,591</u>

(continued)

## *Kettering City School District*

*Changes in Net Assets  
Last Four Years  
(accrual basis of accounting)*

	2003	2004	2005	2006
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(54,444,675)	(73,072,317)	(74,293,112)	(74,182,813)
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$54,444,675)</u>	<u>(\$73,072,317)</u>	<u>(\$74,293,112)</u>	<u>(\$74,182,813)</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental Activities				
Property Taxes Levied for				
General Purposes	\$40,776,276	\$49,123,574	\$58,078,104	\$57,412,021
Grants and Entitlements not				
Restricted to Specific Programs	5,489,380	17,028,707	16,296,597	16,595,607
Investment Earnings	1,252,041	1,520,926	1,462,565	1,100,764
Miscellaneous	884,864	729,822	1,715,022	1,308,188
<i>Total Primary Government</i>	<u>\$48,402,561</u>	<u>\$68,403,029</u>	<u>\$77,552,288</u>	<u>\$76,416,580</u>
<b>Change in Net Assets</b>				
<i>Total Primary Government Change in Net Assets</i>	<u>(\$6,042,114)</u>	<u>(\$4,669,288)</u>	<u>\$3,259,176</u>	<u>\$2,233,767</u>

Source: District Treasurer's Office

Note: District did not implement GASB 34 prior to 2003.

## *Kettering City School District*

*Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)*

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
General Fund				
Reserved	\$1,568,191	\$2,873,740	\$2,377,814	\$2,696,470
Unreserved	<u>5,291,241</u>	<u>6,708,647</u>	<u>9,125,920</u>	<u>10,211,130</u>
<i>Total General Fund</i>	<u>6,859,432</u>	<u>9,582,387</u>	<u>11,503,734</u>	<u>12,907,600</u>
All Other Governmental Funds				
Reserved	1,046,148	1,348,337	1,615,886	1,639,654
Unreserved, Undesignated in:				
Special Revenue Funds	612,704	675,792	622,302	793,165
Capital Projects Funds	123,478	392,535	115,867	210,244
Permanent Fund	<u>601,663</u>	<u>1,854,591</u>	<u>513,219</u>	<u>591,475</u>
Total All Other Governmental Funds	<u>2,383,993</u>	<u>4,271,255</u>	<u>2,867,274</u>	<u>3,234,538</u>
<i>Total Governmental Funds</i>	<u><u>\$9,243,425</u></u>	<u><u>\$13,853,642</u></u>	<u><u>\$14,371,008</u></u>	<u><u>\$16,142,138</u></u>

Source: District Treasurer's Office

*Kettering City School District*

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2001	2002	2003	2004	2005	2006
\$3,701,927	\$8,801,259	\$3,678,456	\$2,715,843	\$4,723,857	\$3,617,142
13,568,207	16,236,270	15,063,090	9,521,796	7,880,070	5,953,358
17,270,134	25,037,529	18,741,546	12,237,639	12,603,927	9,570,500
1,583,956	2,085,150	18,996,210	42,631,958	17,372,528	4,114,077
830,730	945,663	1,372,663	1,459,620	1,198,474	1,401,577
808,038	541,481	71,281,465	35,045,102	4,685,394	1,295,510
943,955	0	444	567	752	1,312
4,166,679	3,572,294	91,650,782	79,137,247	23,257,148	6,812,476
\$21,436,813	\$28,609,823	\$110,392,328	\$91,374,886	\$35,861,075	\$16,382,976

## *Kettering City School District*

*Changes in Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)*

	1997	1998	1999	2000
<b>Revenues:</b>				
Taxes	\$36,593,339	\$37,959,063	\$38,666,529	\$40,101,867
Tuition and Fees	83,599	81,985	161,749	249,058
Transportation	63,716	70,815	246,005	182,021
Interest	884,330	1,144,274	1,329,562	1,346,740
Sales	0	0	0	0
Intergovernmental	11,624,974	12,743,922	13,322,234	13,661,202
Extracurricular Activities	568,709	607,128	583,385	626,306
Class Materials and Fees	184,239	195,672	197,998	177,896
Miscellaneous	316,743	410,494	369,543	545,551
<b>Total Revenue</b>	<b>50,319,649</b>	<b>53,213,353</b>	<b>54,877,005</b>	<b>56,890,641</b>
<b>Expenditures:</b>				
Current:				
Instruction				
Regular	21,308,060	21,993,737	22,973,359	22,529,183
Special	3,014,996	3,126,225	3,299,470	3,662,568
Vocational	1,280,863	1,539,624	1,789,159	1,676,795
Adult/Continuing	34,874	38,301	36,610	122,777
Other Instruction	314,757	657,404	1,397,920	1,160,161
Supporting Services:				
Pupils	3,229,770	3,364,568	3,658,717	3,735,605
Instructional Staff	1,803,747	1,955,650	2,092,115	2,228,239
Board of Education	40,665	55,101	64,039	41,882
Administration	3,540,907	3,931,217	3,924,450	4,617,720
Fiscal Services	831,537	803,273	1,015,534	1,167,406
Business	756,728	549,380	768,761	744,856
Operation and Maintenance of Plant	5,375,716	5,327,134	5,449,300	5,801,296
Pupil Transportation	1,695,347	2,016,631	1,817,174	1,947,683
Central	483,453	638,316	528,699	728,542
Non-Instructional Services (1)	919,321	1,157,451	1,149,661	1,174,593
Extracurricular Activities	1,131,030	1,249,320	1,250,356	1,287,979
Facility Acquisition and Construction	75,815	372,787	1,591,394	728,537
Debt Service:				
Principal Retirement	547,595	560,703	746,115	716,183
Interest and Fiscal Charges	854,588	837,150	900,185	915,675
<b>Total Expenditures</b>	<b>47,239,769</b>	<b>50,173,972</b>	<b>54,453,018</b>	<b>54,987,680</b>

