

**VANDALIA-BUTLER CITY
SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

SUPPLEMENTAL REPORTS

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2004**

DANIEL SCHALL, TREASURER



**Auditor of State
Betty Montgomery**

Board of Trustees
Vandalia-Butler City School District

We have reviewed the Independent Auditor's Report of the Vandalia-Butler City School District, Montgomery County, prepared by Trimble, Julian & Grube, Inc. for the audit period July 1, 2003 through June 30, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

April 18, 2005

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**VANDALIA-BUTLER CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

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TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

1445 Worthington Woods Boulevard
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Telephone 614.846.1899
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Independent Auditor’s Report on Supplementary Schedule of Receipts and Expenditures of Federal Awards

Board of Education
Vandalia-Butler City School District
306 S. Dixie Drive
Vandalia, OH 45377-2128

We have audited the financial statements of the governmental activities, its major fund and the aggregate remaining fund information of Vandalia-Butler City School District, Montgomery County (the “District”) as of and for the fiscal year ended June 30, 2004, and have issued our report thereon dated March 7, 2005. As disclosed in Note 3, the District changed its capitalization policy over capital assets. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as whole.

Trimble, Julian & Grube, Inc.

Trimble, Julian & Grube, Inc.
March 7, 2005

VANDALIA-BUTLER CITY SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(E) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(E) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Nutrition Cluster:						
(A),(C) Food Distribution	10.550	N/A	\$ -	\$ 26,156	\$ -	\$ 26,156
(A),(D) National School Lunch	10.555	044958-LL-P4-2003	19,823	-	19,823	-
(A),(D) National School Lunch	10.555	044958-LL-P4-2004	113,217	-	113,217	-
Total U.S. Department of Agriculture and Nutrition Cluster			133,040	26,156	133,040	26,156
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Title I - Grants to Local Educational Agencies	84.010	044958-C1-S1-2003	11,364		20,401	
Title I - Grants to Local Educational Agencies	84.010	044958-C1-S1-2004	213,709		206,627	
Total Title I - Grants to Local Educational Agencies			225,073		227,028	
Special Education Cluster:						
(B) Special Education: Grants to States	84.027	044958-6B-SF-2004	455,316		455,316	
(B) Special Education: Preschool Handicapped	84.173	044958-PG-S1-2003-P	7,138		8,705	
(B) Special Education: Preschool Handicapped	84.173	044958-PG-S1-2004	1,569		8,714	
Total Special Education: Preschool Handicapped			8,707		17,419	
Total Special Education Cluster			464,023		472,735	
Safe and Drug-Free Schools	84.186	044958-DR-S1-2004	10,247		10,247	
State Grants for Innovative Programs	84.298	044958-C2-S1-2003	231		11,070	
State Grants for Innovative Programs	84.298	044958-C2-S1-2004	12,087		136	
Total State Grants for Innovative Programs			12,318		11,206	
Technology Literacy Challenge Grant	84.318	044958-TJ-S1-2003	-		2,294	
Technology Literacy Challenge Grant	84.318	044958-TJ-S1-2004	5,963		5,921	
Total Technology Literacy Challenge Grant			5,963		8,215	
Improving Teacher Quality	84.367	044958-TR-S1-2003	1,172		66,328	
Improving Teacher Quality	84.367	044958-TR-S1-2004	96,536		39,228	
Total Improving Teacher Quality			97,708		105,556	
Total U.S. Department of Education			815,332		834,987	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH THE MONTGOMERY COUNTY EDUCATIONAL SERVICE CENTER:						
Community Alternative Funding System Program	93.778	N/A	2,262		2,262	
Total Federal Financial Assistance			\$ 950,634	\$ 26,156	\$ 970,289	\$ 26,156

- (A) Included as part of "Nutrition Grant Cluster" in determining major programs.
(B) Included as part of "Special Education Grant Cluster" in determining major programs.
(C) The Food Distribution Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.
(D) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
(E) This schedule was prepared on the cash basis of accounting.

TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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

Board of Education
Vandalia-Butler City School District
306 S. Dixie Drive
Vandalia, OH 45377-2128

We have audited the financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Vandalia-Butler City School District, Montgomery County, (the “District”) as of and for the fiscal year ended June 30, 2004, which collectively comprise the District’s basic financial statements and have issued our report thereon dated March 7, 2005. As disclosed in Note 3, the District changed its capitalization policy over capital assets. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the District in a separate letter dated March 7, 2005.

Board of Education
Vandalia-Butler City School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings as item 2004-VBCSD-001. We also noted other matters that we reported to management in a separate letter dated March 7, 2005.

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

Trimble, Julian, & Grube, Inc.

Trimble, Julian & Grube, Inc.
March 7, 2005

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Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance With *OMB Circular A-133*

Board of Education
Vandalia-Butler City School District
306 S. Dixie Drive
Vandalia, OH 45377-2128

Compliance

We have audited the compliance of the Vandalia-Butler City School District, Montgomery County, (the “District”) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the fiscal year ended June 30, 2004. As disclosed in Note 3, the District changed its capitalization policy over capital assets. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each major federal program is the responsibility of the District’s management. Our responsibility is to express an opinion on the District’s compliance based on our audit.

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

Board of Education
Vandalia-Butler City School District

In our opinion, the Vandalia-Butler City School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2004.

Internal Control Over Compliance

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

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

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

Trimble, Julian & Grube, Inc.

Trimble, Julian & Grube, Inc.
March 7, 2005

**VANDALIA-BUTLER CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2004**

1. SUMMARY OF AUDITOR'S RESULTS

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

**VANDALIA-BUTLER CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2004**

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

Finding Number	2004-VBCSD-001
----------------	----------------

Ohio Revised Code Section 5705.39 requires that a subdivision’s total appropriations from each fund should not exceed the total estimated resources.

It was noted during the audit that the following funds had appropriations exceeding estimated resources at June 30, 2004:

<u>Nonmajor Funds</u>	<u>Amount</u>
Special Trust	\$ 283
Public School Support	84,500
Athletics	228,283
Career Education	527
Development	4,359
Ohio Reads	13,157
Summer Intervention	50,239
Miscellaneous State Grants	20,567
Title I	70,559
Title VI	17,726
Preschool Handicapped Grant	7,145
Title VI-R	65,712
Miscellaneous Federal Grants	1,730

With appropriations exceeding estimated resources the District may spend more funds than in the Treasury or process of collection and cause fund deficits.

We recommend that the District comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by keeping more accurate appropriations versus estimated resources records and amending the budget prior to year end. If it is determined that estimated resources will be greater than initially anticipated, the District should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated resources. In addition, the District should monitor its budgetary process on a regular basis.

3. FINDINGS FOR FEDERAL AWARDS

None.

**VANDALIA-BUTLER CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
JUNE 30, 2004**

**STATUS OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .505**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2003-001	The District improperly recorded encumbrances to itself contrary to Ohio Revised Code Section 5705.41(D).	No	Reported in management letter.
2003-002	Questioned costs of \$228,310 were reported in accordance with the Special Education Cluster.	Yes	N/A.
2003-003	The final expenditure report was not submitted to the Ohio Department of Education 90 days after fiscal year end.	Yes	N/A.
2003-004	The data collection form was not submitted to the required cognizant or oversight agency 30 days after receipt of the auditor's report.	Yes	N/A.

**VANDALIA-BUTLER CITY SCHOOL DISTRICT
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
for the fiscal year ended June 30, 2004**



306 South Dixie Drive, Vandalia, Ohio 45377

VANDALIA-BUTLER CITY SCHOOL DISTRICT
VANDALIA, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

Issued by:
Daniel Schall
Treasurer

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Introductory Section

Vandalia-Butler City School District
Vandalia, Ohio
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2004

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March 7, 2005

Citizens of Vandalia-Butler City School District
and Members of the Vandalia-Butler Board of Education:

We are pleased to present the third Comprehensive Annual Financial Report (CAFR) for the Vandalia-Butler City School District. This report, for the fiscal year ended June 30, 2004, contains the financial statements and other financial and statistical data that provide complete and full disclosure of all material financial aspects of the Vandalia-Butler City School District (District). The responsibility for the accuracy and completeness of all data presented, and the fairness of the presentation, rests with the District, specifically with the District Treasurer's office.

This CAFR is divided into three sections as follows:

1. The Introductory Section contains the table of contents, letter of transmittal, GFOA Certificate of Achievement, a list of principal officials, and an organizational chart of the District.
2. The Financial Section begins with the Independent Auditor's Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the District's financial position and operating results, the Combining Statements for nonmajor funds and other schedules that provide detailed information relative to the Basic Financial Statements.
3. The Statistical Section presents social and economic data and financial trend information, and demonstrates the fiscal capacity of the District.

Accounting Principles Generally Accepted in the United States of America (GAAP) also requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the Independent Auditor's Report.

DISTRICT OVERVIEW

The Vandalia-Butler City School District serves an area of 36 square miles in the northern part of Montgomery County, Ohio, encompassing Butler Township, the City of Vandalia, a portion of the City of Union, and a portion of the City of Dayton. The Dayton International Airport, located within the District, comprises approximately 6.25 square miles of the total 36 square miles.

The area is located approximately 10 miles north of the City of Dayton at the "Crossroads of America" which was originally defined by the intersection of US Route 40 and US Route 25A but is now identified by the intersection of Interstate 70 and Interstate 75 – America's coast-to-coast highways. With these major thoroughfares, Vandalia and Butler Township provide a desirable location for many families who work in the Dayton metropolitan area and provide a desirable location for many businesses that provide goods and services throughout the country.

Education in the area began with the first school that formed in Butler Township in 1807. Additionally, the Village of Vandalia School District formed in 1869. A consolidated Butler and Vandalia school district formed in 1921 under the name Butler Township Schools. The consolidated school district operated from the Butler Township School Building built in 1921. That school today currently operates as Morton Middle School serving students in grades 5 through 8.



DISTRICT ORGANIZATION AND REPORTING ENTITY

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. Under a locally elected five member Board form of government, the District provides educational services as authorized by its charter or further mandated by state and/or federal agencies. The Board of Education serves as the taxing authority, contracting body, and policy maker for the District. In addition, the Board adopts the annual operating budget and approves all expenditures of District monies. The Board appoints the Superintendent and Treasurer. As the chief administrative officer, the Superintendent is responsible for the development, supervision, and operation of the school programs and facilities and appoints all other personnel in the District. As the chief financial officer, the Treasurer is responsible for maintaining financial records, acting as the custodian of all District funds, and investing idle funds as specified by law.

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements of the District are not misleading.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units also include organizations that are fiscally dependent on the District in that the District approves the organization's budget, the issuance of its debt or the levying of its taxes. Currently, the District does not have any component units.

The District is associated with the Southwestern Ohio Education Purchasing Council (SOEPC), which is defined as a jointly governed organization. It is a purchasing cooperative comprised of nearly 100 school districts in 12 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. This organization is presented in Note 17.

Also, the District is associated with the Southwestern Ohio Instructional Technology Association (SOITA), which is defined as a jointly governed organization. It is a not-for-profit corporation formed under Section 1702.01 of the Ohio Revised Code. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs. This organization is presented in Note 17.

Also, the District is associated with the Miami Valley Career Technology Center, which is defined as a jointly governed organization. It is a distinct political subdivision of the State of Ohio operating as a joint vocational school district. The purpose of the school district is to provide vocational educational services to students of member districts. This organization is presented in Note 17.

Also, the District is associated with the Metropolitan Dayton Education Computer Association, which is defined as a jointly governed organization. It is a computer consortium of area school districts sharing computer resources. The purpose of the association is to apply modern technology with the aid of computers and other electronic equipment to administrative instructional functions among member districts. This organization is presented in Note 17.

ECONOMIC CONDITION AND OUTLOOK

The Vandalia-Butler City School District serves the residents of the City of Vandalia and Butler Township. With recent annexations of portions of Butler Township, the City of Union has initiated an aggressive pursuit of land for development.

Butler Township continues to experience residential and commercial growth. With the redesign of the Interstate 70 and Interstate 75 exchange that began in 2002, the township has opened a new exit ramp at the Benchwood Road interchange and closed to rebuild the Little York Road exchange. Among many new projects, York Commons is an 80 acre regional retail project located at the new I-75 Benchwood interchange, six miles north of downtown Dayton and within 10 minutes of the Dayton International Airport. The property is zoned B-3 allowing for most business enterprises. Tax incentives are being considered both in TIF and Enterprise Zone formats to provide further appeal for commercial development in the Benchwood area and around the Dayton International Airport.

The City of Vandalia experienced a slight economic upswing during 2003 and continuing into 2004. The City also has begun planning the expansion of Dixie Road to accommodate greater traffic volumes. Similarly to the township they are considering tax incentives and modified infrastructure to attract more local business.

MAJOR INITIATIVES

Increasing student achievement served as the lens to focus all educational and financial decisions through the 2003-2004 school year. We continued our implementation of the strategic plan, examined weaknesses in student achievement and designed targeted interventions to better align our instruction and our financial resources to support these improvement efforts. We improved from 14 to 16 indicators, increased test scores in 12 of 20 academic proficiency areas and increased our graduation rate from 87.9% to 93% on the Ohio Department of Education Local Report Card.

In order to maintain a solid funding for the district through 2007, \$3,600,000 in additional revenue was levied and passed on November 2, 2004. The community's support of the District's need for funding prevented the loss of many student programs.

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 budgetary basis system of accounting as prescribed by State statute. Cash basis accounting differs from accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB).

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 is 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 derived from its implementations, and (2) the valuation of cost and benefits requires estimates and judgments by management.

The District uses a fully automated accounting system as well as an automated system for payroll. These systems, coupled with the manual payroll control procedures, ensures that the financial information generated is both accurate and reliable.

Federal and State Assistance

As a recipient of Federal and State 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.

Budgetary Controls

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriation resolution. The legal level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level.

The district maintains an encumbrance accounting system as a technique of accomplishing budgetary control. Unencumbered appropriation balances are verified prior to the release of purchase orders to ensure funds are available to meet the obligation created by the purchase order. Encumbered amounts at year-end are carried forward to succeeding years and are not re-appropriated.

Financial Condition

This is the third year the District has prepared financial statements following GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." GASB 34 created new basic financial statements for reports as follows:

Government-wide financial statements. These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by many businesses. The government-wide statement distinguish between those activities of the District that are governmental and those that are considered business-type activities. The District reports no business-type activities.

Fund financial statements. These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

Statement of budgetary comparisons. These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transaction on a basis of cash receipts, disbursements, and encumbrances.

Management Discussion and Analysis for the District. This discussion is located in the financial section of this report following the audit opinion and provides an assessment of the District finances for 2004 and the outlook for the future.

Cash Management

In 2001, the District adopted an investment policy and has used Multi-Bank Services, Ltd. as an investment consultant. With the guidance of Multi-Bank Services, the District pursues an aggressive cash management program by expediting the receipt of revenues and prudently investing available cash pursuant to the District's investment policy. The total interest earned by the District's governmental funds was \$152,253 for the fiscal year ended June 30, 2004. A majority of the District's deposits are collateralized by pooled collateral. By law, financial institutions may establish a collateral pool to cover all public deposits. The collateral is held by trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions. The District regularly reviews the market value of the pool to ensure that adequate collateral is provided. A more detailed description of District's investments is presented in Note 6.

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 insurance companies licensed to do business in the State of Ohio.

For fiscal year 2004, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating Districts is calculated as one experience and a common premium rate is applied to all Districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to Districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

OTHER INFORMATION

Independent Audit

An audit team from Trimble, Julian and Grube Inc. has performed this year's audit. The results of the audit are presented in the Independent Auditor's Report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Vandalia-Butler City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003.

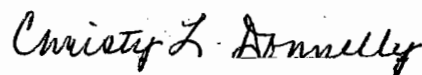
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The District believes the current report continues to conform to the award program requirements and will submit it to the GFOA to determine its eligibility for an award.

Acknowledgements

Sincere appreciation is extended to the many people who have contributed their time and effort to prepare this report. The members of the Treasurer's Office Staff are to be especially commended for their input and commitment. Finally, appreciation is extended to the firm of Balestra, Harr and Scherer Consulting, LLC for the guidance and assistance in preparing this report.



Daniel Schall
Treasurer



Christy Donnelly, Ph.D.
Superintendent

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Vandalia-Butler
City School District,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

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.



A handwritten signature in black ink, appearing to read "Edward Haney".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emen".

Executive Director

Vandalia-Butler City School District
Vandalia, Ohio
List of Principal Officials
June 30, 2004

ELECTED OFFICIALS

President, Board of Education
Vice President, Board of Education
Board of Education Member
Board of Education Member
Board of Education Member

Mr. Denny Dyer
Mrs. Judy Abromowitz
Dr. Mark Forte
Mr. Doug Mangen
Mr. Bud Zupp

ADMINISTRATIVE OFFICIALS

Superintendent
Treasurer
Assistant Superintendent
Director of Business Operations
Director of Pupil Personnel

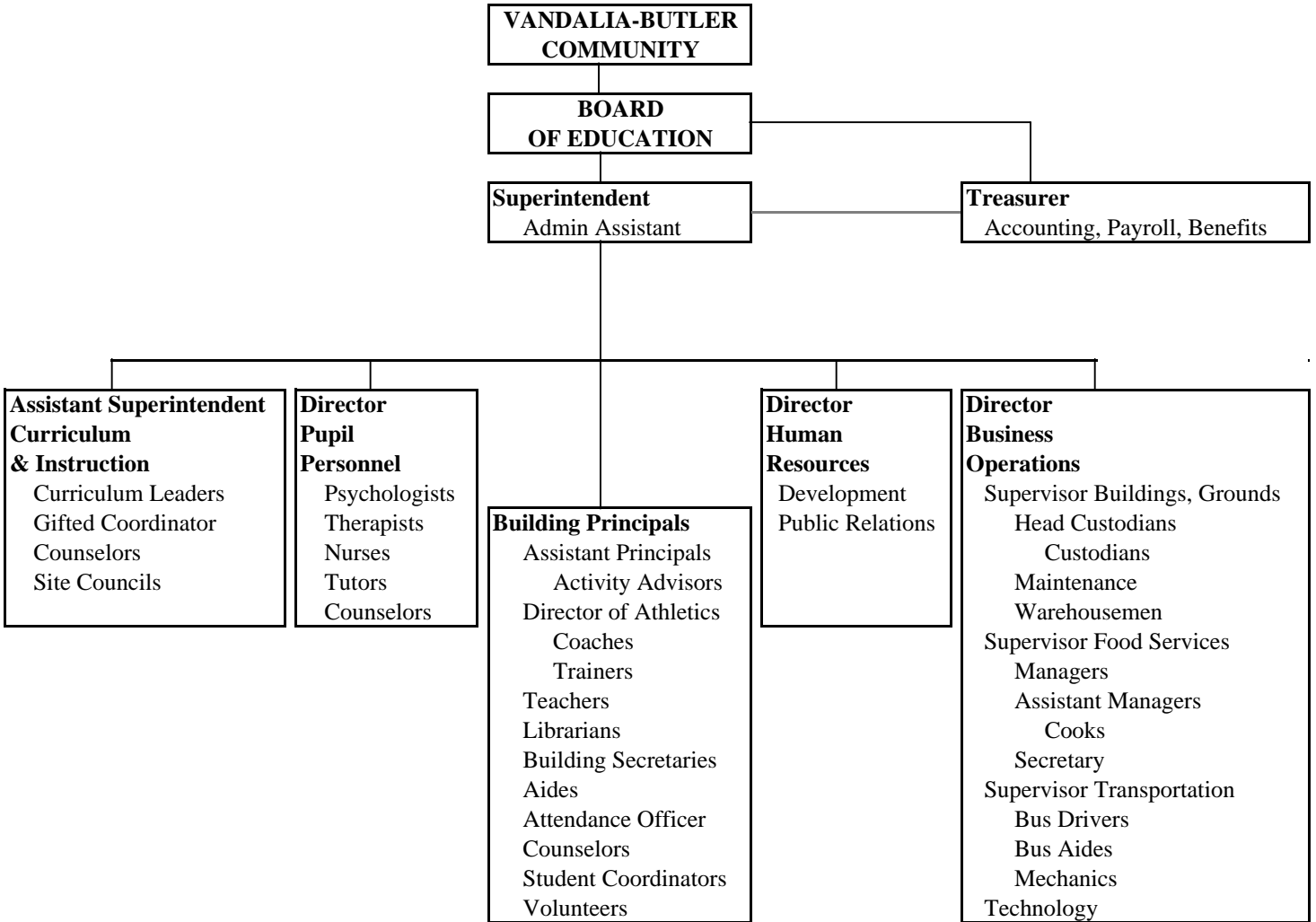
Dr. Christy Donnelly
Mr. Daniel Schall
Dr. Yasmin Sharif
Mr. Chuck Stewart
Mr. Dan Heaton

OFFICE OF THE TREASURER

Treasurer
Assistant to Treasurer
Payroll Supervisor
Accounting Clerk
Accounting Clerk

Mr. Daniel Schall
Mrs. Sharon Harrison
Mrs. Betty Spencer
Mrs. Sheri Zugelder
Mrs. Sharon Elliott

Vandalia-Butler City School District
 Vandalia, Ohio
 Organizational Chart
 June 30, 2004





Financial Section

TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

Independent Auditor’s Report

Board of Education
Vandalia-Butler City School District
306 S. Dixie Drive
Vandalia, OH 45377-2128

We have audited the accompanying financial statements of the governmental activities, its major fund and the aggregate remaining fund information of the Vandalia-Butler City School District, Montgomery County, Ohio, (the “District”), as of and for the fiscal year ended June 30, 2004, 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 *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, its major fund, and the aggregate remaining fund information of the Vandalia-Butler City School District, Montgomery County, Ohio, as of June 30, 2004, and the respective changes in financial position, thereof and the respective budgetary comparison for the general fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 3, the District changed its capitalization policy over capital assets.

Independent Auditor's Report
Vandalia-Butler City School District

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2005, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Trimble, Julian & Grube, Inc.
March 7, 2005

Vandalia-Butler City School District
Vandalia, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Vandalia-Butler City School District's (the District) discussion and analysis of the annual financial reports provides a review of the financial performance for the fiscal year ended June 30, 2004. 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, notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued June, 1999.

FINANCIAL HIGHLIGHTS

- The District's assets exceeded its liabilities at June 30, 2004 by \$11,877,824.
- The District's net assets of governmental activities decreased \$3,047,855 which represents a 20 percent decrease from 2003.
- General revenues accounted for \$24,230,884 in revenue or 86 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,822,785 or 14 percent of total revenues of \$28,053,669.
- The District had \$31,101,524 in expenses related to governmental activities; only \$3,822,785 of these expenses was offset by program specific charges for services, grants, or contributions.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the Vandalia-Butler City School District's financial situation as a whole and also give a detailed view of the District's financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column.

Vandalia-Butler City School District
Vandalia, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004

REPORTING THE DISTRICT AS A WHOLE

The analysis of the District as a whole begins with the Statement of Net Assets and the Statement of Activities. These reports provide information that will help the reader to determine whether the District is financially improving or declining as a result of the year's financial activities. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and changes to those assets. This change informs the reader whether the District's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the user of these financial statements needs to take into account non-financial factors that also impact the District's financial well-being. Some of these factors include the District's tax base, current property tax laws in Ohio restricting revenue growth, the condition of capital assets, and required educational programs.

In the Statement of Net Assets and the Statement of Activities, the District has only one kind of activity.

- **Governmental Activities.** All of the District's programs and services are reported here including instruction, support services, operation and maintenance of capital assets, pupil transportation, non-instructional services, and extracurricular activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the District's funds begins on page 7. Fund financial statements provide detailed information about the District's major funds – not the District as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Treasurer with approval from the Board to help control, manage and report money received for a particular purpose or to show that the District is meeting legal responsibilities for use of grants. The Vandalia-Butler City School District's only major fund is the General fund.

Governmental Funds. All of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily 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 to determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Vandalia-Butler City School District
Vandalia, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004

THE DISTRICT AS A WHOLE

As stated previously, the Statement of Net Assets provides the perspective of the District as a whole. Table 1 provides a summary of the District's net assets for 2004 compared to 2003.

Table 1
Net Assets

	2004	2003
Assets:		
Current Assets	\$33,226,888	\$35,537,738
Capital Assets, Net	5,355,646	5,671,145
Total Assets	38,582,534	41,208,883
Liabilities:		
Current and Other Liabilities	23,570,633	23,007,348
Long-Term Liabilities	3,134,077	3,275,856
Total Liabilities	26,704,710	26,283,204
Net Assets:		
Invested in Capital Assets, Net of Related Debt	4,058,741	4,290,167
Restricted	505,420	494,768
Unrestricted	7,313,663	10,140,744
Total Net Assets	\$11,877,824	\$14,925,679

Total net assets of the District as a whole decreased \$3,047,855. This decrease is attributed to an increase in capital asset threshold to \$5,000, the continued increase in expenditures over revenues in the general fund.

Vandalia-Butler City School District
Vandalia, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004

Table 2 shows the changes in net assets for fiscal years ended June 30, 2004 and June 30, 2003.

Table 2
Change in Net Assets

	2004	2003
Revenues		
Program Revenues:		
Charges for Services and Sales	\$1,613,953	\$1,546,638
Operating Grants and Contributions	2,208,832	1,644,053
Capital Grants and Contributions	0	52,688
Total Program Revenues	3,822,785	3,243,379
General Revenues:		
Property Taxes	18,000,695	18,582,329
Grants and Entitlements	5,953,345	5,535,238
Investment Earnings	152,253	277,791
Other	124,591	379,158
Total General Revenues	24,230,884	24,774,516
Total Revenues	28,053,669	28,017,895
Program Expenses		
Instruction		
Regular	13,262,778	12,878,701
Special	2,629,998	2,322,417
Vocational	370,998	373,908
Other	1,496,692	1,353,734
Support Services		
Pupil	1,924,211	1,972,949
Instructional Staff	2,072,071	1,581,473
Administration	1,731,639	1,985,350
Business and Fiscal	918,560	851,519
Operation of Maintenance of Plant	2,542,499	2,503,379
Pupil Transportation	1,251,468	1,098,435
Other	724,605	1,058,763
Non-Instructional Services	1,410,629	1,360,262
Extracurricular Activities	642,708	713,987
Interest and Fiscal Charges	122,668	146,427
Total Expenses	31,101,524	30,201,304
Net Assets at Beginning of Year	14,925,679	17,109,088
Increase (Decrease) in Net Assets	(3,047,855)	(2,183,409)
Net Assets at End of Year	\$11,877,824	\$14,925,679

Vandalia-Butler City School District
Vandalia, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004

Governmental Activities

Property taxes comprised 64 percent of revenue for governmental activities of the Vandalia-Butler City School District for fiscal year 2004 and represents the largest source of revenue. Since 1994, property tax revenue has increased 13.05%.

Grants and entitlements comprised 29 percent of revenue for governmental activities during 2004. Since 1994, grants and entitlements revenue has increased 36%.

As indicated by governmental program expenses, total instruction is emphasized. Total instruction comprised 57 percent of governmental program expenses with support services comprising 36 percent of governmental expenses. The Board of Education relies on taxes to support increased student achievement within the school district.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2004 as compared to 2003. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Total and Net Cost of Program Services
Governmental Activities

	2004		2003	
	Total Cost of Services	Net Cost Of Services	Total Cost of Services	Net Cost of Services
Instruction	\$17,760,466	\$(16,984,957)	\$16,928,760	\$(16,448,090)
Support Services	11,165,053	(9,734,976)	11,051,868	(9,775,327)
Operation of Non-instructional Services	1,410,629	(148,163)	1,360,262	(175,736)
Extracurricular Activities	642,708	(342,422)	713,987	(412,345)
Interest and Fiscal Charges	122,668	(68,221)	146,427	(146,427)
Total Expenses	\$31,101,524	\$(27,278,739)	\$30,201,304	\$(26,957,925)

THE DISTRICT'S FUNDS

Information about the District's major governmental fund begins on page 12. This fund is accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$28,590,701 and expenditures and other financial uses of \$31,471,650. The net change in fund balance for the year was most significant in the General fund.

The fund balance of the General Fund decreased by \$2,850,096. Expenditures continue to exceed revenues annually. Even with passage of a 5.5 mill operating levy, general fund balances for each of the next five years will continue to decline unless further levies are passed by the residents of the district. Current projections show the district with a deficit general fund balance in fiscal year 2009.

Vandalia-Butler City School District
Vandalia, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004

General Fund Budgeting Highlights

The District's budget is adopted on a fund basis. Before the budget is adopted, the Board of Education reviews the detailed work papers of each object within the General Fund and then adopts the budget on a fund basis.

During the course of the fiscal year 2004, the District amended its general fund budget numerous times. For the general fund, final budgeted revenues of \$24,089,440 were \$626,560 lower than the original budgeted revenues estimate of \$24,716,000. Actual revenues and other financing sources for the fiscal year 2004 was \$24,955,535. This represents an \$866,095 increase from the final budgeted revenues.

General Fund original and final appropriations (appropriated expenditures plus other financing uses) were \$28,564,982. The actual budget basis expenditures and other financing uses for fiscal year 2004 totaled \$27,638,783 which was \$926,199 less than the final budgeted appropriations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2004, the District had \$5,355,646 invested in land, buildings, equipment, and vehicles. Table 4 shows the fiscal year 2004 balances compared to 2003. For additional information on capital assets, see Note 9 to the basic financial statements.

Table 4
Capital Assets
(Net of Accumulated Depreciation)

	Governmental Activities	
	2004	2003
Land	\$590,785	\$577,379
Buildings and Improvements	4,014,257	4,363,279
Furniture and Equipment	507,959	389,334
Vehicles	242,645	341,153
Totals	\$5,355,646	\$5,671,145

Changes in capital assets from the prior year resulted from additions and depreciation. Also, a change in capital asset threshold from \$1,000 to \$5,000 resulting in a prior period adjustment of \$310,566 attributed to the change in beginning capital assets.

Vandalia-Butler City School District
Vandalia, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004

Debt

At June 30, 2004, the District had \$1,000,000 in bonds outstanding with \$250,000 due within one year. Table 5 summarizes the bonds outstanding:

Table 5
Outstanding Debt at Year End
Governmental Activities

	2004	2003
1984 General Obligation Bonds	<u>\$1,000,000</u>	<u>\$1,250,000</u>

The General Obligation Bonds were issued March 1, 1984 in the amount of \$5,450,000. The voted general obligation bonds were issued for the purpose of constructing a new Student Activity Center at the high school. The final payment is due in fiscal year 2008. For additional information on capital assets, see Note 15 to the basic financial statements.

At June 30, 2004 the District's overall legal debt margin was \$59,861,593 with an unvoted debt margin of \$665,134.

FOR THE FUTURE

Vandalia-Butler City Schools continues to improve on student achievement and development of life skills. The district is committed to improving the core strategies developed in its strategic plan and anticipates analysis and revision of the plan at the end of the 2005 school year. Technology, facilities, and finances continue to be major issues of concern for the district as all three are limited and crucial to the accomplishment of initiatives set out in the plan.

The role out of the program based budget in 2003 has proven to be a useful tool in 2004 for measuring the district's financing of student achievement. By identifying funding at a program level the board of education has been able to make more informed decisions regarding efficient use of resources. Continued use of the program budget will further identify efficiencies and needs for the district's students.

In correlation with meeting student needs, the school board is determined to plan for long term financial stability and is working closely with the community and other areas of local government to provide for efficient use of resources. Local government collaboration and the ability to make better informed program decisions as a community will continue to give Vandalia-Butler City Schools students a quality education grounded in the life skills that make for great individuals, communities, states, and nation.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the District's financial condition and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Daniel Schall, Treasurer, Vandalia-Butler City School District, 306 South Dixie Drive, Vandalia, Ohio 45377.



Vandalia-Butler City School District
Statement of Net Assets
as of June 30, 2004

	Governmental Activities
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$14,000,540
Receivables	
Taxes	19,097,593
Intergovernmental	128,755
Non-Depreciable Capital Assets	590,785
Capital Assets, Net	4,764,861
<i>Total Assets</i>	38,582,534
Liabilities	
Accounts Payable	1,230,265
Accrued Wages and Benefits	3,723,274
Matured Compensated Absences Payable	152,357
Accrued Interest Payable	8,014
Deferred Revenue	17,487,943
Early Retirement Incentive Payable	155,000
Intergovernmental Payable	813,780
Long-Term Liabilities:	
Due Within One Year	534,395
Due In More Than One Year	2,599,682
<i>Total Liabilities</i>	26,704,710
Net Assets	
Invested in Capital Assets, Net of Related Debt	4,058,741
Restricted for:	
Debt Service	37,476
Other Purposes	467,944
Unrestricted	7,313,663
<i>Total Net Assets</i>	\$11,877,824

The notes to financial statements are an integral part of this statement.