***Kettering City School District***

2001	2002	2003	2004	2005	2006
\$45,242,266	\$50,013,992	\$40,727,310	\$46,505,499	\$58,630,450	\$57,446,028
211,348	355,413	277,879	133,650	177,173	183,559
257,894	226,815	153,028	236,469	308,858	237,299
1,634,965	917,462	1,252,041	1,392,455	1,505,456	1,186,344
0	0	1,516,091	1,569,095	1,686,277	1,750,980
14,852,133	18,322,943	21,285,412	22,374,640	23,111,700	23,493,753
633,025	587,488	589,162	571,285	642,718	720,352
52,697	49,695	276,651	272,596	265,090	247,234
581,043	508,176	894,987	1,161,908	1,833,114	1,440,892
<u>63,465,371</u>	<u>70,981,984</u>	<u>66,972,561</u>	<u>74,217,597</u>	<u>88,160,836</u>	<u>86,706,441</u>
24,702,467	25,661,078	27,087,704	28,385,307	29,495,513	31,367,491
4,139,266	4,456,249	5,464,116	6,300,407	7,170,658	7,449,037
1,588,170	1,529,516	1,775,200	1,765,093	1,883,682	1,969,979
89,237	49,858	38,876	45,990	40,193	29,675
1,490,833	2,269,571	1,650,834	1,960,539	2,202,452	3,699,059
4,127,081	4,464,893	5,071,343	5,506,659	6,043,951	6,312,259
2,545,168	2,693,999	3,762,387	3,895,972	4,424,620	4,480,281
48,890	49,099	63,163	46,043	1,557,965	61,408
4,909,149	5,213,909	5,348,449	5,909,024	6,144,449	6,395,203
1,284,459	1,394,498	1,315,984	1,462,774	1,540,782	1,779,432
704,132	664,441	782,671	1,224,402	552,678	541,416
6,252,403	6,641,022	6,901,983	6,761,708	7,573,422	7,781,644
2,152,275	2,399,073	2,388,869	2,565,565	2,907,533	3,130,092
878,534	1,049,695	1,309,928	1,138,637	1,184,368	1,036,217
1,411,691	1,304,478	3,711,067	3,780,650	4,301,318	4,172,955
1,319,701	1,469,666	1,514,821	1,508,330	1,608,403	1,534,011
376,494	1,027,308	4,499,353	26,170,217	57,098,482	17,385,414
935,273	621,064	596,956	5,550,543	15,225,923	2,094,004
834,536	860,954	2,577,736	4,871,266	5,510,702	5,199,402
<u>59,789,759</u>	<u>63,820,371</u>	<u>75,861,440</u>	<u>108,849,126</u>	<u>156,467,094</u>	<u>106,418,979</u>

## *Kettering City School District*

*Changes in Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)*

	1997	1998	1999	2000
Excess (Deficiency) of Revenues Over Expenditures	3,079,880	3,039,381	423,987	1,902,961
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	6,785	11,700	114,284	5,523
Premium on Issuance of General Obligation Bonds	0	0	0	0
General Obligation Bonds Issued	0	1,622,500	0	0
New Capital Leases	53,015	0	0	0
Transfers In	330,773	210,801	461,982	449,974
Transfers Out	(330,773)	(210,801)	(461,982)	(449,974)
<b>Total Other Financing Sources (Uses)</b>	59,800	1,634,200	114,284	5,523
<b>Net Change in Fund Balance</b>	<u>\$3,139,680</u>	<u>\$4,673,581</u>	<u>\$538,271</u>	<u>\$1,908,484</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	3.11%	2.94%	3.16%	3.10%

(1) Food Service Operations were reclassified from Business-Type Activity to Governmental Activity in 2003 when the District implemented GASB 34.

Source: District Treasurer's Office

***Kettering City School District***

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2001	2002	2003	2004	2005	2006
3,675,612	7,161,613	(8,888,879)	(34,631,529)	(68,306,258)	(19,712,538)
1,537	16,454	300	0	0	0
1,200,000	0	2,489,152	0	635,025	0
400,000	0	87,400,000	15,000,000	12,149,989	0
0	0	0	653,538	0	199,940
210,000	13,500	191,829	24,401	94,916	13,500
(210,000)	(13,500)	(191,829)	(24,401)	(94,916)	(13,500)
1,601,537	16,454	89,889,452	15,653,538	12,785,014	199,940
<u>\$5,277,149</u>	<u>\$7,178,067</u>	<u>\$81,000,573</u>	<u>(\$18,977,991)</u>	<u>(\$55,521,244)</u>	<u>(\$19,512,598)</u>
3.08%	2.40%	4.57%	13.91%	26.48%	9.38%

***Kettering City School District***

*Assessed Valuations and Estimated True Values of Taxable Property*  
(per \$1,000 of assessed value)  
*Last Ten Calendar Years*

<b>Tax year</b>	1997	1998	1999	2000
<b>Real Property</b>				
Assessed	\$960,245,530	962,071,210	978,807,480	1,056,251,560
Actual	2,743,558,657	2,748,774,886	2,796,592,800	3,017,861,600
<b>Public Utility</b>				
Assessed	68,122,700	78,310,660	82,582,490	88,732,220
Actual	77,412,159	88,989,386	93,843,739	100,832,068
<b>Tangible Personal Property</b>				
Assessed	160,415,784	152,139,878	185,801,525	181,081,808
Actual	641,663,136	608,559,512	743,206,100	724,327,232
<b>Total</b>				
Assessed	1,188,784,014	1,192,521,748	1,247,191,495	1,326,065,588
Actual	3,462,633,952	3,446,323,784	3,633,642,639	3,843,020,900
<b>Assessed Value as a Percentage of Actual Value</b>	34.33%	34.60%	34.32%	34.51%
<b>Total Direct Tax Rate</b>	\$53.10	\$53.10	\$53.10	\$53.10

Source: Montgomery County Auditor

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

***Kettering City School District***

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2001	2002	2003	2004	2005	2006
1,062,332,080	1,049,205,930	1,144,802,840	1,144,673,410	1,152,401,750	1,271,199,660
3,035,234,514	2,997,731,229	3,270,865,257	3,270,495,457	3,292,576,429	3,631,999,029
109,567,330	63,730,190	70,859,650	68,630,430	70,404,720	66,290,158
124,508,330	72,420,670	80,522,330	77,989,125	80,005,364	170,245,178
188,035,293	175,257,840	162,332,926	134,709,010	142,988,855	85,452,509
752,141,172	701,031,360	649,331,704	538,836,040	571,955,420	341,810,036
1,359,934,703	1,288,193,960	1,377,995,416	1,348,012,850	1,365,795,325	1,422,942,327
3,911,884,016	3,771,183,259	4,000,719,291	3,887,320,622	3,944,537,212	4,144,054,243
34.76%	34.16%	34.44%	34.68%	34.62%	34.34%
\$53.10	\$56.30	\$56.30	\$56.30	\$60.90	\$60.90

## *Kettering City School District*

*Property Tax Rates of Direct and Overlapping Governments  
(per \$1,000 of assessed value)  
Last Ten Calendar Years*

	1996	1997	1998	1999
<b>Direct District Rates</b>				
General Fund	9.00	9.00	9.00	9.00
Bond Retirement Fund	0.01	0.01	0.01	0.01
Total	9.01	9.01	9.01	9.01
<b>Overlapping Rates</b>				
City of Kettering	7.17	7.00	7.00	6.98
City of Morain	2.50	2.50	2.50	2.50
Montgomery County	16.64	16.64	16.64	16.64
Dayton/Montgomery County Library	0.72	0.72	0.26	0.26
Total	36.04	35.87	35.41	35.39

Ohio Revised Code Sections 5705.02 and 5705.07 require a vote of the people for any millage exceeding the "unvoted" or "inside" millage.

**Source:**

Montgomery County Auditor's Office  
Montgomery County Treasurer's Office

*Kettering City School District*

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2000	2001	2002	2003	2004	2005
9.00	9.00	9.00	9.00	9.00	9.00
0.01	0.01	0.01	0.01	0.01	0.01
9.01	9.01	9.01	9.01	9.01	9.01
6.92	6.92	6.91	6.91	6.85	6.85
2.50	2.50	2.50	2.50	2.50	2.50
16.64	17.24	17.24	17.24	18.24	18.24
0.26	0.26	0.26	0.26	0.26	0.26
35.33	35.93	35.92	35.92	36.86	36.86

## *Kettering City School District*

*Principal Taxpayers  
Tangible Personal Property Tax  
Current Year and Nine Years Ago*

Name of Taxpayer	Nature of Business	Calendar Year 2005		
		Assessed Value	Rank	Percent of Total Assessed Value
General Motors Corporation	Automotive Manufacturer	\$24,438,220	1	21.41%
Delphi Automotive	Automotive Manufacturer	\$27,708,520	2	24.28%
Kodak Versamark, Inc.	Manufacturer of Digital Printer	10,629,160	3	9.31%
DMAX LTD	Manufacturer	8,542,560	4	7.48%
International Fineblanking	Manufacturer	2,652,450	5	2.32%
Elder Beerman Stores Corp	Retail Sales	2,355,840	6	2.06%
Reynolds & Reynolds Co.	Fortune 1000	1,991,190	7	1.76%
DTE Moraine LLC		1,899,900	8	1.66%
Miami Industrial Trucks Inc.	Trucking	1,833,280	9	1.61%
Kroger Limited Partnership	Retail Sales	1,641,910	10	1.44%
Subtotal		83,693,030		73.33%
All Others		30,438,834		26.67%
Total		<u>\$114,131,864</u>		<u>100.00%</u>

Name of Taxpayer	Nature of Business	Calendar Year 1996		
		Assessed Value	Rank	Percent of Total Assessed Value
General Motors Corporation	Automotive Manufacturer	\$42,104,320	1	28.67%
DMAX LTD	Manufacturer	12,342,560	2	8.40%
Kodak Versamark, Inc.	Manufacturer of Digital Printer	10,629,160	3	7.24%
Meijer, Inc.	Retail Sales	2,602,380	4	1.77%
Elder Beerman Stores Corp	Retail Sales	2,355,840	5	1.60%
Victoria's Secret Catalogue, Inc.	Retail Sales	2,280,997	6	1.55%
Reynolds & Reynolds Co.	Fortune 1000	1,991,190	7	1.36%
Miami Industrial Trucks Inc.	Trucking	1,833,280	8	1.25%
Kroger Limited Partnership	Retail Sales	1,641,910	9	1.12%
Dayton Town & Country Inc.	Property Management	108,340	10	0.07%
Subtotal		77,889,977		53.03%
All Others		68,980,257		46.97%
Total		<u>\$146,870,234</u>		<u>100.00%</u>

Source: Montgomery County Auditor - Land and Buildings  
Based on valuation of property in 2005 and 1996

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

## *Kettering City School District*

*Principal Taxpayers  
Real Estate Tax and Public Utility  
Current Year and Nine Years Ago*

		Calendar Year 2005		
Name of Taxpayer	Nature of Business	Assessed Value	Rank	Percent of Total Assessed Value
Dayton Power and Light	Gas and Electric Utility	\$50,605,340	1	27.01%
Delphi Automotive	Auto Parts Plant	13,575,620	2	7.25%
General Motors Corporation	Automotive Manufacturer	10,050,650	3	5.36%
Ohio Bell	Telephone Utility	9,913,910	4	5.29%
Reynolds & Reynolds Co.	Retail Business Forms	7,350,000	5	3.94%
Residenz	Nursing Home	6,884,260	6	3.67%
Bank One	Banking Services	6,330,430	7	3.38%
Vectren	Utility	4,984,330	8	2.66%
Dayton Town & Country Inc.	Property Management	4,312,560	9	2.30%
Lincoln Park Association	Property Management	3,922,350	10	2.09%
Subtotal		117,929,450		62.95%
All Others		69,419,850		37.05%
Total		<u>\$187,349,300</u>		<u>100.00%</u>

		Calendar Year 1996		
Name of Taxpayer	Nature of Business	Assessed Value	Rank	Percent of Total Assessed Value
General Motors Corporation	Automotive Manufacturer	\$27,656,020	1	2.65%
Dayton Power and Light	Gas and Electric Utility	52,768,740	2	5.06%
Ohio Bell	Telephone Utility	18,502,840	3	1.78%
Scitex Digital Printing, Inc.	Digital Printing	10,396,670	4	1.00%
Lincoln Park Associates	Property Management	8,230,630	5	0.79%
Meijer, Inc.	Retail Sales	3,849,340	6	0.37%
Dayton Town & Country Inc.	Property Management	4,492,810	7	0.43%
Diconix, Inc	Ink Jet Printing	4,068,250	8	0.39%
Miami Valley Research	Foundation Research	3,219,660	9	0.31%
Georgetown Apartments, Ltd.	Property Management	2,866,160	10	0.28%
Subtotal		136,051,120		13.06%
All Others		905,862,660		86.94%
Total		<u>\$1,041,913,780</u>		<u>100.00%</u>

Source: Montgomery County Auditor - Land and Buildings  
Based on valuation of property in 2005 and 1996

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

***Kettering City School District***

*Property Tax Levies and Collections  
Last Ten Years*

<b>Collection Year</b>	<u>1996</u>	<u>1997</u>	<u>1998</u>
<b>Total Tax Levy</b> <sup>(1)</sup>	\$39,719,917	\$40,843,160	\$41,284,309
<b>Collections within the Fiscal Year of the Levy</b>			
Current Tax Collections <sup>(2)</sup>	39,299,492	39,539,747	42,023,033
Percent of Levy Collected	98.94%	96.81%	101.79%
Delinquent Tax Collections	<u>823,389</u>	<u>1,688,788</u>	<u>1,150,888</u>
Total Tax Collections	40,122,881	41,228,535	43,173,921
<b>Percent of Total Tax Collections To Tax Levy</b>	101.01%	100.94%	104.58%
<b>Accumulated Outstanding Delinquent Taxes</b> <sup>(3)</sup>	2,929,414	1,599,255	1,686,924
<b>Percentage of Accumulated Delinquent Taxes to Total Tax Levy</b>	7.38%	3.92%	4.09%

(1) Taxes levied and collected are presented on a cash basis.