Vandalia-Butler City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2004

	<u>Program Revenues</u>			Net (Expense) Revenue and Changes in Net Assets
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities				
Instruction:				
Regular	\$13,262,778	\$23,901	\$158,653	(\$13,080,224)
Special	2,629,998	1,813	579,785	(2,048,400)
Vocational	370,998	294	0	(370,704)
Other	1,496,692	1,177	9,886	(1,485,629)
Support Services:				
Pupil	1,924,211	1,264	319,430	(1,603,517)
Instructional Staff	2,072,071	279,114	168,759	(1,624,198)
Administration	1,731,639	1,322	64,518	(1,665,799)
Business and Fiscal	918,560	729	0	(917,831)
Operation and Maintenance of Plant	2,542,499	8,492	3,186	(2,530,821)
Pupil Transportation	1,251,468	993	571,617	(678,858)
Other	724,605	560	10,093	(713,952)
Non-Instructional Services	1,410,629	994,008	268,458	(148,163)
Extracurricular Activities	642,708	300,286	0	(342,422)
Interest and Fiscal Charges	122,668	0	54,447	(68,221)
Total Governmental Activities	<u>\$31,101,524</u>	<u>\$1,613,953</u>	<u>\$2,208,832</u>	<u>(27,278,739)</u>

General Revenues

Property Taxes Levied for:	
General Purposes	17,528,902
Debt Service	471,793
Grants and Entitlements not Restricted to Specific Programs	5,953,345
Investment Earnings	152,253
Miscellaneous	124,591
Total General Revenues	<u>24,230,884</u>
Change in Net Assets	(3,047,855)
<i>Net Assets Beginning of Year - Restated - See Note 3</i>	<u>14,925,679</u>
<i>Net Assets End of Year</i>	<u>\$11,877,824</u>

The notes to the financial statements are an integral part of this statement.

Vandalia-Butler City School District

Balance Sheet

Governmental Funds

as of June 30, 2004

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$12,198,065	\$1,802,475	\$14,000,540
Receivables :			
Taxes	18,597,146	500,447	19,097,593
Intergovernmental	0	128,755	128,755
Interfund Loans Receivable	<u>59,745</u>	<u>0</u>	<u>59,745</u>
Total Assets	<u><u>\$30,854,956</u></u>	<u><u>\$2,431,677</u></u>	<u><u>\$33,286,633</u></u>
LIABILITIES			
Accounts Payable	\$1,099,535	\$130,730	\$1,230,265
Accrued Wages and Benefits	3,552,470	170,804	3,723,274
Matured Compensated Absences	152,357	0	152,357
Early Retirement Incentive	155,000	0	155,000
Deferred Revenues	17,972,226	603,987	18,576,213
Interfund Loans Payable	0	59,745	59,745
Intergovernmental Payable	<u>421,820</u>	<u>48,715</u>	<u>470,535</u>
Total Liabilities	<u>23,353,408</u>	<u>1,013,981</u>	<u>24,367,389</u>
FUND BALANCES			
Reserved for Property Taxes	624,920	18,070	642,990
Unreserved			
Undesignated - Reported In			
General Fund	6,876,628	0	6,876,628
Special Revenue Funds	0	400,103	400,103
Debt Service Fund	0	999,523	999,523
Total Fund Balances	<u>7,501,548</u>	<u>1,417,696</u>	<u>8,919,244</u>
Total Liabilities and Fund Balances	<u><u>\$30,854,956</u></u>	<u><u>\$2,431,677</u></u>	<u><u>\$33,286,633</u></u>

The notes to the financial statements are an integral part of this statement.

Vandalia-Butler City School District
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2004

Total Governmental Fund Balances		\$	8,919,244
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			5,355,646
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.			
Taxes	966,660		
Intergovernmental	121,610		
Total			1,088,270
Intergovernmental payable includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore are not reported in the funds			(343,245)
Long-Term Liabilities, including bonds, capital lease obligations, and long-term portion of compensated absences are not due and payable in the current period and therefore are not reported in the funds.			
Compensated Absences	(1,837,172)		
Interest Payable	(8,014)		
Capital Lease Obligations	(296,905)		
General Obligation Bonds	(1,000,000)		
Total			(3,142,091)
Net Assets of Governmental Activities		\$	11,877,824

The notes to the financial statements are an integral part of this statement.

Vandalia-Butler City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

For the Fiscal Year Ended June 30, 2004

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes	\$17,666,502	\$468,186	\$18,134,688
Tuition and Fees	19,016	146,032	165,048
Earnings on Investments	149,536	2,717	152,253
Intergovernmental	6,709,983	1,330,584	8,040,567
Charges for Services	0	861,444	861,444
Extracurricular	2,860	584,601	587,461
Other	75,237	49,354	124,591
Total Revenues	<u>24,623,134</u>	<u>3,442,918</u>	<u>28,066,052</u>
Expenditures			
Current Operating			
Instruction			
Regular	12,841,053	140,441	12,981,494
Special	2,249,810	344,610	2,594,420
Vocational	386,614	0	386,614
Other	1,481,801	14,257	1,496,058
Pupil Support Services	1,587,895	331,815	1,919,710
Instructional Support Services	1,609,429	475,037	2,084,466
Administration	1,645,968	65,306	1,711,274
Business and Fiscal Services	881,534	0	881,534
Operation and Maintenance of			
Plant Services	2,530,618	19,095	2,549,713
Transportation Services-Pupils	1,123,948	0	1,123,948
Other Support Services	746,867	18,958	765,825
Enterprise Operations	19,985	0	19,985
Extracurricular Activities	0	612,437	612,437
Non-Instructional Services	0	1,388,839	1,388,839
Capital Outlay	221,940	0	221,940
Debt Service			
Principal	56,013	250,000	306,013
Interest	8,986	115,685	124,671
Total Expenditures	<u>27,392,461</u>	<u>3,776,480</u>	<u>31,168,941</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(2,769,327)	(333,562)	(3,102,889)
Other Financing Sources (Uses)			
Transfers In	0	302,709	302,709
Transfers Out	(302,709)	0	(302,709)
Inception of Capital Lease	221,940	0	221,940
Total Other Financing Sources (Uses)	<u>(80,769)</u>	<u>302,709</u>	<u>221,940</u>
Net Change in Fund Balances	(2,850,096)	(30,853)	(2,880,949)
Fund Balances at			
Beginning of Year	<u>10,351,644</u>	<u>1,448,549</u>	<u>11,800,193</u>
Fund Balances at End of Year	<u>\$7,501,548</u>	<u>\$1,417,696</u>	<u>\$8,919,244</u>

The notes to the financial statements are an integral part of this statement.

Vandalia-Butler City School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities*
For the Fiscal Year Ended June 30, 2004

Net Change in Fund Balances - Total Governmental Funds \$ (2,880,949)

**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 depreciation exceeded capital outlays in the current period.

Capital Asset Additions	309,933	
Current Year Depreciation	(625,432)	
Total	(315,499)	(315,499)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Taxes	(133,993)	
Intergovernmental	121,610	
Total	(12,383)	(12,383)

New capital lease obligations in the statement of revenues, expenditures and changes in fund balances that are reported as other financing sources are not reported as revenues in the statement of activities. (221,940)

Repayment of bond principal are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net assets and does not result in an expense in the statement of activities. 250,000

Repayment of capital leases obligations are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net assets and does not result in an expense in the statement of activities. 56,013

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.

Decrease in Compensated Absences	57,706	
Decrease in Interest Payable	2,003	
Decrease in Intergovernmental Payable	17,194	
Total	76,903	76,903

Net Change in Net Assets of Governmental Activities \$ (3,047,855)

The notes to the financial statements are an integral part of this statement.

Vandalia-Butler 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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$17,799,796	\$17,312,100	\$17,972,315	\$660,215
Intergovernmental	6,645,589	6,509,031	6,709,983	200,952
Earnings on Investments	169,478	167,315	171,124	3,809
Tuition and Fees	18,834	18,820	19,016	196
Extracurricular	2,842	2,842	2,860	18
Other	56,352	56,223	56,890	667
Total Revenues	24,692,891	24,066,331	24,932,188	865,857
EXPENDITURES:				
Current:				
Instruction:				
Regular	13,147,689	13,147,689	12,619,407	528,282
Special	2,325,082	2,325,082	2,235,766	89,316
Vocational	410,085	410,085	383,813	26,272
Other	1,604,488	1,604,488	1,604,466	22
Support Services:				
Pupil Support Services	1,635,852	1,635,852	1,583,494	52,358
Instructional Support Services	1,655,327	1,655,327	1,618,818	36,509
Administration	1,769,992	1,769,992	1,668,426	101,566
Business and Fiscal Services	919,261	919,261	872,577	46,684
Operation and Maintenance of Plant Services	2,717,098	2,717,098	2,706,559	10,539
Transportation Services - Pupils	1,127,444	1,127,444	1,126,975	469
Other Support Services	890,210	890,210	856,028	34,182
Total Expenditures	28,202,528	28,202,528	27,276,329	926,199
Excess of Revenues Over (Under) Expenditures	(3,509,637)	(4,136,197)	(2,344,141)	1,792,056
OTHER FINANCING SOURCES (USES):				
Proceeds from Sale of Fixed Assets	9,936	9,936	10,041	105
Refund of Prior Year Expenditures	8,230	8,230	8,306	76
Advances In	4,943	4,943	5,000	57
Transfer Out	(302,709)	(302,709)	(302,709)	0
Advances Out	(59,745)	(59,745)	(59,745)	0
Total Other Financing Sources (Uses)	(339,345)	(339,345)	(339,107)	238
Net Change in Fund Balances	(3,848,982)	(4,475,542)	(2,683,248)	1,792,294
Fund Balance (Deficit) at Beginning of Year	13,331,875	13,331,875	13,331,875	0
Prior Year Encumbrances Appropriated	673,626	673,626	673,626	0
Fund Balance (Deficit) at End of Year	\$10,156,519	\$9,529,959	\$11,322,253	\$1,792,294

The notes to the financial statements are an integral part of this statement.

Vandalia-Butler City School District

Statement of Fiduciary Assets and Liabilities

Agency Fund

As of June 30, 2004

	<u>Agency</u>
ASSETS	
Equity in Pooled Cash and Cash Equivalents	<u>\$86,052</u>
Total Assets	<u><u>86,052</u></u>
 LIABILITIES	
Due to Students	<u>86,052</u>
Total Liabilities	<u><u>\$86,052</u></u>

The notes to the financial statements are an integral part of this statement.

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

1. DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

The School District

Vandalia-Butler City School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. This Board of Education controls the School District's nine instructional/support facilities staffed by 123 non-certified and 278 certificated full time teaching personnel who provide services to 3,405 students and other community members.

Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Vandalia-Butler City School District, this includes general operations, food service, preschool and student related activities of the School District. The following activities are also included within the reporting entity:

Parochial schools within the School District boundaries - Saint Christopher School is operated through the Cincinnati Catholic Diocese. Current State legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial school by the treasurer of the School District, as directed by the parochial school. The activity of these State monies by the School District is reflected in a special revenue fund for financial reporting purposes.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units also include organizations that are fiscally dependent on the School District in that the School District approves the organization's budget, the issuance of its debt or the levying of its taxes. Currently, the School District does not have any component units.

The following entities which perform activities within the School District boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District:

City of Vandalia – The city government of Vandalia is a separate body politic and corporate. A mayor and a council are elected independent of any School District relationships and administer the provision of traditional city services. Council acts as the taxing and budgeting authority for city services.

Butler Township – The township government is also a separate body politic and corporate. A three member Board of Trustees are elected independent of any School District relationships and administer the provision of traditional township services. The Trustees act as the taxing and budgeting authority for township services.

Parent Teacher Association – The School District is not involved in the budgeting or management and is not responsible for any debt and has no influence over the organization.

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The School District is associated with the Southwestern Ohio Educational Purchasing Council, the Miami Valley Career Technology Center, and the Southwestern Ohio Instructional Technology Association, which are defined as jointly governed organizations and the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), which is an insurance purchasing pool. These organizations are discussed in Notes 17 and 18 to the financial statements.

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

Fund Accounting

The School District's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific School District's functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

Governmental Funds

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

General Fund

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

The other governmental funds of the School District account for grants and other resources, debt service, and capital projects, whose use is restricted to a particular purpose.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. The School District's only fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements. The District's only agency funds are funds used to account for student-managed activities.

Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

The statement of net assets presents the financial condition of governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are 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. 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 School District.

Fund Financial Statements – During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of 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. Fiduciary funds are reported by fund type.

Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the full accrual economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The Statement of Activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net assets.

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

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using either the modified accrual basis of accounting for governmental funds or the accrual basis of accounting for fiduciary funds. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

VANDALIA-BUTLER CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, and "available" means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of year-end.

Nonexchange transactions, in which the School 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. (See Note 7). 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 School District must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: property taxes available as an advance, investment earnings, tuition, grants, and fees.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) principal and interest on general long-term debt and capital lease obligations, which is recorded when due, (2) the costs of accumulated unpaid vacation, personal leave and sick leave are reported as fund liabilities as payments come due each period upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

VANDALIA-BUTLER CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Process

All funds, other than the agency funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2004.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amount reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

Encumbrances

Encumbrance accounting is utilized by the School District for all funds in the normal course of operations for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to a commitment for a future expenditure and does not represent a liability. On the fund financial statements encumbrances outstanding at fiscal year-end are reported as a reservation of fund balance for subsequent year expenditures for governmental funds. A reserve for encumbrances is not reported on the government-wide financial statements. Encumbrances are reported as part of expenditures on a non-GAAP budgetary basis in the Non-GAAP budgetary basis financial statements. The School District did not have any outstanding encumbrances at June 30, 2004.

Cash and Investments

Cash received by the School District is deposited into one of several bank accounts with individual fund balance integrity maintained. Balances of all funds are maintained in these accounts or are temporarily used to purchase certificates of deposit or investments. All investment earnings accrue to the General Fund except those specifically related to those funds deemed appropriate according to Board of Education policy. Interest earned amounted to \$152,253 in which \$149,536 was recorded in the General Fund and \$2,717 was recorded in the non-major funds.

The School District records all its investments at fair value. For presentation on the balance sheet, investments of the cash management pool are considered to be cash equivalents. The School District has invested in the State Treasury Asset Reserve of Ohio (STAR Ohio) and federal securities during fiscal year 2004. 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, 2004.

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments (Continued)

Investments with original maturities of three months or less at the time they are purchased by the School District are reported as cash equivalents.

Capital Assets and Depreciation:

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure.

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Building and Improvements	10-50 years
Furniture and Equipment	5-20 years
Vehicles	7-15 years

Estimated historical costs for governmental activities capital asset values were initially determined on October 7, 2002 by utilizing the services of Valuation Engineers, Inc. All capital assets had estimated historical costs developed by indexing estimated current costs back to the estimated year of acquisition.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivables" and "Interfund Payables." These amounts are eliminated in the governmental activities column of the statement of net assets.

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Vacation and personal leave benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate its employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive severance benefits and those the School District has identified as probable of receiving payment in the future. The School District records an accrual for sick leave for all employees with ten years or more of service. The accrual amount is based upon accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the School District's severance policy.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee will be paid.

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities, that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term loans, and capital leases are recognized as a liability on the government-wide financial statements when due.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements 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 School District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net assets restricted for other purposes include activities for food service operations, and federal and state grants restricted to expenditures for specified purposes.

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

Fund Balance Reserves

Reserved fund balances indicate that portion of fund equity, which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances and property tax revenue reserved by the Board for future year's appropriations. The reserve for property tax represents taxes recognized as revenue under accounting principles generally accepted in the United States of America but not available for appropriation under State statute. The unreserved, undesignated portions of fund equity reflected for Governmental Funds are available for use within the specific purpose of those funds.

VANDALIA-BUTLER CITY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions

Transfers between funds in the fund financial statements are eliminated in the Statement of Activities. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures 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. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

Estimates

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

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2004.

3. RESTATEMENT OF NET ASSETS

The net assets balance at June 30, 2003 was restated from amounts previously reported due to the District's change in capital asset threshold from \$1,000 to \$5,000. This restatement had the following effect on net assets as they were previously restated as of June 30, 2003:

	Net Assets
Balance, June 30, 2003	\$15,236,245
Restatement Amount	(310,566)
Restated Balance, July 1, 2003	\$14,925,679

4. COMPLIANCE AND ACCOUNTABILITY

Accountability

The Food Service, Latchkey, Special Education, Title I, Title VI-R, and the Miscellaneous Federal Grants special revenue funds had deficit fund balances of \$20,887, \$50,612, \$19,052, \$41,756, \$24,905, and \$509, respectively which were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however this is done when cash is needed rather than when accruals occur.

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

4. COMPLIANCE AND ACCOUNTABILITY (Continued)

Compliance

The following funds had appropriations in excess of estimated resources contrary to Ohio Revised Code Section 5705.39:

Nonmajor Special Revenue Funds:

Special Trust	\$283
Public School Support	84,500
Athletics	228,283
Career Education	527
School Net Professional Development	4,359
Ohio Reads	13,157
Summer Intervention	50,239
Miscellaneous State Grants	20,567
Title I	70,559
Title VI	17,726
Preschool Handicapped Grant	7,145
Title VI-R	65,712
Miscellaneous Federal Grants	1,730

The following fund had expenditures in excess of appropriations contrary to Ohio Revised Code Section 5705.41(B):

Nonmajor Special Revenue Funds:

E-Rate	\$21,377
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5. BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) for the General fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General fund:

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	(\$2,850,096)
Adjustments:	
Revenue Accruals	110,461
Expenditure Accruals	<u>56,387</u>
Budget Basis	<u><u>(\$2,683,248)</u></u>

VANDALIA-BUTLER CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

6. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

VANDALIA-BUTLER CITY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004

6. EQUITY IN POOLED CASH AND CASH EQUIVALENTS (Continued)

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, *Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements*.

Cash on Hand

At year end, the School District had \$2,750 in undeposited cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits

At fiscal year end, the carrying amount of the School District's deposits was \$1,582,147 and the bank balance was \$3,563,664. Of the bank balance \$200,000 was covered by federal depository insurance. The remaining balance was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments

The School District's investments are required to be categorized to give an indication of the level of risk assumed by the at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments, which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District's investments in STAR Ohio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 2	Reported Amount	Fair Value
Federal Agency Securities	\$743,170	743,170	\$743,170
STAR Ohio	0	11,758,525	11,758,525
Total Investments	<u>\$743,170</u>	<u>\$12,501,695</u>	<u>\$12,501,695</u>

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Cash and cash equivalents are defined to include investments included within the School District's cash management pool and investments with a maturity date of three months or less.

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

6. EQUITY IN POOLED CASH AND CASH EQUIVALENTS (Continued)

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$14,086,592	\$0
Investments of the cash management pool:		
Federal agency securities	(743,170)	743,170
Investment in STAR Ohio	(11,758,525)	11,758,525
Cash on hand	(2,750)	0
	<hr/>	<hr/>
GASB Statement 3	\$1,582,147	\$12,501,695
	<hr/>	<hr/>

7. 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 located in the School District. Property tax revenue received during calendar 2004 for real and public utility property taxes represents collections of calendar 2003 taxes. Property tax payments received during calendar 2004 for tangible personal property (other than public utility property) are for calendar 2004 taxes.

2004 real property taxes are levied after April 1, 2004, on the assessed value as of January 1, 2004, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. First half 2004 real property taxes are collected in and intended to finance fiscal year 2005.

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

2004 tangible personal property taxes are levied after April 1, 2003, on the value as of December 31, 2003. Collections are made in 2004. Tangible personal property assessments are twenty-five percent of true value.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

7. PROPERTY TAXES (Continued)

The assessed values upon which fiscal year 2004 taxes were collected are:

	2003 Second-Half Collections		2004 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$548,740,850	82%	\$554,803,640	83%
Public Utility	18,220,030	2%	17,945,880	3%
Tangible Personal Property	109,011,441	16%	92,384,592	14%
Total Assessed Value	<u>\$675,972,321</u>	<u>100.00%</u>	<u>\$665,134,112</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$44.36		\$43.46	

The School District receives property taxes from Montgomery County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2004 are available to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2004, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations.

At June 30, 2004, \$624,920 was available as an advance to the general fund and \$18,070 was available in the non-major governmental funds. 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 is deferred.

8. RECEIVABLES

Receivables at June 30, 2004, consisted of property taxes and intergovernmental grants. All receivables are considered collectible in full and will be received within one year. A summary of the principal items of intergovernmental receivables follows:

Non-major Funds:	
Title I	\$56,889
Title VI-R	21,397
Misc. Federal Grants	509
Title VI	1,169
Preschool Handicapped Grant	7,145
Summer Intervention	<u>41,646</u>
Total Intergovernmental Receivables	<u>\$128,755</u>

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

9. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2004, was as follows:

	**Ending Balance 06/30/03	Additions	Deletions	Ending Balance 06/30/04
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$577,379	\$13,406	\$0	\$590,785
Total Capital Assets, Not Being Depreciated	<u>577,379</u>	<u>13,406</u>	<u>0</u>	<u>590,785</u>
Capital Assets Being Depreciated				
Buildings and Improvements	13,386,272	28,189	0	13,414,461
Furniture and Equipment	1,255,764	268,338	0	1,524,102
Vehicles	1,918,062	0	0	1,918,062
Total Capital Assets, Being Depreciated	<u>16,560,098</u>	<u>296,527</u>	<u>0</u>	<u>16,856,625</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(9,022,993)	(377,211)	0	(9,400,204)
Furniture and Equipment	(866,430)	(149,713)	0	(1,016,143)
Vehicles	(1,576,909)	(98,508)	0	(1,675,417)
Total Accumulated Depreciation	<u>(11,466,332)</u>	<u>(625,432)</u>	<u>0</u>	<u>(12,091,764)</u>
Total Capital Assets Being Depreciated, Net	<u>5,093,766</u>	<u>(328,905)</u>	<u>0</u>	<u>4,764,861</u>
Governmental Activities Capital Assets, Net	<u>\$5,671,145</u>	<u>(\$315,499)</u>	<u>\$0</u>	<u>\$5,355,646</u>

** Restated – See Note 3

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$405,645
Support Services:	
Pupil	1,488
Instructional Staff	21,576
Administration	12,996
Fiscal & Business	3,228
Operation and Maintenance of Plant	21,696
Pupil Transportation	112,320
Central	9,339
Non-Instructional Services	4,008
Extracurricular Activities	33,136
Total Depreciation Expense	<u>\$625,432</u>

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

10. RISK MANAGEMENT

The School 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. For fiscal year 2004 the School District contracted with Utica National Insurance Group for general liability insurance. There is a \$5,000 deductible with a one hundred percent blanket, all risk policy. Utica National Insurance Group covers the building, boiler and machinery with \$5,000 deductible and a \$63,654,861 limit.

Professional liability is protected by Nationwide Agribusiness Insurance Company with a \$1,000,000 single occurrence limit and \$5,000,000 aggregate and no deductible. Vehicles are covered by Nationwide Agribusiness Insurance Company and hold a \$100 deductible for comprehensive and collision. Automobile liability has a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from the previous year.

For fiscal year 2004, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating Districts is calculated as one experience and a common premium rate is applied to all Districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

11. DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Chapter 3309 of the Ohio Revised Code establishes benefits. SERS issues a publicly available, stand alone report that includes financial statements and required supplementary information for SERS. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2004, 9.09 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 statutory maximum amounts, by the SERS Retirement Board. The School District's contributions to SERS for the fiscal years ending June 30, 2004, 2003 and 2002 were \$511,441, \$669,264, and \$523,376 respectively, 52 percent has been contributed for fiscal year 2004, and 100 percent for the fiscal years 2003 and 2002. \$243,638 representing the unpaid contribution for fiscal year 2004, is recorded as a liability within the respective funds and the general long-term obligations account group.

VANDALIA-BUTLER CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

11. DEFINED BENEFIT PENSION PLANS (Continued)

State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Chapter 3307 of the Ohio Revised Code establishes benefits. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614)227-4090, or by visiting the STRS Ohio website at www.strsoh.org.

STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, college, university or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. Contributions in to the DC plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. 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.

The DB Plan Benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

The DC Plan Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or lump-sum withdrawal. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. 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 designed beneficiary is entitled to receive the member's account balance.

Member contributions for the Combined Plan Benefits are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

11. DEFINED BENEFIT PENSION PLANS (Continued)

Eligible faculty of Ohio 's public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (SRP) offered by their employer. Employees have 120 days from their employment date to select a retirement plan.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for a money-purchase or a lump-sum payment in addition to the original retirement allowance.

Benefits are increased annually by 3% of the original base amount.

The Defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A Defined Benefit 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. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

For fiscal year 2004 plan members were required to contribute 10% of their annual covered salary and the School District was required to contribute 14%; 13% was the portion allocated to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$1,776,325, \$2,267,492, and \$1,648,307 respectively; 82% has been contributed for fiscal year 2004 and 100 percent for the fiscal years 2003 and 2002. \$312,115 represents the unpaid contribution for fiscal year 2004 and is recorded as a liability within the respective funds.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees System/State Teachers Retirement System. As of June 30, 2004, three members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

12. POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), 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 benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most 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 funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2004, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$265,147 for fiscal year 2004.

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

12. POSTEMPLOYMENT BENEFITS (Continued)

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2004 the balance in the Fund was \$3.1 billion. For the year ended June 30, 2004, net health care costs paid by STRS were \$268,739,000 and STRS had 111,853 eligible benefit recipients.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. 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 2004, the minimum pay was established at \$25,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2004 fiscal year equaled \$136,911.

The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2004 were \$223,443,805 and the target level was \$335.6 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

13. EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn five to twenty-five days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who are not on a twelve month contract do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to and not to exceed 255 days. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum accumulation of 58 paid days for certified employees. Classified employees receive twenty-five percent of accrued sick with no maximum paid days.

B. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through the Educational Employees Life Insurance Trust. Administrators receive coverage in the amount of their salary rounded to the nearest \$1,000. The Treasurer receives coverage in the amount of \$200,000 and the Superintendent receives coverage twice their salary. Coverage in the amount of \$30,000 is provided for all certified and non-certified employees. Part time employees are covered for \$15,000.

C. Early Retirement Incentive

The School District has an Early Retirement Incentive program. Participation is open to any employees who are within the retirement range established by SERS or STRS. A qualified certificated employee who retires will be granted a retirement incentive of \$1,000 per year of service with the Board, not to exceed \$20,000. The liability at June 30, 2004, has been recorded in the Statement of Net Assets.

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

14. CAPITALIZED LEASES – LESSEE DISCLOSURE

The School District entered into an agreement to lease fitness equipment and training materials during fiscal year 2004. In a prior fiscal year, the School District entered into an agreement to lease a telephone system. The terms of the agreements provide options to purchase the equipment. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 “Accounting for Leases,” which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

The capital assets acquired by the leases have been capitalized in the statement of net assets for governmental activities in the amount of \$561,893 which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded on the statement of net assets for governmental activities. Principal payments in fiscal year 2004 totaled \$56,013 in the general fund.

The asset acquired through the capital lease is as follows:

	<u>Asset Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Asset:			
Telephone System	\$339,953	\$36,816	\$303,137
Fitness Equipment and Training Materials	221,940	55,485	166,455

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2004:

<u>Fiscal Year Ending June 30,</u>	<u>Total Payments</u>
2005	\$103,669
2006	103,669
2007	64,998
2008	26,327
2009	19,745
Total Minimum Lease Payments	<u>318,408</u>
Less: Amount Representing Interest	<u>(21,503)</u>
Present Value of Minimum Lease Payments	<u>\$296,905</u>

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

15. LONG-TERM DEBT AND OTHER OBLIGATIONS

Long-term debt and other obligations at June 30, 2004 and the related transactions for the year then ended are summarized below:

	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004	Amounts Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds:					
School Improvement Bonds 9.75%	\$ 1,250,000	\$ -	\$ 250,000	\$ 1,000,000	\$ 250,000
Compensated Absences Payable	1,894,878	1,837,172	1,894,878	1,837,172	190,154
Obligations Under Capital Leases	130,978	221,940	56,013	296,905	94,241
Total Governmental Activities	<u>\$ 3,275,856</u>	<u>\$ 2,059,112</u>	<u>\$ 2,200,891</u>	<u>\$ 3,134,077</u>	<u>\$ 534,395</u>

The General Obligation Bonds were issued March 1, 1984 in the amount of \$5,450,000. The voted general obligation bonds were issued for the purpose of constructing a new Student Activity Center at the high school. The final payment is due in fiscal year 2008. These bonds are paid from property tax receipts of the debt service fund.

At June 30, 2004 the District's overall legal debt margin was \$59,861,593 with an unvoted debt margin of \$665,134.

Compensated absences will be paid from the fund in which the employee's salaries are paid. The capital lease is paid from the general fund.

Future Long-term Debt

A summary of the School District's future long-term debt funding requirements as of June 30, 2004 follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 250,000	\$ 85,313
2006	250,000	60,938
2007	250,000	36,563
2008	250,000	12,187
Totals	<u>\$ 1,000,000</u>	<u>\$ 195,001</u>

16. INTERFUND ACTIVITY

Interfund Transfers

Transfers made during the year ended June 30, 2004, were as follows:

<u>Fund</u>	<u>Transfer From</u>	<u>Transfer To</u>
General	\$302,709	\$0
Nonmajor Special Revenue Fund:		
Athletics	0	302,709
Total	<u>\$302,709</u>	<u>\$302,709</u>

Transfers are made to move unrestricted balances to support programs and projects accounted for in other funds.

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

16. INTERFUND ACTIVITY (Continued)

Interfund balances at June 30, 2004, consist of the following individual fund receivables and payables, which are expected to be repaid during the 2005 fiscal year:

<u>Interfund Loans</u>	<u>Receivable</u>	<u>Payable</u>
General fund	\$ 59,745	\$ -
Nonmajor Special Revenue Funds		
Preschool	-	7,145
Misc. Federal Grants		600
Title II-A		12,000
Latchkey	-	40,000
Total Nonmajor Special Revenue Funds	<u>-</u>	<u>59,745</u>
 Total Interfund Receivables/Payables	 <u>\$ 59,745</u>	 <u>\$ 59,745</u>

The amounts due to the general fund are the result of the School District moving unrestricted monies to support grant funds whose grants operate on a reimbursement basis. The general fund will be reimbursed when funds become available in the nonmajor special revenue funds.

17. JOINTLY GOVERNED ORGANIZATIONS

Southwestern Ohio Educational Purchasing Council – The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing council made up of nearly 100 Districts in 12 counties. The purpose of the council is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group.

During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund. During fiscal year 2004, the School District paid \$135,109 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Robert Brown, who serves as Director, 1831 Harshman Road, Dayton, Ohio 45424.

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

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

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

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

17. JOINTLY GOVERNED ORGANIZATIONS (Continued)

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 2004, the School District paid \$45,817 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, 150 East Sixth Street, Franklin, Ohio 45005.

Miami Valley Career Technology Center – The Miami Valley Career Technology Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the fifteen participating school districts' elected boards, which possesses its own budgeting and taxing authority. One member is appointed from the following city and/or exempted village school districts: Carlisle, Miamisburg, Milton-Union, Northmont, Vandalia-Butler, Versailles, Huber Heights, Eaton, Trotwood, Tipp City, and West Carrollton. Three members are appointed from the Montgomery County Educational Service Center, one is appointed from the Miami County Educational Service Center, one from the Darke County Educational Service Center, and one From the Preble County Educational Service Center. During fiscal year 2004, the School District paid \$49,188 to the organization. To obtain financial information write to the Miami Valley Career Technology Center, Debbie Gossett, who serves as Treasurer, at 6800 Hoke Road, Clayton, Ohio 45315.

Metropolitan Dayton Education Computer Association – The School District is a member of the Metropolitan Dayton Educational Computer Association (MDECA), which is a computer consortium of area school districts sharing computer resources. MDECA is an association of public school districts in a geographical area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative instructional functions among member districts. The Board of MDECA consists of one representative from each of the participating members. Each member pays an annual membership fee plus any other fees for services performed by the consortium.

18. INSURANCE PURCHASING POOL

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

19. SET-ASIDE CALCULATIONS AND FUND RESERVES

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

In prior years the School District was also required to set aside money for budget stabilization; however, this requirement has been eliminated.

The following cash basis information describes the change in the year-end set-aside amounts. Disclosure of this information is required by State statute.

VANDALIA-BUTLER CITY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004

19. SET-ASIDE CALCULATIONS AND FUND RESERVES (Continued)

	Textbooks	Capital Acquisition
Set-aside cash balance as of June 30, 2003	\$ -	\$ -
Current year set-aside requirements	484,230	484,230
Prior year carryover	(822,812)	(2,003,715)
Qualifying disbursements	(325,010)	(510,747)
Set-aside reserve balance as of June 30, 2004	\$ (663,592)	\$ (2,030,232)
Required set-aside balances carried forward to FY2005	\$ (663,592)	\$ (2,030,232)

The School District had qualifying disbursements during the year that reduced the set-aside amounts below zero for the textbooks/instructional materials reserve and this extra amount may be used to reduce the set-aside requirement for future years. The negative amount is therefore presented as being carried forward to the next fiscal year. During fiscal year 1984, the District issued \$5,450,000 in capital related school improvement bonds. These proceeds may be used to reduce capital acquisition below zero for future years. Therefore, this negative amount is presented as being carried forward to the next fiscal year.