(2) State reimbursements of rollback and homestead exemptions are included; December 2005 settlement estimate included.

(3) Penalties and interest are included, since by Ohio law they become part of the tax obligation as assessment occurs.

Source: Montgomery County Auditor's Office  
Presented on a calendar year basis because that is the manner in which the information is maintained by the County.

*Kettering City School District*

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<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
\$43,746,765	\$44,879,638	\$50,386,264	\$46,987,959	\$53,779,128	\$51,960,333	\$62,230,176
42,478,593	44,381,401	47,960,477	45,336,209	50,574,089	51,053,894	61,263,297
97.10%	98.89%	95.19%	96.48%	94.04%	98.26%	98.45%
<u>1,144,286</u>	<u>1,061,019</u>	<u>1,185,137</u>	<u>1,321,662</u>	<u>454,935</u>	<u>1,081,944</u>	<u>3,489,527</u>
43,622,879	45,442,420	49,145,614	46,657,871	51,029,024	52,135,838	64,752,824
99.72%	101.25%	97.54%	99.30%	94.89%	100.34%	104.05%
1,713,996	2,103,823	1,388,513	1,576,839	2,632,801	4,372,384	3,579,271
3.92%	4.69%	2.76%	3.36%	4.90%	8.41%	5.75%

## *Kettering City School District*

### *Ratio of Outstanding Debt By Type Last Ten Years*

	1997	1998	1999	2000
<b>Governmental Activities</b> <sup>(1)</sup>				
Long-Term Notes Payable	\$65,000	\$55,000	\$40,000	\$30,000
General Obligation Bonds Payable	15,224,732	16,444,056	15,852,278	15,270,240
Capital Leases	467,492	319,965	184,715	90,493
Total Primary Government	<u>\$15,757,224</u>	<u>\$16,819,021</u>	<u>\$16,076,993</u>	<u>\$15,390,733</u>
<b>Population</b> <sup>(2)</sup>				
Cities of Kettering and Moraine	62,250	62,352	62,371	64,399
Outstanding Debt Per Capita	\$253	270	258	239
<b>Income</b> <sup>(3)</sup>				
Personal (in thousands)	1,591,036	1,656,012	1,770,135	1,864,287
Percentage of Personal Income	0.99%	1.02%	0.91%	0.83%

**Sources:**

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

N/A = Not available

***Kettering City School District***

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2001	2002	2003	2004	2005	2006
\$15,000	\$0	\$0	\$0	\$0	\$0
15,935,000	15,425,667	102,344,955	111,916,285	109,054,488	107,049,421
0	365,849	249,605	781,270	567,133	678,136
<u>\$15,950,000</u>	<u>\$15,791,516</u>	<u>\$102,594,560</u>	<u>\$112,697,555</u>	<u>\$109,621,621</u>	<u>\$107,727,557</u>

64,399	64,399	64,399	64,399	64,399	62,378
248	245	1,593	1,750	1,702	1,727

1,920,829	1,957,987	1,982,459	2,046,149	1,946,006	N/A
0.83%	0.81%	5.18%	5.51%	5.63%	

***Kettering City School District***

*Ratios of General Bonded Debt Outstanding  
Last Ten Years*

Year	1997	1998	1999	2000
<b>Population</b> (1)	62,250	62,352	62,371	64,399
<b>Assessed Value</b> (2)	\$1,188,784,014	1,192,521,748	1,247,191,495	1,326,065,588
<b>General Bonded Debt</b> (3)				
General Obligation Bonds	\$15,224,732	16,444,056	15,852,278	15,270,240
<b>Resources Available to Pay Principal</b> (4)	\$653,286	763,086	839,979	978,825
<b>Net General Bonded Debt</b>	\$14,571,446	15,680,970	15,012,299	14,291,415
<b>Ratio of Net Bonded Debt to Assessed Value</b>	1.23%	1.31%	1.20%	1.08%
<b>Net Bonded Debt per Capita</b>	234	251	241	222

**Source:**

- (1) U.S. Bureau of Census of Population
- (2) Montgomery County Auditor
- (3) Includes all general obligation bonded debt supported by property taxes
- (4) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

*Kettering City School District*

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2001	2002	2003	2004	2005	2006
64,399	64,399	64,399	64,399	64,399	62,378
1,359,934,703	1,288,193,960	1,377,995,416	1,348,012,850	1,365,795,325	1,422,942,327
15,935,000	15,425,667	102,344,955	111,916,285	109,054,488	107,049,421
809,347	1,123,191	5,233,203	2,291,869	2,243,653	2,752,421
15,125,653	14,302,476	97,111,752	109,624,416	106,810,835	104,297,000
1.11%	1.11%	7.05%	8.13%	7.82%	7.33%
235	222	1,508	1,702	1,659	1,672



***Kettering City School District***

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*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
June 30, 2006*

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<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to Kettering City School District</u>	<u>Amount Applicable to Kettering City School District</u>
<b>Direct:</b>			
Kettering City School District	\$107,049,421	100.00%	\$107,049,421
<b>Overlapping:</b>			
Montgomery County	49,512,232	12.66%	6,268,249
City of Kettering	8,623,716	82.21%	7,089,557
City of Moraine	0	17.79%	<u>0</u>
		Subtotal	<u>13,357,806</u>
		Total	<u><u>\$120,407,227</u></u>