20. CONTINGENT LIABILITIES

Grants

The School District receives significant financial assistance from numerous federal, state and local 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 effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the School District at June 30, 2004.

Litigation

The School District is party to various legal proceedings. The District's management is of the opinion that the ultimate outcome of such litigation will not result in a material adverse effect on the District's financial position.

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

21. STATE SCHOOL FUNDING DECISION

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

On March 4, 2003, the Plaintiffs filed a motion with the Common Pleas Court of Perry County requesting that such Court schedule and conduct a conference to address the State's compliance with the orders of such Court and the Supreme Court. On May 16, 2003, the Ohio Supreme Court granted a Writ of Prohibition as filed by the State and ordered the Common Pleas Court of Perry County to dismiss the motion for a compliance conference. The Ohio Supreme Court further stated again its ruling made on December 11, 2002.

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.

22. SUBSEQUENT EVENTS

The District passed an operating levy on November 2, 2004 that is expected to generate \$3,600,000 in additional revenue.

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

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Vandalia-Butler City Schools
Fund Descriptions

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or for major capital projects) that are legally restricted to expenditure for specified purposes. The following are descriptions of the School District's nonmajor special revenue funds:

Nonmajor Special Revenue Funds

Food Service

A fund to account for all transactions related to the provision of food service operations for the School District.

Special Trust

A fund used to account for revenues and expenditures of the Gilbert Scholarship.

Uniform Supply

A fund to account for the purchase and reimbursement of consumable supplies (workbooks) used by the students as a supplemental learning tool.

Adult Education

A fund provided to account for all revenues and expenses related to the provision of credit and non-credit classes to the community.

Rotary - Special Services

A fund to account for income and expenses made in connection with goods and services provided by a school district.

Public School Support

A fund provided to account for special local revenue sources such as vending machine receipts. Revenues are used to fund special events and purchase achievement awards.

Other Grants

A fund used to account for the proceeds of specific revenue sources, except for state and federal grants that are legally restricted to expenditures for specified purposes.

Latchkey

A fund established to account for the tuition received and expenses made in securing an after-school latchkey program for students of the School District.

Athletics

A fund provided to account for those student activity programs which charge admission. Most expenditures include referee and security compensations, equipment and supplies needed to run a successful athletic program.

Auxiliary Services

To account for monies which provide services and materials to pupils attending non-public schools within the School District.

Vandalia-Butler City Schools
Fund Descriptions

Nonmajor Special Revenue Funds (Continued)

Career Education

A fund provided to account for monies received and expended in conjunction with Vocational education-Career Development projects funded by the State of Ohio, Department of Education, Division of Vocational Education.

Teacher Development

A fund used to account for receipts and expenditures necessary for providing assistance to local school districts for the development of in-service programs.

Management Information Systems

A fund to account for hardware and software development, utilities, materials and supplies, or other costs associated with the requirements of the management information system.

Entry Year Program

A fund to account for the implementation of entry-year programs pursuant to division (T) of section 3317.024 of the Revised Code.

Ohio Educational Computer Network

A fund provided to account for money appropriated for Ohio Educational Computer Network Connections.

School Net Professional Development

A fund to account for grant monies to be used for the provision of hardware, software, telecommunication services, and staff development to support educational uses of technology in the classroom.

Textbook/Instructional Materials Subsidy

A fund used to account for monies appropriated to purchase textbooks and instructional materials for the classrooms.

Interactive Video Learning

A fund used to account for State money used to finance the interactive video distance learning project.

Ohio Reads

A fund used to account for monies received from the State of Ohio for the purpose of implementing community involvement with students in the elementary grades to supplement and enhance the reading proficiency of students.

Summer Intervention

A fund used to account for summer intervention services satisfying criteria defined in division (E) of section 3313.608 of the Revised Code.

Miscellaneous State Grants

A fund used to account for various monies received from state agencies which are not classified elsewhere. A separate special cost center must be used for each grant.

Vandalia-Butler City Schools
Fund Descriptions

Nonmajor Special Revenue Funds (Continued)

ESEA Title II

This fund is to account for Federal monies received through the Ohio Department of education for the purpose of improving the skills of teachers (science, foreign language and computer learning) and increasing the access of all students to that instruction.

Special Education

This fund accounts for federal funds for the provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels, and to assist in the training of teacher, supervisors and other specialists in providing educational services to the handicapped.

Title I

A fund to provide financial assistance to State and Local educational agencies to meet the special needs of educationally deprived children.

Education Career Incentive Act (ECIA) - Title VI

A fund to account for federal funds used to provide programs for at-risk students; instructional materials to improve the quality of instruction; programs of professional development; and programs to enhance personal excellence of students and student achievement.

Drug-Free Schools

A fund to provide monies to local educational agencies and consortia of these agencies to establish, operate and improve local programs of drug abuse prevention, early intervention, rehabilitation referral and education in elementary and secondary schools, and to engage in development, training, technical assistance and coordination activities.

Preschool Handicapped Grant

A fund used to provide for the education of handicapped children ages three through five, and account for the monies received and expended for the purpose of this grant.

Telecommunications Act Grant (E-Rate)

To account for monies refunded from telecommunications vendors. This money will be used to pay future telecommunications bills or will be transferred to the General Fund.

Title VI-R

A fund used to account for monies to hire additional classroom teachers in grades 1 through 3, so that the number of students per teacher will be reduced.

Miscellaneous Federal Grants

A fund used to account for various monies received through state agencies from the federal government or directly from the federal government which are not classified elsewhere. A separate special cost center must be used for each grant.

**Vandalia-Butler City Schools
Fund Descriptions**

Nonmajor Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general obligations bond principal and interest and certain other long-term obligations when the School District is obligated for the payment. There is only one debt service fund.

Capital Project Fund

The Capital Projects Fund is used to account for the financing and acquisition or construction of major capital facilities, such as new school buildings or additions to existing buildings, and for major renovation projects including equipment purchases. The following is a description of the School District's nonmajor capital project fund:

Nonmajor Capital Project Fund

SchoolNet

To account for State grant monies used for the installation of wiring and the purchase of a computer workstation and related technology for every classroom in Ohio's low-wealth school districts.

Vandalia-Butler City School District
Combining Balance Sheet
Nonmajor Governmental Funds (by fund type)

June 30, 2004

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Debt Service Fund</u>	<u>Total Non-major Governmental Funds</u>
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$802,622	\$999,853	\$1,802,475
Receivables			
Taxes	0	500,447	500,447
Intergovernmental	128,755		128,755
Total Assets	<u>931,377</u>	<u>1,500,300</u>	<u>2,431,677</u>
LIABILITIES			
Accounts Payable	130,400	330	130,730
Accrued Wages and Benefits	170,804	0	170,804
Interfund Payable	59,745	0	59,745
Deferred Revenues	121,610	482,377	603,987
Intergovernmental Payable	48,715	0	48,715
Total Liabilities	<u>531,274</u>	<u>482,707</u>	<u>1,013,981</u>
FUND BALANCES			
Reserved for Property Taxes	0	18,070	18,070
Unreserved			
Undesignated - Reported In			
Special Revenue Funds	400,103	0	400,103
Debt Service Fund	0	999,523	999,523
Total Fund Balances	<u>400,103</u>	<u>1,017,593</u>	<u>1,417,696</u>
Total Liabilities and Fund Balances	<u>\$931,377</u>	<u>\$1,500,300</u>	<u>\$2,431,677</u>

Vandalia-Butler City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (by fund type)

Year Ended June 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Non-major Governmental Funds
Revenues				
Tuition and Fees	\$146,032	\$0	\$0	\$146,032
Taxes	0	468,186	0	468,186
Earnings on Investments	2,717	0	0	2,717
Intergovernmental	1,276,137	54,447	0	1,330,584
Extracurricular	584,601	0	0	584,601
Charges for Services	861,444			861,444
Other	49,354	0	0	49,354
Total Revenues	2,920,285	522,633	0	3,442,918
Expenditures				
Current Operating				
Instruction				
Regular	140,441	0	0	140,441
Special	344,610	0	0	344,610
Other	14,257	0	0	14,257
Pupil Support Services	331,815	0	0	331,815
Instructional Support Services	475,037	0	0	475,037
Administration	65,306	0	0	65,306
Operation and Maintenance of				
Plant Services	19,095	0	0	19,095
Other Support Services	18,740	0	218	18,958
Extracurricular Activities	612,437	0	0	612,437
Non-Instructional Services	1,388,839	0	0	1,388,839
Debt Service				
Principal	0	250,000	0	250,000
Interest	0	115,685	0	115,685
Total Expenditures	3,410,577	365,685	218	3,776,480
Excess of Revenues Over (Under) Expenditures	(490,292)	156,948	(218)	(333,562)
Other Financing Sources				
Transfers In	302,709	0	0	302,709
Total Other Financing Sources	302,709	0	0	302,709
Net Change in Fund Balances	(187,583)	156,948	(218)	(30,853)
Fund Balances at Beginning of Year	587,686	860,645	218	1,448,549
Fund Balances at End of Year	\$400,103	\$1,017,593	\$0	\$1,417,696

Vandalia-Butler City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

	Food Service	Special Trust	Uniform Supply	Adult Education
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$110,702	\$12,884	\$141,561	\$5,153
Intergovernmental Receivable	0	0	0	0
<i>Total Assets</i>	\$110,702	\$12,884	\$141,561	\$5,153
 <u>Liabilities and Fund Balances:</u>				
<u>Liabilities</u>				
Accounts Payable	\$35,300	\$1,402	\$19,964	\$0
Accrued Wages and Benefits	82,956	0	0	0
Deferred Revenues	0	0	0	0
Intergovernmental Payable	13,333	0	0	0
Interfund Loans Payable	0	0	0	0
<i>Total Liabilities</i>	131,589	1,402	19,964	0
 <u>Fund Balances:</u>				
Unreserved, undesignated	(20,887)	11,482	121,597	5,153
<i>Total Fund Balances</i>	(20,887)	11,482	121,597	5,153
<i>Total Liabilities and Fund Balances</i>	\$110,702	\$12,884	\$141,561	\$5,153

<u>Rotary - Special Services</u>	<u>Public School Support</u>	<u>Other Grants</u>	<u>Latchkey</u>	<u>Athletics</u>	<u>Auxilliary Services</u>
\$442	\$216,969	\$3	\$9,942	\$97,513	\$98,046
0	0	0	0	0	0
<u>\$442</u>	<u>\$216,969</u>	<u>\$3</u>	<u>\$9,942</u>	<u>\$97,513</u>	<u>\$98,046</u>
\$0	\$21,438	\$0	\$6,974	\$16,130	\$22,990
0	0	0	8,823	6,596	8,721
0	0	0	0	0	0
0	0	0	4,757	1,193	2,118
0	0	0	40,000	0	0
0	21,438	0	60,554	23,919	33,829
442	195,531	3	(50,612)	73,594	64,217
442	195,531	3	(50,612)	73,594	64,217
<u>\$442</u>	<u>\$216,969</u>	<u>\$3</u>	<u>\$9,942</u>	<u>\$97,513</u>	<u>\$98,046</u>

(Continued)

Vandalia-Butler City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

	Teacher Development	Management Information Systems	Entry Year Program
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$9,492	\$28,510	\$13,200
Intergovernmental Receivable	0	0	0
<i>Total Assets</i>	\$9,492	\$28,510	\$13,200
 <u>Liabilities and Fund Balances:</u>			
<u>Liabilities</u>			
Accounts Payable	\$0	\$47	\$0
Accrued Wages and Benefits	0	0	0
Deferred Revenues	0	0	0
Intergovernmental Payable	0	142	0
Interfund Loans Payable	0	0	0
<i>Total Liabilities</i>	0	189	0
 <u>Fund Balances:</u>			
Unreserved, undesignated	9,492	28,321	13,200
<i>Total Fund Balances</i>	9,492	28,321	13,200
<i>Total Liabilities and Fund Balances</i>	\$9,492	\$28,510	\$13,200

<u>Ohio Educational Computer Network</u>	<u>School Net Professional Development</u>	<u>Textbook/ Instructional Materials Subsidy</u>	<u>Interactive Video Learning</u>	<u>Ohio Reads</u>	<u>Summer Intervention</u>
\$18,000	\$951	\$73	\$3,011	\$1,567	\$11,028
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>41,646</u>
<u>\$18,000</u>	<u>\$951</u>	<u>\$73</u>	<u>\$3,011</u>	<u>\$1,567</u>	<u>\$52,674</u>
\$0	\$135	\$32	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	41,646
0	0	0	0	0	9,942
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>135</u>	<u>32</u>	<u>0</u>	<u>0</u>	<u>51,588</u>
<u>18,000</u>	<u>816</u>	<u>41</u>	<u>3,011</u>	<u>1,567</u>	<u>1,086</u>
<u>18,000</u>	<u>816</u>	<u>41</u>	<u>3,011</u>	<u>1,567</u>	<u>1,086</u>
<u>\$18,000</u>	<u>\$951</u>	<u>\$73</u>	<u>\$3,011</u>	<u>\$1,567</u>	<u>\$52,674</u>

(Continued)

Vandalia-Butler City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

	Miscellaneous State Grants	ESEA Title II	Special Education	Title I
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$6,567	\$34	\$0	\$6,754
Intergovernmental Receivable	0	0	0	56,889
<i>Total Assets</i>	\$6,567	\$34	\$0	\$63,643
 <u>Liabilities and Fund Balances:</u>				
<u>Liabilities</u>				
Accounts Payable	\$0	\$0	\$0	\$0
Accrued Wages and Benefits	0	0	11,419	40,304
Deferred Revenues	0	0	0	56,889
Intergovernmental Payable	0	0	7,633	8,206
Interfund Loans Payable	0	0	0	0
<i>Total Liabilities</i>	0	0	19,052	105,399
 <u>Fund Balances:</u>				
Unreserved, undesignated	6,567	34	(19,052)	(41,756)
<i>Total Fund Balances</i>	6,567	34	(19,052)	(41,756)
<i>Total Liabilities and Fund Balances</i>	\$6,567	\$34	\$0	\$63,643

<u>Title VI</u>	<u>Preschool Handicapped Grant</u>	<u>E-Rate</u>	<u>Title VI-R</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$3,212	\$0	\$1,521	\$4,845	\$642	\$802,622
<u>1,169</u>	<u>7,145</u>	<u>0</u>	<u>21,397</u>	<u>509</u>	<u>128,755</u>
<u>\$4,381</u>	<u>\$7,145</u>	<u>\$1,521</u>	<u>\$26,242</u>	<u>\$1,151</u>	<u>\$931,377</u>
\$0	\$0	\$1,063	\$4,374	\$551	\$130,400
0	0	0	11,985	0	170,804
1,169	0	0	21,397	509	121,610
0	0	0	1,391	0	48,715
<u>0</u>	<u>7,145</u>	<u>0</u>	<u>12,000</u>	<u>600</u>	<u>59,745</u>
<u>1,169</u>	<u>7,145</u>	<u>1,063</u>	<u>51,147</u>	<u>1,660</u>	<u>531,274</u>
<u>3,212</u>	<u>0</u>	<u>458</u>	<u>(24,905)</u>	<u>(509)</u>	<u>400,103</u>
<u>3,212</u>	<u>0</u>	<u>458</u>	<u>(24,905)</u>	<u>(509)</u>	<u>400,103</u>
<u>\$4,381</u>	<u>\$7,145</u>	<u>\$1,521</u>	<u>\$26,242</u>	<u>\$1,151</u>	<u>\$931,377</u>

Vandalia-Butler City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	Food Service	Special Trust	Uniform Supply
<u>Revenues:</u>			
Intergovernmental	\$137,880	\$0	\$0
Earnings on Investments	2,717	0	0
Tuition and Fees	0	0	146,032
Extracurricular	0	0	0
Charges for Services	626,159	0	0
Other	27,649	17,109	120
<i>Total Revenues</i>	<u>794,405</u>	<u>17,109</u>	<u>146,152</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	0	0	15,071
Special	0	0	0
Other	0	0	0
Support Services:			
Pupil Support Services	0	2,545	0
Instructional Support Services	0	0	0
Administration	0	0	0
Other Support Services	0	14,321	0
Non-Instructional Services	861,123	0	148,235
Operation and Maintenance of Plant Services	0	0	0
Extracurricular Activities	0	0	0
<i>Total Expenditures</i>	<u>861,123</u>	<u>16,866</u>	<u>163,306</u>
Excess of Revenues Over/(Under) Expenditures	(66,718)	243	(17,154)
<u>Other Financing Sources:</u>			
Transfers In	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(66,718)	243	(17,154)
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>45,831</u>	<u>11,239</u>	<u>138,751</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u><u>(\$20,887)</u></u>	<u><u>\$11,482</u></u>	<u><u>\$121,597</u></u>

<u>Adult Education</u>	<u>Rotary - Special Services</u>	<u>Public School Support</u>	<u>Other Grants</u>	<u>Latchkey</u>
\$0	\$0	\$0	\$0	\$0
0	0	0	0	0
0	0	0	0	0
0	0	349,493	0	0
0	0	0	0	235,285
0	0	4,476	0	0
<u>0</u>	<u>0</u>	<u>353,969</u>	<u>0</u>	<u>235,285</u>
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	303,159	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	269,994
0	0	0	0	0
0	0	78,172	0	0
<u>0</u>	<u>0</u>	<u>381,331</u>	<u>0</u>	<u>269,994</u>
0	0	(27,362)	0	(34,709)
<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>
0	0	(27,362)	0	(34,709)
<u>5,153</u>	<u>442</u>	<u>222,893</u>	<u>3</u>	<u>(15,903)</u>
<u>\$5,153</u>	<u>\$442</u>	<u>\$195,531</u>	<u>\$3</u>	<u>(\$50,612)</u>

(Continued)

Vandalia-Butler City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	Athletics	Auxilliary Services	Career Education	Teacher Development
<u>Revenues:</u>				
Intergovernmental	\$0	\$229,125	\$500	\$0
Earnings on Investments	0	0	0	0
Tuition and Fees	0	0	0	0
Extracurricular	235,108	0	0	0
Charges for Services	0	0	0	0
Other	0	0	0	0
<i>Total Revenues</i>	<u>235,108</u>	<u>229,125</u>	<u>500</u>	<u>0</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	0	53,168	0	0
Special	0	24,121	0	0
Other	0	0	0	0
Support Services:				
Pupil Support Services	0	0	778	0
Instructional Support Services	0	4,446	0	0
Administration	0	0	0	0
Other Support Services	0	0	0	0
Non-Instructional Services	0	109,487	0	0
Operation and Maintenance of Plant Services	15,236	0	0	0
Extracurricular Activities	534,265	0	0	0
<i>Total Expenditures</i>	<u>549,501</u>	<u>191,222</u>	<u>778</u>	<u>0</u>
Excess of Revenues Over/(Under) Expenditures	(314,393)	37,903	(278)	0
<u>Other Financing Sources:</u>				
Transfers In	302,709	0	0	0
<i>Total Other Financing Sources</i>	<u>302,709</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(11,684)	37,903	(278)	0
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>85,278</u>	<u>26,314</u>	<u>278</u>	<u>9,492</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u><u>\$73,594</u></u>	<u><u>\$64,217</u></u>	<u><u>\$0</u></u>	<u><u>\$9,492</u></u>

Management Information Systems	Entry Year Program	Ohio Educational Computer Network	School Net Professional Development	Textbook/ Instructional Materials Subsidy	Interactive Video Learning
\$10,093	\$13,200	\$18,000	\$4,140	\$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
<u>10,093</u>	<u>13,200</u>	<u>18,000</u>	<u>4,140</u>	<u>0</u>	<u>0</u>
0	0	21,006	7,684	32	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
4,419	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>4,419</u>	<u>0</u>	<u>21,006</u>	<u>7,684</u>	<u>32</u>	<u>0</u>
5,674	13,200	(3,006)	(3,544)	(32)	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
5,674	13,200	(3,006)	(3,544)	(32)	0
<u>22,647</u>	<u>0</u>	<u>21,006</u>	<u>4,360</u>	<u>73</u>	<u>3,011</u>
<u>\$28,321</u>	<u>\$13,200</u>	<u>\$18,000</u>	<u>\$816</u>	<u>\$41</u>	<u>\$3,011</u>

(Continued)

Vandalia-Butler City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	Ohio Reads	Summer Intervention	Miscellaneous State Grants	ESEA Title II
<u>Revenues:</u>				
Intergovernmental	\$4,000	\$11,028	\$3,859	\$0
Earnings on Investments	0	0	0	0
Tuition and Fees	0	0	0	0
Extracurricular	0	0	0	0
Charges for Services	0	0	0	0
Other	0	0	0	0
<i>Total Revenues</i>	<u>4,000</u>	<u>11,028</u>	<u>3,859</u>	<u>0</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	5,717	15,749	500	0
Special	0	0	0	0
Other	3,280	0	0	0
Support Services:				
Pupil Support Services	0	0	300	0
Instructional Support Services	1,213	0	0	0
Administration	0	0	0	0
Other Support Services	0	0	0	0
Non-Instructional Services	0	0	0	0
Operation and Maintenance of Plant Services	0	0	3,859	0
Extracurricular Activities	0	0	0	0
<i>Total Expenditures</i>	<u>10,210</u>	<u>15,749</u>	<u>4,659</u>	<u>0</u>
Excess of Revenues Over/(Under) Expenditures	(6,210)	(4,721)	(800)	0
<u>Other Financing Sources:</u>				
Transfers In	0	0	0	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(6,210)	(4,721)	(800)	0
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>7,777</u>	<u>5,807</u>	<u>7,367</u>	<u>34</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$1,567</u>	<u>\$1,086</u>	<u>\$6,567</u>	<u>\$34</u>

<u>Special Education</u>	<u>Title I</u>	<u>Title VI</u>	<u>Drug Free Schools</u>	<u>Preschool Handicapped Grant</u>
\$455,316	\$225,073	\$12,318	\$10,247	\$15,852
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
<u>455,316</u>	<u>225,073</u>	<u>12,318</u>	<u>10,247</u>	<u>15,852</u>
0	0	2,331	0	0
84,536	235,953	0	0	0
0	0	0	0	0
317,945	0	0	10,247	0
0	10,147	8,875	0	17,419
65,306	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>467,787</u>	<u>246,100</u>	<u>11,206</u>	<u>10,247</u>	<u>17,419</u>
(12,471)	(21,027)	1,112	0	(1,567)
<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>
(12,471)	(21,027)	1,112	0	(1,567)
<u>(6,581)</u>	<u>(20,729)</u>	<u>2,100</u>	<u>0</u>	<u>1,567</u>
<u>(\$19,052)</u>	<u>(\$41,756)</u>	<u>\$3,212</u>	<u>\$0</u>	<u>\$0</u>

(Continued)

Vandalia-Butler City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	<u>E-Rate</u>	<u>Title VI-R</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
<u>Revenues:</u>				
Intergovernmental	\$21,835	\$97,708	\$5,963	\$1,276,137
Earnings on Investments	0	0	0	2,717
Tuition and Fees	0	0	0	146,032
Extracurricular	0	0	0	584,601
Charges for Services	0	0	0	861,444
Other	0	0	0	49,354
<i>Total Revenues</i>	<u>21,835</u>	<u>97,708</u>	<u>5,963</u>	<u>2,920,285</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	16,889	0	2,294	140,441
Special	0	0	0	344,610
Other	10,977	0	0	14,257
Support Services:				
Pupil Support Services	0	0	0	331,815
Instructional Support Services	0	123,306	6,472	475,037
Administration	0	0	0	65,306
Other Support Services	0	0	0	18,740
Non-Instructional Services	0	0	0	1,388,839
Operation and Maintenance of Plant Services	0	0	0	19,095
Extracurricular Activities	0	0	0	612,437
<i>Total Expenditures</i>	<u>27,866</u>	<u>123,306</u>	<u>8,766</u>	<u>3,410,577</u>
Excess of Revenues Over/(Under) Expenditures	(6,031)	(25,598)	(2,803)	(490,292)
<u>Other Financing Sources:</u>				
Transfers In	0	0	0	302,709
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>302,709</u>
<i>Net Change in Fund Balances</i>	(6,031)	(25,598)	(2,803)	(187,583)
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>6,489</u>	<u>693</u>	<u>2,294</u>	<u>587,686</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$458</u>	<u>(\$24,905)</u>	<u>(\$509)</u>	<u>\$400,103</u>

Vandalia-Bulter City School District

Statement of Changes in
Assets and Liabilities
Agency Fund

Year Ended June 30, 2004

	<u>Balance</u> <u>07/01/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/04</u>
STUDENT MANAGED ACTIVITIES				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$100,212</u>	<u>\$133,319</u>	<u>\$147,479</u>	<u>\$86,052</u>
Total Assets	<u>\$ 100,212</u>	<u>\$ 133,319</u>	<u>\$ 147,479</u>	<u>\$ 86,052</u>
Liabilities				
Due to Students	<u>100,212</u>	<u>133,319</u>	<u>147,479</u>	<u>86,052</u>
Total Liabilities	<u>\$ 100,212</u>	<u>\$ 133,319</u>	<u>\$ 147,479</u>	<u>\$ 86,052</u>

**Individual Fund Schedules
of Revenues, Expenditures
and Changes in Fund Balance –
Budget (Non-GAAP Basis)
and Actual**



Vandalia-Butler City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget: Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Food Service				
Total Revenues and Other Sources	\$880,000	\$880,000	\$794,405	(\$85,595)
Total Expenditures and Other Uses	881,451	881,451	855,847	25,604
Net Change in Fund Balance	(1,451)	(1,451)	(61,442)	(59,991)
Fund Balance, July 1	122,398	122,398	122,398	0
Prior Year Encumbrances Appropriated	14,447	14,447	14,447	0
Fund Balance, June 30	<u>\$135,394</u>	<u>\$135,394</u>	<u>\$75,403</u>	<u>(\$59,991)</u>
Special Trust				
Total Revenues and Other Sources	\$25,900	\$15,921	\$17,109	\$1,188
Total Expenditures and Other Uses	30,885	30,885	20,308	10,577
Net Change in Fund Balance	(4,985)	(14,964)	(3,199)	11,765
Fund Balance, July 1	10,885	10,885	10,885	0
Prior Year Encumbrances Appropriated	3,796	3,796	3,796	0
Fund Balance, June 30	<u>\$9,696</u>	<u>(\$283)</u>	<u>\$11,482</u>	<u>\$11,765</u>
Uniform Supply				
Total Revenues and Other Sources	\$251,700	\$251,700	\$146,152	(\$105,548)
Total Expenditures and Other Uses	302,815	302,815	168,049	134,766
Net Change in Fund Balance	(51,115)	(51,115)	(21,897)	29,218
Fund Balance, July 1	128,085	128,085	128,085	0
Prior Year Encumbrances Appropriated	15,409	15,409	15,409	0
Fund Balance, June 30	<u>\$92,379</u>	<u>\$92,379</u>	<u>\$121,597</u>	<u>\$29,218</u>

Vandalia-Butler City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
Adult Education				
Total Revenues and Other Sources	\$0	\$0	\$0	\$0
Total Expenditures and Other Uses	0	0	0	0
Net Change in Fund Balance	0	0	0	0
Fund Balance, July 1	5,153	5,153	5,153	0
Prior Year Encumbrances Appropriated	0	0	0	0
Fund Balance, June 30	<u>\$5,153</u>	<u>\$5,153</u>	<u>\$5,153</u>	<u>\$0</u>
Rotary - Special Services				
Total Revenues and Other Sources	\$0	\$0	\$0	\$0
Total Expenditures and Other Uses	0	0	0	0
Net Change in Fund Balance	0	0	0	0
Fund Balance, July 1	442	442	442	0
Prior Year Encumbrances Appropriated	0	0	0	0
Fund Balance, June 30	<u>\$442</u>	<u>\$442</u>	<u>\$442</u>	<u>\$0</u>
Public School Support				
Total Revenues and Other Sources	\$543,650	\$329,408	\$353,969	\$24,561
Total Expenditures and Other Uses	613,158	643,158	387,687	255,471
Net Change in Fund Balance	(69,508)	(313,750)	(33,718)	280,032
Fund Balance, July 1	193,278	193,278	193,278	0
Prior Year Encumbrances Appropriated	35,972	35,972	35,972	0
Fund Balance, June 30	<u>\$159,742</u>	<u>(\$84,500)</u>	<u>\$195,532</u>	<u>\$280,032</u>

(Continued)

Vandalia-Butler City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Grants				
Total Revenues and Other Sources	\$0	\$0	\$0	\$0
Total Expenditures and Other Uses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance, July 1	3	3	3	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30	<u>\$3</u>	<u>\$3</u>	<u>\$3</u>	<u>\$0</u>
Latchkey				
Total Revenues and Other Sources	\$320,000	\$315,000	\$275,285	(\$39,715)
Total Expenditures and Other Uses	<u>303,175</u>	<u>303,175</u>	<u>276,481</u>	<u>26,694</u>
Net Change in Fund Balance	16,825	11,825	(1,196)	(13,021)
Fund Balance, July 1	989	989	989	0
Prior Year Encumbrances Appropriated	<u>3,175</u>	<u>3,175</u>	<u>3,175</u>	<u>0</u>
Fund Balance, June 30	<u>\$20,989</u>	<u>\$15,989</u>	<u>\$2,968</u>	<u>(\$13,021)</u>
Athletics				
Total Revenues and Other Sources	\$549,350	\$235,108	\$537,817	\$302,709
Total Expenditures and Other Uses	<u>560,160</u>	<u>560,160</u>	<u>553,203</u>	<u>6,957</u>
Net Change in Fund Balance	(10,810)	(325,052)	(15,386)	309,666
Fund Balance, July 1	89,141	89,141	89,141	0
Prior Year Encumbrances Appropriated	<u>7,628</u>	<u>7,628</u>	<u>7,628</u>	<u>0</u>
Fund Balance, June 30	<u>\$85,959</u>	<u>(\$228,283)</u>	<u>\$81,383</u>	<u>\$309,666</u>

Vandalia-Butler City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget: Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Auxiliary Services				
Total Revenues and Other Sources	\$222,000	\$229,125	\$229,125	\$0
Total Expenditures and Other Uses	<u>293,894</u>	<u>298,663</u>	<u>226,052</u>	<u>72,611</u>
Net Change in Fund Balance	(71,894)	(69,538)	3,073	72,611
Fund Balance, July 1	2,258	2,258	2,258	0
Prior Year Encumbrances Appropriated	<u>69,725</u>	<u>69,725</u>	<u>69,725</u>	<u>0</u>
Fund Balance, June 30	<u>\$89</u>	<u>\$2,445</u>	<u>\$75,056</u>	<u>\$72,611</u>
Career Education				
Total Revenues and Other Sources	\$0	\$500	\$500	\$0
Total Expenditures and Other Uses	<u>527</u>	<u>1,832</u>	<u>1,305</u>	<u>527</u>
Net Change in Fund Balance	(527)	(1,332)	(805)	527
Fund Balance, July 1	278	278	278	0
Prior Year Encumbrances Appropriated	<u>527</u>	<u>527</u>	<u>527</u>	<u>0</u>
Fund Balance, June 30	<u>\$278</u>	<u>(\$527)</u>	<u>\$0</u>	<u>\$527</u>
Teacher Development				
Total Revenues and Other Sources	\$0	\$0	\$0	\$0
Total Expenditures and Other Uses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance, July 1	9,492	9,492	9,492	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30	<u>\$9,492</u>	<u>\$9,492</u>	<u>\$9,492</u>	<u>\$0</u>

(Continued)

Vandalia-Butler City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget: Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Management Information Systems				
Total Revenues and Other Sources	\$0	\$10,093	\$10,093	\$0
Total Expenditures and Other Uses	<u>22,647</u>	<u>22,647</u>	<u>4,276</u>	<u>18,371</u>
Net Change in Fund Balance	(22,647)	(12,554)	5,817	18,371
Fund Balance, July 1	22,597	22,597	22,597	0
Prior Year Encumbrances Appropriated	<u>50</u>	<u>50</u>	<u>50</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$10,093</u></u>	<u><u>\$28,464</u></u>	<u><u>\$18,371</u></u>
Entry Year Program				
Total Revenues and Other Sources	\$0	\$13,200	\$13,200	\$0
Total Expenditures and Other Uses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	13,200	13,200	0
Fund Balance, July 1	0	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$13,200</u></u>	<u><u>\$13,200</u></u>	<u><u>\$0</u></u>
Ohio Educational Computer Network				
Total Revenues and Other Sources	\$0	\$18,000	\$18,000	\$0
Total Expenditures and Other Uses	<u>21,006</u>	<u>21,006</u>	<u>21,006</u>	<u>0</u>
Net Change in Fund Balance	(21,006)	(3,006)	(3,006)	0
Fund Balance, July 1	21,006	21,006	21,006	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$18,000</u></u>	<u><u>\$18,000</u></u>	<u><u>\$0</u></u>