**Source:** Montgomery County Auditor

**Kettering City School District**

*Debt Limitations  
Last Ten Years*

	1997	1998	1999	2000
<b>Net Assessed Valuation</b>	\$1,188,784,014	\$1,192,521,748	\$1,247,191,495	\$1,326,065,588
<b>Overall Direct Debt Limitation</b>				
Legal Debt Limitation (%) <sup>(1)</sup>	9.00%	9.00%	9.00%	9.00%
Legal Debt Limitation (\$) <sup>(1)</sup>	106,990,561	107,326,957	112,247,235	119,345,903
Applicable District Debt Outstanding	14,415,000	14,230,000	14,030,000	13,810,000
Less: Applicable Debt Service Fund Amounts <sup>(2)</sup>	(653,286)	(763,086)	(839,979)	(978,825)
Net Indebtedness Subject to Limitation	<u>13,761,714</u>	<u>13,466,914</u>	<u>13,190,021</u>	<u>12,831,175</u>
Overall Legal Debt Margin	<u>\$93,228,847</u>	<u>\$93,860,043</u>	<u>\$99,057,214</u>	<u>\$106,514,728</u>
<b>Unvoted Direct Debt Limitation</b>				
Legal Debt Limitation (%) <sup>(1)</sup>	0.10%	0.10%	0.10%	0.10%
Legal Debt Limitation (\$) <sup>(1)</sup>	1,188,784	1,192,522	1,247,191	1,326,066
Applicable District Debt Outstanding	0	0	0	0
Unvoted Legal Debt Margin	<u>\$1,188,784</u>	<u>\$1,192,522</u>	<u>\$1,247,191</u>	<u>\$1,326,066</u>
<b>Energy Conservation Bond Limitation</b>				
Legal Debt Limitation (%) <sup>(1)</sup>	0.90%	0.90%	0.90%	0.90%
Legal Debt Limitation (\$) <sup>(1)</sup>	10,699,056	10,732,696	11,224,723	11,934,590
Authorized by the Board	(65,000)	(1,677,500)	(1,500,000)	(1,330,000)
Unvoted Energy Conservation Bond Legal Debt Margin	<u>\$10,634,056</u>	<u>\$9,055,196</u>	<u>\$9,724,723</u>	<u>\$10,604,590</u>

(1) Ohio Bond Law sets a limit of 9% for overall debt, 1/10 of 1% for unvoted debt, and 9/10 of 1% for energy conservation debt.

(2) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

***Kettering City School District***

2001	2002	2003	2004	2005	2006
\$1,359,934,703	\$1,288,193,960	\$1,377,995,416	\$1,348,012,850	\$1,365,795,325	\$1,422,942,327
9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
122,394,123	115,937,456	124,019,587	121,321,157	122,921,579	128,064,809
13,580,000	13,330,000	100,465,000	110,355,000	107,619,989	105,844,989
(809,347)	(1,123,191)	(5,233,203)	(2,291,869)	(2,243,653)	(2,752,772)
<u>12,770,653</u>	<u>12,206,809</u>	<u>95,231,797</u>	<u>108,063,131</u>	<u>105,376,336</u>	<u>103,092,217</u>
<u>\$109,623,470</u>	<u>\$103,730,647</u>	<u>\$28,787,790</u>	<u>\$13,258,026</u>	<u>\$17,545,243</u>	<u>\$24,972,592</u>
0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
1,359,935	1,288,194	1,377,995	1,348,013	1,365,795	1,422,942
0	0	0	0	0	0
<u>\$1,359,935</u>	<u>\$1,288,194</u>	<u>\$1,377,995</u>	<u>\$1,348,013</u>	<u>\$1,365,795</u>	<u>\$1,422,942</u>
0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
12,239,412	11,593,746	12,401,959	12,132,116	12,292,158	12,806,481
(2,355,000)	(2,095,667)	(1,879,955)	(1,661,285)	(1,434,499)	(1,204,434)
<u>\$9,884,412</u>	<u>\$9,498,079</u>	<u>\$10,522,004</u>	<u>\$10,470,831</u>	<u>\$10,857,659</u>	<u>\$11,602,047</u>

## *Kettering City School District*

### *Demographic and Economic Statistics Last Ten Years*

Calendar Year	1996	1997	1998	1999	
<b>Population</b> (1)					
Cities of Kettering and Moraine	62,250	62,352	62,371	64,399	
Montgomery County	566,312	561,303	558,427	565,866	
<b>Income</b> (2) (a)					
Total Personal (in thousands)	\$1,510,870	1,591,036	1,656,012	1,770,135	
Per Capita	\$24,271	25,517	26,551	27,487	
<b>Unemployment Rate</b> (3)					
Federal	5.4%	4.9%	4.5%	4.2%	
State	4.8%	4.6%	4.3%	4.3%	
Montgomery County	4.1%	4.0%	4.1%	3.8%	
	Fiscal Year	1997	1998	1999	2000
<b>School Enrollment</b> (4)					
Grades K - 5	3,832	3,770	3,714	3,617	
Grades 6 - 8	1,922	1,896	1,862	1,903	
Grades 9 - 12	2,289	2,365	2,355	2,456	
Non-Grade	18	14	15	12	
Total	<u>8,061</u>	<u>8,045</u>	<u>7,946</u>	<u>7,988</u>	

**Sources:**

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

***Kettering City School District***

2000	2001	2002	2003	2004	2005
64,399	64,399	64,399	64,399	64,399	62,378
559,062	554,232	554,470	552,187	550,063	547,435
1,864,287	1,920,829	1,957,987	1,982,459	2,046,149	1,946,006
28,949	29,827	30,404	30,784	31,773	31,197
3.8%	4.8%	5.8%	6.0%	5.5%	5.0%
3.7%	4.3%	5.7%	6.1%	6.0%	5.9%
3.8%	4.3%	5.6%	6.3%	6.6%	6.4%
2001	2002	2003	2004	2005	2006
3,510	3,449	3,274	3,297	3,240	3,292
1,916	1,882	1,809	1,813	1,770	1,720
2,485	2,471	2,439	2,468	2,425	2,466
9	6	6	6	0	0
<u>7,920</u>	<u>7,808</u>	<u>7,528</u>	<u>7,584</u>	<u>7,435</u>	<u>7,478</u>



## *Kettering City School District*

### *Principal Employers Current Year and Nine Years Ago*

		2006	
Employer	Nature of Business	Number of Employees	Rank
Kettering Medical Center	Health Services	3,100	1
Delphi Automotive Sys. Svcs.	Manufacturer	1,600	2
Reynolds & Reynolds Co.	Fortune 1000	1,200	3
GE Consumer Finance	Credit Card Processing Center	1,200	4
Kettering City School Dist.	Education	1,075	5
Intimate Brands Inc.	A Catalogue Order Center	900	6
City of Kettering	Municipality	900	7
Kodak Versamark	Manufacturer of Digital Printer	625	8
Meijer Inc.	Retail Sales	550	9
Federal Government	Defense Finance & Accounting Services	500	10
Total		<u>11,650</u>	
		1997	
Employer	Nature of Business	Number of Employees	Rank
General Motors/Truck Platforms	Automotive Manufacturer	4,510	1
General Motors/Harrison Division	Automotive Manufacturer	3,850	2
General Motors/Delphi Chassis	Automotive Manufacturer	3,131	3
Kettering Medical Center	Health Services	3,600	4
Victoria Secret Catalogue	Retail Sales	1,300	5
Elder-Beerman's Dept. Store	Retail Sales	910	6
Kettering City School District	Education	782	7
Meijer's	Retail Sales	750	8
The Berry Company	Directory Publishing	70	9
Scitex Digital Printing Inc.	Digital Printing	600	10
Total		<u>19,503</u>	

**Sources:** City of Kettering CAFR, and Kettering City School District 1997 CAFR, Kettering Chamber of Commerce.

Note: Total District employment is not available.

## *Kettering City School District*

### *School District Employees by Type Last Ten Years*

	1997	1998	1999	2000
<b>Supervisory</b>				
Noninstructional Administrators	19.00	19.00	19.00	22.00
Consultants/Supervisors of Instruction	7.00	7.00	7.00	7.00
Principals	12.00	12.00	12.00	12.00
Assistant Principals	8.00	8.00	8.00	8.00
<b>Instruction</b>				
Classroom Teachers				
Elementary	166.00	162.00	161.00	172.00
Middle	109.00	110.00	104.00	115.00
High	136.00	146.00	149.00	146.00
<b>Student Services</b>				
Guidance Counselors	20.00	20.00	20.00	20.00
Social Workers	1.00	1.00	1.00	1.00
Psychologists	4.00	5.00	5.00	5.00
Librarians	4.00	4.00	4.00	4.00
Technicians	1.00	1.00	1.00	3.00
Other Professionals (noninstructional)	17.00	17.00	17.00	17.00
<b>Support Services</b>				
Clerical/Secretaries	59.00	59.00	59.00	68.00
Tutors/Aides	104.00	110.00	110.00	119.00
Food Service	60.00	59.00	55.00	51.00
Maintenance/Grounds	65.00	65.00	66.00	64.00
Transportation	57.00	60.00	54.00	62.00
<i>Total Employees</i>	<u>849.00</u>	<u>865.00</u>	<u>852.00</u>	<u>896.00</u>

**Method:** 1.00 for each full-time, 0.50 for each part-time and 0.25 for each seasonal employee

Source: District Treasurer's Office

***Kettering City School District***

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2001	2002	2003	2004	2005	2006
22.00	22.00	23.00	23.00	23.00	22.00
7.00	11.00	11.00	11.00	12.00	12.00
12.00	12.00	12.00	12.00	12.00	12.00
8.00	8.00	8.00	8.00	8.00	8.00
175.00	179.00	168.00	164.00	159.00	156.00
116.00	115.00	116.00	117.00	114.00	118.00
159.00	154.00	161.00	160.00	164.00	171.00
20.00	21.00	21.00	22.00	22.00	22.00
1.00	1.00	1.00	0.00	0.00	0.00
6.00	7.00	7.00	7.00	6.00	6.00
4.00	4.00	4.00	4.00	4.00	4.00
3.00	3.00	3.00	3.00	3.00	3.00
17.00	18.00	19.00	18.00	18.00	17.00
69.00	72.00	72.00	71.00	72.00	71.00
158.00	170.00	174.00	200.00	186.00	186.00
51.00	52.00	51.00	51.00	50.00	51.00
67.00	69.00	73.00	72.00	71.00	70.00
62.00	66.00	67.00	63.00	65.00	67.00
<u>957.00</u>	<u>984.00</u>	<u>991.00</u>	<u>1,006.00</u>	<u>989.00</u>	<u>996.00</u>

## *Kettering City School District*

### *Operating Indicators - Cost per Pupil Last Ten Years*

Fiscal Year	1997	1998	1999	2000	2001
Enrollment	8,061	8,041	7,946	7,988	7,920
Modified Accrual Basis					
Operating Expenditures	\$49,204,344	50,304,496	52,372,086	54,230,532	52,565,040
Cost per Pupil	6,104	6,256	6,591	6,789	6,637
Percentage of Change	N/A	2.5%	5.4%	3.0%	(2.2%)
Accrual Basis					
Expenses	N/A	N/A	N/A	N/A	N/A
Cost per Pupil	N/A	N/A	N/A	N/A	N/A
Percentage of Change	N/A	N/A	N/A	N/A	N/A
Teaching Staff	522	523	533	550	567
Pupil to Teacher Ratio					
Kettering	15.4	15.4	14.9	14.5	14.0
State Average	20.7	20.4	18.6	18.1	18.0

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

N/A = Not available

*Kettering City School District*

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2002	2003	2004	2005	2006
7,808	7,528	7,584	7,435	7,478
58,095,256	68,502,915	72,501,534	78,304,032	81,740,159
7,440	9,100	9,560	10,532	10,931
12.1%	22.3%	5.1%	10.2%	3.8%
\$58,095,256	68,775,411	76,593,197	79,355,641	79,245,374
7,440	9,136	10,099	10,673	10,597
N/A	22.8%	10.5%	5.7%	(0.7%)
592	617	615	620	621
13.2	12.2	12.3	12.0	12.0
16.9	16.9	18.5	18.5	18.6

## *Kettering City School District*

### *Operating Indicators by Function Last Ten Years*

	1997	1998	1999	2000
<b>Governmental Activities</b>				
Instruction				
Regular	418	418	418	418
Special	85	85	85	85
Support Services				
Pupils				
Enrollment	8,061	8,041	7,946	7,988
Graduates	386	494	447	504
Percent of Students with Disabilities	9%	9%	11%	10%
Board of Education				
Members	5	5	5	5
Regular Meetings per Year	12	12	12	12
Administration				
School Attendance Rate	95.8%	94.3%	94.3%	94.3%
Fiscal Services				
Purchase Orders Processed	9,852	9,706	9,901	9,640
Checks Issued (non payroll)	8,600	8,800	8,850	8,720
Operation and Maintenance of Plant				
District Square Footage Maintained	1,276,080	1,276,080	1,276,080	1,276,080
District Square Acreage Maintained	254	254	254	254
Pupil Transportation				
Average Daily Students Transported	4,128	4,418	4,541	4,522
Average Daily Bus Fleet Miles	2,296	2,239	2,021	1,722
Number of Buses	54	54	55	55
Operation of Noninstructional Services				
Food Service				
Students Meals Served Daily	N/A	N/A	N/A	N/A
Free/Reduced Price Meals Daily	N/A	N/A	N/A	N/A
Uniform School Supplies	3	3	3	3
Extracurricular Activities				
High School Varsity Teams	23	23	23	23

Source: District Treasurer's Office

N/A = Not available

*Kettering City School District*

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2001	2002	2003	2004	2005	2006
418	418	418	415	414	468
85	85	85	88	85	93
7,920	7,808	7,528	7,584	7,435	7,478
501	485	521	512	523	568
11%	12%	14%	14%	16%	16%
5	5	5	5	5	5
12	12	12	12	12	12
94.5%	94.5%	94.2%	94.4%	94.6%	94.9%
8,820	8,567	8,063	7,839	7,572	6,950
8,900	9,895	7,934	8,221	8,341	7,418
1,276,080	1,346,597	1,346,597	1,346,597	1,346,597	1,346,597
254	254	254	254	254	254
4,201	3,979	3,947	3,998	3,740	3,562
2,132	2,072	2,412	2,787	3,042	2,826
55	50	50	60	59	59
N/A	601,381	594,202	587,332	621,894	646,932
N/A	3,422	3,449	3,370	3,528	3,693
3	3	3	3	3	3
23	23	23	23	23	23

## *Kettering City School District*

### *Operating Indicators - Teacher Base Salaries Last Ten Years*

Fiscal Year	1997	1998	1999	2000	2001
Minimum Salary	\$23,244	23,942	24,661	25,401	26,290
Maximum Salary	\$52,997	61,292	63,133	65,027	67,302
District Average Salary	\$41,825	42,799	43,938	44,532	45,717
County Average Salary	N/A	\$40,545	41,373	42,481	43,467
State Average Salary	N/A	\$39,714	40,746	41,713	42,892

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

### *Operating Indicators - Teacher by Education Last Ten Years*

Fiscal Year	1997	1998	1999	2000	2001
Bachelor's Degree	192	192	192	192	192
Master's Degree + 15	311	311	311	311	311
Total	503	503	503	503	503

Source: District Treasurer's Office

N/A = Not available

*Kettering City School District*

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2002	2003	2004	2005	2006
27,079	27,891	29,286	30,604	31,828
69,322	71,401	74,971	78,346	81,480
47,137	48,221	51,042	42,799	N/A
44,676	45,542	45,048	40,545	N/A
44,266	45,515	47,495	49,438	50,772

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2002	2003	2004	2005	2006
192	192	192	173	191
311	311	311	326	370
503	503	503	499	561

## *Kettering City School District*

### *Capital Asset Statistics by Building Last Ten Years*

	1997	1998	1999	2000
<b>Secondary</b>				
Kettering Fairmont High School				
Square Footage	350,000	350,000	350,000	350,000
Capacity (students)	3,725	3,725	3,725	3,725
Enrollment	2,307	2,378	2,370	2,468
<b>Middle</b>				
Kettering Middle School				
Square Footage	245,522	245,522	245,522	245,522
Capacity (students)	2,250	2,250	2,250	2,250
Enrollment	1,212	1,190	1,146	1,152
Van Buren Middle School				
Square Footage	103,184	103,184	103,184	103,184
Capacity (students)	960	960	960	960
Enrollment	710	705	716	751
<b>Elementary</b>				
Beavertown Elementary School				
Square Footage	47,347	47,347	47,347	47,347
Capacity (students)	530	530	530	530
Enrollment	389	394	397	406
Greenmont Elementary School				
Square Footage	45,633	45,633	45,633	45,633
Capacity (students)				
Enrollment	380	383	389	383
Indian Riffle Elementary School				
Square Footage	102,000	102,000	102,000	102,000
Capacity (students)	1,300	1,300	1,300	1,300
Enrollment	593	547	533	492
J.F.Kennedy Elementary School				
Square Footage	106,000	106,000	106,000	106,000
Capacity (students)	1,000	1,000	1,000	1,000
Enrollment	654	644	599	582
Moraine Meadows Elementary School				
Square Footage	26,732	26,732	26,732	26,732
Capacity (students)	418	418	418	418
Enrollment	188	208	187	187

***Kettering City School District***

2001	2002	2003	2004	2005	2006
350,000	420,517	420,517	420,517	420,517	420,517
3,725	3,725	3,725	3,725	3,725	3,725
2,494	2,475	2,520	2,479	2,454	2,485
245,522	245,522	245,522	245,522	245,522	245,522
2,250	2,250	2,250	2,250	2,250	2,250
1,176	1,150	1,122	1,079	1,099	1,041
103,184	103,184	103,184	103,184	103,184	103,184
960	960	960	960	960	960
740	731	739	740	676	680
47,347	47,347	47,347	47,347	47,347	47,347
530	530	530	530	530	530
398	395	348	359	354	353
45,633	45,633	45,633	45,633	45,633	45,633
375	371	329	324	346	336
102,000	102,000	102,000	102,000	102,000	102,000
1,300	1,300	1,300	1,300	1,300	1,300
482	455	469	471	435	444
106,000	106,000	106,000	106,000	106,000	106,000
1,000	1,000	1,000	1,000	1,000	1,000
558	555	552	539	537	554
26,732	26,732	26,732	26,732	26,732	26,732
418	418	418	418	418	418
190	197	159	160	152	155

## *Kettering City School District*

### *Capital Asset Statistics by Building Last Ten Years*

	1997	1998	1999	2000
<b>Oakview Elementary School</b>				
Square Footage	49,056	49,056	49,056	49,056
Capacity (students)	500	500	500	500
Enrollment	452	409	420	423
<b>Orchard Park Elementary School</b>				
Square Footage	34,189	34,189	34,189	34,189
Capacity (students)	450	450	450	450
Enrollment	345	335	325	315
<b>J.E.Prass Elementary School</b>				
Square Footage	47,264	47,264	47,264	47,264
Capacity (students)	570	570	570	570
Enrollment	376	381	411	400
<b>Southdale Elementary School</b>				
Square Footage	47,185	47,185	47,185	47,185
Capacity (students)	530	530	530	530
Enrollment	455	467	453	429
<b>All Other</b>				
<b>Central Administration Building</b>				
Square Footage	26,968	26,968	26,968	26,968
Occupancy	N/A	119	104	83
<b>Transportation Building</b>				
Square Footage	30,000	30,000	30,000	30,000
<b>Maintenance Building</b>				
Square Footage	15,000	15,000	15,000	15,000

Source: District Treasurer's Office

*Kettering City School District*

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2001	2002	2003	2004	2005	2006
49,056	49,056	49,056	49,056	49,056	49,056
500	500	500	500	500	500
411	427	416	433	565	409
34,189	34,189	34,189	34,189	34,189	34,189
450	450	450	450	450	450
319	321	305	291	290	304
47,264	47,264	47,264	47,264	47,264	47,264
570	570	570	570	570	570
384	370	369	349	348	336
47,185	47,185	47,185	47,185	47,185	47,185
530	530	530	530	530	530
393	391	393	363	384	407
26,968	26,968	26,968	26,968	26,968	26,968
101	179	195	178	195	153
30,000	30,000	30,000	30,000	30,000	30,000
15,000	15,000	15,000	15,000	15,000	15,000

## *Kettering City School District*

### *Capital Asset Statistics by Function Last Ten Years*

	1997	1998	1999	2000
<b>Governmental Activities</b>				
Instruction				
Regular				
Buildings and Improvements	\$17,256,080	\$17,256,080	\$17,256,080	\$17,256,080
Furniture, Fixtures and Equipment	3,068,178	2,980,968	2,650,155	2,627,837
Special				
Furniture, Fixtures and Equipment	168,031	176,157	189,942	207,978
Vocational				
Furniture, Fixtures and Equipment	152,438	196,446	299,122	454,572
Support Services				
Pupil				
Furniture, Fixtures and Equipment	37,711	37,711	62,121	72,758
Instructional Staff				
Furniture, Fixtures and Equipment	191,640	223,610	223,610	269,598
Administration				
Buildings and Improvements	213,000	213,000	213,000	213,000
Furniture, Fixtures and Equipment	41,457	259,910	280,581	297,751
Fiscal Services				
Furniture, Fixtures and Equipment	30,043	33,343	49,852	65,903
Business				
Furniture, Fixtures and Equipment	212,574	218,792	304,192	366,094
Operations and Maintenance of Plant				
Furniture, Fixtures and Equipment	286,008	286,008	301,473	360,374
Pupil Transportation				
Furniture, Fixtures and Equipment	26,484	26,484	26,484	30,100
Buses	2,000,091	2,353,068	2,359,378	2,386,056
Other Vehicles	398,836	398,836	425,773	450,690
Central				
Furniture, Fixtures and Equipment	374,890	374,890	430,357	513,230
Non-Instructional Activities				
Furniture, Fixtures and Equipment	103,994	249,964	249,964	277,982
Extracurricular Activities				
Furniture, Fixtures and Equipment	8,057	8,057	8,057	21,206
Facilities Acquisitions and Constructions				
Buildings and Improvements	14,578,614	14,578,614	14,578,614	14,578,614

Source: District Treasurer's Office

*Kettering City School District*

2001	2002	2003	2004	2005	2006
\$17,256,080	\$17,256,080	\$17,256,080	\$17,256,080	\$17,256,080	\$17,256,080
2,768,675	1,605,620	308,040	387,866	376,354	370,864
207,978	231,124	118,331	118,331	118,331	121,831
454,572	499,073	312,552	312,552	312,552	338,916
72,758	75,465	58,569	58,569	58,569	58,569
269,598	284,774	167,702	167,702	167,702	167,702
213,000	213,000	213,000	213,000	213,000	213,000
297,751	300,464	200,198	200,198	200,198	208,148
65,903	65,903	33,900	33,900	33,900	65,903
504,112	544,427	222,604	222,604	222,604	222,604
385,291	386,531	175,992	175,992	175,992	175,992
30,100	33,450	18,000	18,000	18,000	18,000
2,460,667	2,550,904	2,594,018	2,760,318	2,990,971	3,416,476
477,119	477,119	502,562	502,562	502,562	487,561
513,230	585,851	256,637	256,637	218,000	193,757
277,982	333,685	180,500	180,500	180,500	259,245
21,206	21,206	12,000	12,000	12,000	12,000
14,578,614	14,578,614	17,530,495	40,686,440	97,577,740	118,327,885

## *Kettering City School District*

### *Educational and Operating Statistics Last Ten Years*

	1997	1998	1999	2000	2001
<b>ACT Scores (Average)</b>					
Kettering	22.2	22.8	22.7	22.8	22.8
Ohio	21.3	21.4	21.4	21.4	21.4
National	21.0	21.0	21.0	21.0	21.0
<b>SAT Scores (Average)</b>					
Kettering					
Verbal	526	539	530	537	537
Mathematical	523	546	542	537	537
Ohio					
Verbal	535	540	534	533	534
Mathematical	536	540	538	539	539
National					
Verbal	505	500	505	505	506
Mathematical	511	510	511	514	514
<b>National Merit Scholars</b>					
Finalist	8	8	2	2	1
Semi-Finalist	8	8	2	2	1
Commended Scholars	0	0	0	0	0
<b>Cost per Student (ODE)</b>					
Kettering	\$6,104	6,256	6,591	6,789	6,937
Ohio (Average)	\$5,939	6,232	6,642	7,057	7,602
<b>Cost to Educate a Graduate</b>					
Kettering	N/A	N/A	N/A	N/A	N/A
Ohio (Average)	\$57,530	60,682	64,002	67,621	71,601
<b>Attendance Rate</b>					
Kettering	92.75%	95.53%	93.62%	95.41%	94.35%
Ohio (Average)	N/A	93.90%	94.20%	97.20%	94.70%
<b>Graduation Rate</b>					
Kettering	80.00%	80.70%	82.80%	77.70%	90.30%
Ohio (Average)	N/A	79.90%	81.40%	80.70%	81.20%

**Source:**

District's Student Records and Ohio Department of Education

N/A = Not available

*Kettering City School District*

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2002	2003	2004	2005	2006
22.6	23.4	22.2	22.2	23.2
21.4	21.4	21.4	21.1	21.5
20.8	20.8	20.9	20.6	21.1
528	544	527	524	541
527	551	531	532	552
534	536	540	539	535
539	541	540	543	544
506	507	510	508	503
514	519	510	520	581
3	2	2	0	0
3	2	2	0	0
0	0	0	3	4
7,412	7,726	8,247	9,434	10,593
8,073	8,441	8,768	9,028	9,356
N/A	80,238	83,539	88,059	N/A
75,655	79,747	84,129	88,133	N/A
95.57%	93.50%	93.90%	94.10%	95.50%
95.00%	94.90%	95.30%	95.20%	94.10%
95.00%	97.60%	99.30%	99.40%	N/A
82.80%	83.90%	84.30%	85.90%	86.20%





**Mary Taylor, CPA**  
Auditor of State

**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 23, 2007**