Vandalia-Butler City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget: Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
School Net Professional Development				
Total Revenues and Other Sources	\$0	\$4,140	\$4,140	\$0
Total Expenditures and Other Uses	<u>4,360</u>	<u>12,859</u>	<u>7,684</u>	<u>5,175</u>
Net Change in Fund Balance	(4,360)	(8,719)	(3,544)	5,175
Fund Balance, July 1	4,120	4,120	4,120	0
Prior Year Encumbrances Appropriated	<u>240</u>	<u>240</u>	<u>240</u>	<u>0</u>
Fund Balance, June 30	<u>\$0</u>	<u>(\$4,359)</u>	<u>\$816</u>	<u>\$5,175</u>
Textbook/Instructional Materials Subsidy				
Total Revenues and Other Sources	\$0	\$0	\$0	\$0
Total Expenditures and Other Uses	<u>73</u>	<u>73</u>	<u>32</u>	<u>41</u>
Net Change in Fund Balance	(73)	(73)	(32)	41
Fund Balance, July 1	73	73	73	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$41</u>	<u>\$41</u>
Interactive Video Learning				
Total Revenues and Other Sources	\$0	\$0	\$0	\$0
Total Expenditures and Other Uses	<u>3,576</u>	<u>3,576</u>	<u>565</u>	<u>3,011</u>
Net Change in Fund Balance	(3576)	(3576)	(565)	3,011
Fund Balance, July 1	3,411	3,411	3,411	0
Prior Year Encumbrances Appropriated	<u>165</u>	<u>165</u>	<u>165</u>	<u>0</u>
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$3,011</u>	<u>\$3,011</u>

(Continued)

Vandalia-Butler City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
Ohio Reads				
Total Revenues and Other Sources	\$0	\$4,000	\$4,000	\$0
Total Expenditures and Other Uses	18,523	35,681	20,957	14,724
Net Change in Fund Balance	(18,523)	(31,681)	(16,957)	14,724
Fund Balance, July 1	519	519	519	0
Prior Year Encumbrances Appropriated	18,005	18,005	18,005	0
Fund Balance, June 30	\$1	(\$13,157)	\$1,567	\$14,724
Summer Intervention				
Total Revenues and Other Sources	\$0	\$11,028	\$11,028	\$0
Total Expenditures and Other Uses	5,807	67,074	5,807	61,267
Net Change in Fund Balance	(5,807)	(56,046)	5,221	61,267
Fund Balance, July 1	5,807	5,807	5,807	0
Prior Year Encumbrances Appropriated	0	0	0	0
Fund Balance, June 30	\$0	(\$50,239)	\$11,028	\$61,267
Miscellaneous State Grants				
Total Revenues and Other Sources	\$0	\$3,859	\$3,859	\$0
Total Expenditures and Other Uses	7,867	32,293	5,159	27,134
Net Change in Fund Balance	(7,867)	(28,434)	(1,300)	27,134
Fund Balance, July 1	7,867	7,867	7,867	0
Prior Year Encumbrances Appropriated	0	0	0	0
Fund Balance, June 30	\$0	(\$20,567)	\$6,567	\$27,134

Vandalia-Butler City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget: Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
ESEA Title II				
Total Revenues and Other Sources	\$0	\$0	\$0	\$0
Total Expenditures and Other Uses	<u>34</u>	<u>34</u>	<u>0</u>	<u>34</u>
Net Change in Fund Balance	(34)	(34)	0	34
Fund Balance, July 1	34	34	34	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$34</u>	<u>\$34</u>
Special Education				
Total Revenues and Other Sources	\$455,316	\$455,316	\$455,316	\$0
Total Expenditures and Other Uses	<u>455,316</u>	<u>455,316</u>	<u>455,316</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance, July 1	0	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Title I				
Total Revenues and Other Sources	\$298,644	\$225,072	\$225,073	\$1
Total Expenditures and Other Uses	<u>307,353</u>	<u>304,340</u>	<u>227,028</u>	<u>77,312</u>
Net Change in Fund Balance	(8,709)	(79,268)	(1,955)	77,313
Fund Balance, July 1	8,709	8,709	8,709	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30	<u>\$0</u>	<u>(\$70,559)</u>	<u>\$6,754</u>	<u>\$77,313</u>

(Continued)

Vandalia-Butler City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget: Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Title VI				
Total Revenues and Other Sources	\$30,059	\$12,317	\$12,318	\$1
Total Expenditures and Other Uses	<u>32,159</u>	<u>32,143</u>	<u>11,206</u>	<u>20,937</u>
Net Change in Fund Balance	(2,100)	(19,826)	1,112	20,938
Fund Balance, July 1	2,100	2,100	2,100	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30	<u>\$0</u>	<u>(\$17,726)</u>	<u>\$3,212</u>	<u>\$20,938</u>
Drug Free Schools				
Total Revenues and Other Sources	\$10,254	\$10,247	\$10,247	\$0
Total Expenditures and Other Uses	<u>10,254</u>	<u>10,247</u>	<u>10,247</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance, July 1	0	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Preschool Handicapped Grant				
Total Revenues and Other Sources	\$15,852	\$8,707	\$15,852	\$7,145
Total Expenditures and Other Uses	<u>17,419</u>	<u>17,419</u>	<u>17,419</u>	<u>0</u>
Net Change in Fund Balance	(1,567)	(8,712)	(1,567)	7,145
Fund Balance, July 1	1,567	1,567	1,567	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30	<u>\$0</u>	<u>(\$7,145)</u>	<u>\$0</u>	<u>\$7,145</u>

Vandalia-Butler City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget: Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
E-Rate				
Total Revenues and Other Sources	\$0	\$21,836	\$21,835	(\$1)
Total Expenditures and Other Uses	<u>6,489</u>	<u>6,489</u>	<u>27,866</u>	<u>(21,377)</u>
Net Change in Fund Balance	(6,489)	15,347	(6,031)	(21,378)
Fund Balance, July 1	6,489	6,489	6,489	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30	<u>\$0</u>	<u>\$21,836</u>	<u>\$458</u>	<u>(\$21,378)</u>
Title VI-R				
Total Revenues and Other Sources	\$163,626	\$97,708	\$109,708	\$12,000
Total Expenditures and Other Uses	<u>164,319</u>	<u>164,113</u>	<u>109,930</u>	<u>54,183</u>
Net Change in Fund Balance	(693)	(66,405)	(222)	66,183
Fund Balance, July 1	693	693	693	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30	<u>\$0</u>	<u>(\$65,712)</u>	<u>\$471</u>	<u>\$66,183</u>
Miscellaneous Federal Grants				
Total Revenues and Other Sources	\$6,126	\$5,964	\$6,563	\$599
Total Expenditures and Other Uses	<u>8,420</u>	<u>9,988</u>	<u>8,766</u>	<u>1,222</u>
Net Change in Fund Balance	(2,294)	(4,024)	(2,203)	1,821
Fund Balance, July 1	2,294	2,294	2,294	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30	<u>\$0</u>	<u>(\$1,730)</u>	<u>\$91</u>	<u>\$1,821</u>

(Continued)

Vandalia-Butler City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget: Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Debt Service Fund				
Total Revenues and Other Sources	\$529,962	\$532,813	\$532,140	(\$673)
Total Expenditures and Other Uses	<u>373,330</u>	<u>373,300</u>	<u>366,009</u>	<u>7,291</u>
Net Change in Fund Balance	156,632	159,513	166,131	6,618
Fund Balance, July 1	833,068	833,068	833,068	0
Prior Year Encumbrances Appropriated	<u>330</u>	<u>330</u>	<u>330</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$990,030</u></u>	<u><u>\$992,911</u></u>	<u><u>\$999,529</u></u>	<u><u>\$6,618</u></u>
SchoolNet Equipment				
Total Revenues and Other Sources	\$0	\$0	\$0	\$0
Total Expenditures and Other Uses	<u>218</u>	<u>218</u>	<u>218</u>	<u>0</u>
Net Change in Fund Balance	(218)	(218)	(218)	0
Fund Balance, July 1	218	218	218	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Statistical Section

Table 1

VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
Government-Wide Expenses by Function (1)
Last Three Fiscal Years

<u>Fiscal Year (2)</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Instruction			
Regular	\$13,262,778	\$12,878,701	\$12,757,015
Special	2,629,998	2,322,417	1,977,119
Vocational	370,998	373,908	337,788
Other Instruction	1,496,692	1,353,734	1,424,730
Total Instruction	<u>17,760,466</u>	<u>16,928,760</u>	<u>16,496,652</u>
Support Services			
Pupils	1,924,211	1,972,949	1,282,535
Instructional Staff	2,072,071	1,581,473	969,693
Administration	1,731,639	1,985,350	1,747,480
Business & Fiscal	918,560	851,519	859,390
Operation of Maintenance of Plant	2,542,499	2,503,379	2,070,661
Pupil Transportation	1,251,468	1,098,435	1,079,505
Other	724,605	1,058,763	732,740
Total Support Services	<u>11,165,053</u>	<u>11,051,868</u>	<u>8,742,004</u>
Operation of Non-Instructional Services	1,410,629	1,360,262	1,209,458
Extracurricular Activities	642,708	713,987	662,700
Debt Service:			
Interest & Fiscal Charges	122,668	146,427	165,532
Total Expenditures	<u><u>\$31,101,524</u></u>	<u><u>\$30,201,304</u></u>	<u><u>\$27,276,346</u></u>

Source: School District Financial Records

(1) Includes all governmental activities.

(2) Fiscal Year 2002 is the first year reported in accordance with GASB Statement No. 34

Table 2

VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
Government-Wide Revenue by Source (1)
Last Three Fiscal Years

<i>Fiscal Year (2)</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>
<i>Program Revenues</i>			
Charges for Services	\$1,613,953	\$1,546,638	\$1,717,195
Operating Grants and Contributions	2,208,832	1,644,053	1,261,655
Capital Grants and Contributions	0	52,688	0
<i>General Revenues</i>			
Property Taxes	18,000,695	18,582,329	18,818,568
Intergovernmental	5,953,345	5,535,238	5,749,985
Investment Earnings	152,253	277,791	608,935
Miscellaneous	124,591	379,158	1,413,146
Total Revenues	<u>\$28,053,669</u>	<u>\$28,017,895</u>	<u>\$29,569,484</u>

Source: School District Financial Records

(1) Includes all governmental activities

(2) Fiscal Year 2002 is the first year reported in accordance with GASB Statement No. 34

VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
PROPERTY TAX LEVIES AND COLLECTIONS - REAL, PERSONAL, AND PUBLIC UTILITY PROPERTY
LAST TEN COLLECTION (CALENDAR) YEARS
1995-2004

TABLE 3

Collection Year	Current Levy (1)	Current Collection (2)	Percent of		Delinquent Collection	Total Collection (2)	Percent of		Outstanding Delinquent Taxes (3)	Total Collection As a Percent of Current Levy
			Current Levy Collected	Delinquent Collection			Current Levy Collected	Outstanding Delinquent Taxes (3)		
2004	\$ 20,355,804	\$ 19,838,772	97.46%	\$ 559,071	\$ 20,397,843	100.21%	\$ 1,740,537	8.55%		
2003	20,747,620	19,584,235	94.39%	\$ 771,308	\$ 20,355,543	98.11%	1,495,650	7.21%		
2002	20,201,860	18,949,413	93.80%	631,133	19,580,546	96.92%	665,860	3.30%		
2001	19,843,228	19,618,976	98.87%	1,074,169	20,693,145	104.28%	1,514,895	7.63%		
2000	(4)	19,167,150	(4)	626,452	19,793,602	(4)	(4)	(4)		
1999	(4)	18,504,073	(4)	626,390	19,130,463	(4)	(4)	(4)		
1998	(4)	17,951,589	(4)	691,286	18,642,875	(4)	(4)	(4)		
1997	(4)	17,745,969	(4)	758,627	18,504,596	(4)	(4)	(4)		
1996	(4)	17,220,137	(4)	1,285,235	18,505,372	(4)	(4)	(4)		
1995	(4)	16,483,233	(4)	394,721	16,877,954	(4)	(4)	(4)		

Source: Montgomery County Auditor.

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

(2) State reimbursements of rollback and homestead exemptions are included; December 2001 settlement estimate included.

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

(4) Information not available

TABLE 4

VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN COLLECTION (CALENDAR) YEARS
 1995-2004

Tax Collection Year	Agricultural and Residential Real Estate		Commercial, Industrial, Public Utility Real Estate (1)		Tangible Personal (2)		Public Utility Tangible Personal		Total		Assessed Value Ratio (3)
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2004	\$ 395,305,200	\$1,129,443,429	\$ 159,498,440	\$455,709,829	\$ 92,384,592	\$369,538,368	\$ 17,945,880	\$20,393,045	\$665,134,112	\$1,975,084,671	34%
2003	\$391,477,550	\$1,118,507,286	\$157,263,300	\$449,323,714	\$109,011,441	\$436,045,764	\$18,220,030	\$20,704,580	\$675,972,321	\$2,024,581,344	33%
2002	\$353,228,050	\$1,009,223,000	\$138,201,810	\$394,862,314	\$123,069,976	\$492,279,904	\$17,621,590	\$20,024,534	\$632,121,426	\$1,916,389,752	33%
2001	\$348,721,950	\$996,348,429	\$131,121,560	\$374,633,029	\$115,030,410	\$460,121,640	\$21,562,520	\$24,502,864	\$616,436,440	\$1,855,605,961	33%
2000	\$342,422,070	\$978,348,771	\$129,240,070	\$369,257,343	\$109,860,144	\$439,440,576	\$23,312,830	\$26,491,852	\$604,835,114	\$1,813,538,543	33%
1999	\$306,029,170	\$874,369,057	\$122,364,710	\$349,613,457	\$100,331,566	\$401,326,264	\$25,084,640	\$28,505,273	\$553,810,086	\$1,653,814,051	33%
1998	\$300,076,180	\$857,360,514	\$121,146,290	\$346,132,257	\$101,006,660	\$404,026,640	\$26,360,230	\$29,954,807	\$548,589,360	\$1,637,474,218	34%
1997	\$294,827,430	\$842,364,086	\$119,428,440	\$341,224,114	\$96,789,674	\$387,158,696	\$26,653,110	\$30,287,625	\$537,698,654	\$1,601,034,521	34%
1996	\$254,105,070	\$726,014,486	\$113,201,960	\$323,434,171	\$82,030,629	\$328,122,516	\$27,121,710	\$30,820,125	\$476,459,369	\$1,408,391,298	34%
1995	\$248,171,210	\$709,060,600	\$111,920,790	\$319,773,686	\$71,800,446	\$287,201,784	\$28,140,980	\$31,978,386	\$460,033,426	\$1,348,014,456	34%

Source: Montgomery County Auditor.

(1) Includes public utility real property.

(2) Includes personal property \$10,000 exemption.

(3) Ratio represents Total Assessed Value divided by Total Estimated Actual Value.

VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATION)
LAST TEN CALENDAR YEARS (1)
1994-2004

TABLE 5

Collection Year	Montgomery County	Dayton Metro Library	Butler Township	City of Vandalia	City of Union	Miami Valley		Vandalia-Butler City School District
						Career Technology Center		
2004	17.24	0.26	16.94	4.14	15.67	2.58		43.46
2003	17.24	0.26	16.94	4.14	15.67	2.58		44.36
2002	17.24	0.26	16.94	4.14	15.67	2.58		44.66
2001	17.24	0.26	16.94	4.14	15.67	2.58		44.86
2000	16.64	0.26	17.60	4.14	15.67	2.58		45.06
1999	16.64	0.26	17.60	4.14	15.67	2.58		45.86
1998	16.64	0.26	17.60	4.14	0.00	2.58		45.86
1997	16.64	0.72	16.60	4.14	0.00	2.58		45.86
1996	16.64	0.72	15.10	4.14	0.00	2.58		47.86
1995	16.64	0.72	15.10	4.14	0.00	2.58		47.86
1994	16.14	0.00	15.10	4.14	0.00	2.58		42.91

Source: Montgomery County Auditor.

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

TABLE 6
VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
RATIO OF GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
LAST TEN YEARS
1995-2004

Collection Year	Population (1)	Total Assessed Value (2)	Gross Bonded Debt (3)	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2004	22,985	\$ 665,134,112	\$1,000,000	999,523	\$477	0.00%	\$0
2003	22,985	\$675,972,321	\$1,250,000	\$833,398	\$416,602	0.06%	\$18
2002	22,985	\$632,121,426	1,500,000	703,144	796,856	0.13%	35
2001	22,985	616,436,440	1,750,000	609,770	1,140,230	0.18%	50
2000	22,985	604,835,114	2,000,000	507,029	1,492,971	0.25%	65
1999	21,790	553,810,086	2,250,000	502,354	1,747,646	0.32%	80
1998	21,790	548,589,360	2,500,000	549,011	1,950,989	0.36%	90
1997	21,790	537,698,654	2,750,000	605,707	2,144,293	0.40%	98
1996	21,790	476,459,369	2,975,000	547,163	2,427,837	0.51%	111
1995	21,790	460,033,426	3,200,000	417,088	2,782,912	0.60%	128

Sources:

- (1) Census data for 1990 and 2000, estimates from the City of Vandalia and Butler Township
- (2) Montgomery County Auditor, calendar year basis.
- (3) Prior to fiscal year 2002, Vandalia-Butler City School District reported on cash basis.

**VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
 COMPUTATION OF LEGAL DEBT MARGIN
 JUNE 30, 2004**

TABLE 7

Assessed Valuation		<u><u>\$665,134,112</u></u>
OVERALL DIRECT DEBT LIMITATION		
Direct Debt Limitation		
9% of Assessed Valuation		\$59,862,070
Amount Available in Debt Service Fund		999,523
Gross indebtedness	1,000,000	
Less: Debt Exempt from Limitation	<u>0</u>	
Debt Subject to 9% Limitation		<u>(1,000,000)</u>
Legal Debt Margin within 9% Limitation		<u><u>\$59,861,593</u></u>
UNVOTED DIRECT DEBT LIMITATION		
Unvoted Debt Limitation		
0.1% of Assessed Valuation		\$665,134
Amount available in Debt Service Fund related to unvoted debt		0
Gross indebtedness Authorized by the Board	0	
Less: Debt Exempt from Limitation	<u>0</u>	
Debt Subject to 0.1% Limitation		<u>0</u>
Legal Debt Margin within 0.1% Limitation		\$665,134
ENERGY CONSERVATION BOND LIMITATION		
Ohio Revised Code Section 133.042		
Debt Limitation		
0.9% of Assessed Valuation		\$5,986,207
Energy Conservation Notes Authorized by the Board		<u>0</u>
Legal Debt Margin within 0.9% Limitation		<u><u>\$5,986,207</u></u>

Source: Vandalia-Butler City School District Financial Records.

**VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 JUNE 30, 2004**

TABLE 8

Governmental Unit	Gross General Obligation	Percent Applicable to District	Amount Applicable to District
Direct:			
Vandalia-Butler City School District	\$1,000,000	100.00%	\$1,000,000
Overlapping:			
Montgomery County	38,917,639	6.71%	2,610,646
Butler Township	481,165	100.00%	481,165
City of Dayton	50,608,401	5.95%	3,013,481
City of Union	215,609	0.25%	535
City of Vandalia	11,823,492	100.00%	11,823,492
Total overlapping	102,046,306		17,929,319
Total direct and overlapping debt	\$103,046,306		\$18,929,319

Source: Montgomery County Auditor.

TABLE 9
VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES
LAST TEN FISCAL YEARS (1)
1994-2004

Fiscal Year	Principal		Interest		Total Debt Service		Total General Fund Expenditures		Ratio of Debt Service to General Fund Expenditures	
2004	\$	250,000	\$	115,685	\$	365,685	\$	27,256,338		1.34%
2003		250,000		141,325		391,325		26,368,103		1.48%
2002		250,000		158,438		408,438		24,252,773		1.68%
2001		250,000		182,813		432,813		23,391,736		1.85%
2000		250,000		207,188		457,188		22,347,097		2.05%
1999		250,000		231,563		481,563		21,721,007		2.22%
1998		250,000		255,938		505,938		19,405,447		2.61%
1997		225,000		279,094		504,094		21,144,492		2.38%
1996		225,000		301,031		526,031		18,431,718		2.85%
1995		225,000		322,969		547,969		17,755,780		3.09%
1994		225,000		344,907		569,907		17,460,287		3.26%

Source: Vandalia-Butler City School District Financial Records.
(1) Prior to fiscal year 2002, Vandalia-Butler City School District reported on cash basis.

VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
PROPERTY VALUE, FINANCIAL INSTITUTION DEPOSITS AND BUILDING PERMITS
LAST TEN CALENDAR YEARS
1993-2002

TABLE 10

<u>Year</u>	<u>Real Estate Only Assessed Value (1)</u>	<u>Residential Construction (2)</u>	<u>Commerical Construction (2)</u>	<u>County Bank Deposits (3)</u>
2002	\$548,710,850	\$6,914,035	\$4,379,779	\$241,447,000
2001	479,709,530	4,946,907	17,144,527	224,099,000
2000	471,662,140	5,625,950	21,750,852	191,473,000
1999	428,393,880	8,382,445	22,997,366	2,994,378,000
1998	421,222,470	10,057,827	11,496,840	3,264,705,000
1997	414,255,870	8,401,100	13,581,121	3,530,314,000
1996	367,307,030	10,918,125	10,382,823	3,899,145,000
1995	360,092,000	11,085,550	7,255,654	3,995,114,000
1994	352,399,230	8,370,400	9,156,475	4,034,766,000
1993	327,171,040	9,119,000	8,430,845	3,834,335,000

Sources:

- (1) Montgomery County Auditor, calendar year basis.
- (2) City of Vandalia Building Department. Amounts not available from Butler Township or City of Union.
- (3) Federal Reserve Bank of Cleveland, amounts are for Montgomery County.

**VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
TOP TEN PRINCIPAL TAXPAYERS
JUNE 30, 2004**

TABLE 11

Name of Taxpayer	Type of Business	Taxing District(s)	Real Property Assessed Valuation	Personal Property Assessed Valuation	Total Assessed Valuation	Percent of Total Assessed Valuation
City of Dayton	Airport	Dayton	\$20,816,550	\$0	\$20,816,550	3.1%
Delphi Automotive Systems	Automotive supplier	Vandalia	4,657,770	13,125,890	17,783,660	2.7%
Emery Air Freight & Airlines	Air cargo carrier	Dayton	0	10,725,900	10,725,900	1.6%
Dayton Power & Light	Gas, electric utility	Butler Township & Vandalia	8,897,920	0	8,897,920	1.3%
Ohio Bell Telephone Co	Telephone utility	Butler Township & Vandalia	6,176,970	0	6,176,970	0.9%
The Iams Company	Pet food maker	Vandalia	2,431,470	3,322,550	5,754,020	0.9%
Eurand America Inc	Pharmaceutical supplier	Vandalia	0	4,667,000	4,667,000	0.7%
Sam's Club East	Retail warehouse	Butler Township	2,463,150	1,491,200	3,954,350	0.6%
Smith Industries Aerospace	Aerospace engineering	Vandalia	0	3,371,640	3,371,640	0.5%
EFTEC North America	Automotive supplier	Vandalia	0	3,105,450	3,105,450	0.5%
	Sub-Total		45,443,830	39,809,630	85,253,460	12.8%
	All Others		509,359,810	70,520,842	579,880,652	87.2%
	Grand Total		\$554,803,640	\$110,330,472	\$665,134,112	100.0%

Source: Montgomery County Auditor.

**VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
COST TO EDUCATE A 2004 GRADUATE
JUNE 30, 2004**

TABLE 12

School Year	Grade	Vandalia-Butler City Schools	Vandalia-Butler City Schools	State Average	Comparison (2)	Vandalia-Butler Annual Increase	State Average Annual Increase
2003-2004	12	\$	8,311	\$ 8,754	(\$443)	1.4%	3.71%
2002-2003	11		\$8,194	\$8,441	(\$247)	7.2%	4.6%
2001-2002	10		\$7,641	\$8,073	(\$432)	1.0%	6.3%
2000-2001	9		7,563	7,591	(28)	7.3%	13.9%
1999-2000	8		7,050	6,663	387	3.8%	4.3%
1998-1999	7		6,795	6,388	407	8.4%	5.2%
1997-1998	6		6,271	6,071	200	3.6%	4.4%
1996-1997	5		6,051	5,814	237	11.0%	6.4%
1995-1996	4		5,452	5,466	(14)	-2.5%	1.4%
1994-1995	3		5,589	5,391	198	3.8%	3.3%
1993-1994	2		5,382	5,218	164	5.7%	6.9%
1992-1993	1		5,092	4,879	213	9.0%	1.1%
1991-1992	K		4,671	4,825	(154)		
TOTAL			<u>\$84,062</u>	<u>\$83,574</u>	<u>\$488</u>		

Source: Vandalia-Butler City School District Financial Records.

(2) Reported on a cash basis.

VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
ENROLLMENT PROJECTIONS BY GRADE
JUNE 30, 2004

TABLE 13

	P	K	1	2	3	4	5	6	7	8	9	10	11	12	U	Total
<u>Actual</u>																
1997-1998	25	259	285	254	253	257	269	309	274	270	333	278	287	266	21	3,640
1998-1999	27	206	280	269	244	258	265	275	309	273	349	266	245	271	27	3,564
1999-2000	22	249	226	255	255	251	261	263	289	317	321	280	264	273	24	3,550
2000-2001	23	232	281	220	252	250	253	275	287	285	346	274	283	246	24	3,531
2001-2002	26	182	260	244	210	256	259	259	286	270	336	323	273	253	29	3,466
2002-2003	32	210	209	246	250	222	251	256	284	293	318	299	312	261	28	3,471
2003-2004	31	219	235	209	251	264	247	262	275	289	336	284	299	317	0	3,518
<u>Projected</u>																
2004-2005	25	225	282	276	186	244	247	221	275	272	325	307	287	280	26	3,478
2005-2006	26	244	252	288	248	189	249	250	230	274	330	290	303	273	26	3,472
2006-2007	25	243	273	239	261	274	193	253	260	229	333	294	285	288	26	3,476
2007-2008	25	244	272	259	233	265	279	196	263	259	278	296	289	271	25	3,454
2008-2009	25	252	273	258	252	237	271	283	204	262	314	247	292	275	26	3,471
2009-2010	25	258	282	259	251	257	242	274	295	203	318	280	243	277	26	3,490
2010-2011	25	259	288	268	252	255	262	245	285	293	246	283	275	231	26	3,493
2011-2012	26	260	290	273	261	257	285	266	255	288	356	219	248	263	26	3,573

Source: Vandalia-Butler City School District Financial Records.

VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
LEVY HISTORY

TABLE 14

Date of Election	Type of Issue	Purpose	Mills / Amount	Length	Result	For	Against	Total	% For
11/6/1951	Operating	Current expenses	2.41	5 years	Pass	1,050	180	1,230	85.37%
11/2/1954	Operating	Current expenses	4.00	5 years	Pass	1,464	319	1,783	82.11%
11/2/1954	Bond Issue	Stonequarry Elementary	\$640,000	25 years	Pass	1,519	305	1,824	83.28%
11/8/1955	Operating	Current expenses	5.00	5 years	Pass	1,426	511	1,937	73.62%
5/8/1956	Bond Issue	Butler High School	\$965,000	23 years	Pass	714	255	969	73.68%
11/6/1956	Operating	Current expenses	3.00	5 years	Pass	2,553	831	3,384	75.44%
5/21/1957	Bond Issue	Demmit Elementary	\$490,000	22 years	Pass	1,205	519	1,724	69.90%
5/6/1958	Bond Issue	Equipment	\$409,000	23 years	Fail (60%)	1,000	821	1,821	54.91%
11/4/1958	Bond Issue	Equipment	\$225,000	23 years	Pass	2,578	1,189	3,767	68.44%
11/4/1958	Bond Issue	Auditorium	\$217,000	23 years	Pass	2,104	1,600	3,704	56.80%
11/3/1959	Operating	Current expenses	3.60	5 years	Pass	Information not available	Information not available		
5/3/1960	Operating	Current expenses	4.50	5 years	Pass	969	568	1,537	63.04%
5/3/1960	Operating	Current expenses	3.00	5 years	Fail	704	806	1,510	46.62%
11/8/1960	Operating	Current expenses	3.00	10 years	Pass	2,411	1,797	4,208	57.30%
11/7/1961	Operating	Current expenses	2.70	10 years	Pass	1,907	770	2,677	71.24%
11/5/1963	Bond Issue	Bus Garage	\$785,000	23 years	Pass	2,087	1,198	3,285	63.53%
11/3/1964	Operating	Current expenses	3.60	10 years	Pass	3,177	1,419	4,596	69.13%
11/2/1965	Operating	Current expenses	4.50	10 years	Pass	2,396	1,258	3,654	65.57%
11/7/1967	Operating	Current expenses	2.25	10 years	Pass	2,424	1,674	4,108	59.01%
11/7/1967	Bond Issue	Helke Elementary, Smith Middle	\$1,800,000	20 years	Pass	2,560	1,567	4,127	62.03%
5/6/1969	Operating	Current expenses	5.75	Continuing	Fail	1,123	1,325	2,448	45.87%
11/4/1969	Bond Issue	Helke Elementary addition	\$600,000	17 years	Pass	2,521	1,984	4,505	55.96%
12/9/1969	Operating	Current expenses	6.00	Continuing	Pass	1,883	1,455	3,338	56.41%
11/3/1970	Operating	Current expenses	2.80	Continuing	Pass	3,551	1,825	5,376	66.05%
11/2/1971	Operating	Current expenses	2.60	Continuing	Pass	4,024	1,107	5,131	78.43%
11/6/1973	Bond Issue	Athletics Complex	\$4,150,000		Fail	2,357	2,557	4,914	47.96%
5/7/1974	Operating	Current expenses	3.05	Continuing	Pass	2,883	983	3,866	74.57%
5/7/1974	Operating	Current expenses	6.50	Continuing	Fail	1,794	2,024	3,818	46.99%
7/30/1974	Operating	Current expenses	6.50	Continuing	Pass	1,732	1,589	3,321	52.15%
11/4/1975	Operating	Current expenses	3.65	Continuing	Pass	3,497	1,536	5,033	69.48%
6/7/1977	Bond Issue	Athletics Complex	\$4,000,000		Fail	1,317	1,843	3,160	41.68%
11/8/1977	Operating	Current expenses	1.90	Continuing	Pass	4,390	1,704	6,094	72.04%
8/2/1983	Operating	Current expenses	0.80	Continuing	Pass	1,890	1,568	3,458	54.66%
8/2/1983	Bond Issue	Student Activity Center	\$5,450,000		Fail	1,730	1,744	3,474	49.80%
2/7/1984	Bond Issue	Student Activity Center	\$5,450,000		Pass	1,750	1,685	3,435	50.95%
2/2/1988	Operating	Current expenses	6.00	Continuing	Fail	2,408	2,515	4,923	48.91%
11/8/1988	Operating	Current expenses	6.00	3 years	Pass	6,285	4,627	10,912	57.60%
11/6/1990	Capital Projects	Capital improvements	1.00	5 years	Fail	3,849	4,134	7,983	48.21%
5/7/1991	Operating	Current expenses	5.00	3 years	Pass	2,775	1,386	4,161	66.69%
5/4/1993	Bond Issue	New middle school plus renovations	\$18,900,000		Fail	2,836	3,332	6,168	45.98%
11/2/1993	Bond Issue	New middle school plus renovations	\$17,550,000		Fail	3,239	3,460	6,699	48.35%
5/3/1994	Operating	Current expenses	9.95	3 years	Pass	3,480	2,300	6,680	52.10%
3/19/1996	Operating	Current expenses	8.79	5 years	Pass	2,848	1,444	4,292	66.36%
5/6/1997	Operating	Current expenses	2.90	Continuing	Fail	1,807	2,467	4,274	42.28%
5/8/2001	Operating	Current expenses	7.37	5 years	Pass	1,950	487	2,437	80.02%
11/4/2003	Operating/Bond/PI	Combination	6.90	Continuing	Fail				

TABLE 15

**VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
 DEMOGRAPHIC STATISTICS
 LAST TEN YEARS
 1995-2004**

Year	Population (1)	School Enrollment (2)	Average Federal Income (3)	Unemployment Rate Montgomery County (4)
2004	22,985	3,518	Information not available	6.4%
2003	22,985	3,471	Information not available	4.7%
2002	22,985	3,466	Information not available	5.3%
2001	22,985	3,531	\$48,698	4.3%
2000	22,985	3,550	\$50,415	3.8%
1999	21,790	3,564	49,746	3.8%
1998	21,790	3,640	47,439	4.1%
1997	21,790	3,590	44,240	4.0%
1996	21,790	3,574	40,712	4.4%
1995	21,790	3,435	40,161	4.0%

Sources:

- (1) Based on Census 2000 data. All other years are estimates from the Cities of Vandalia and Union and Butler Township.
- (2) Vandalia-Butler City School District Financial Records.
- (3) Ohio Department of Taxation, 2001 information most recent available.
- (4) Ohio Bureau of Employment Services.

TABLE 16

**VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
MISCELLANEOUS STATISTICS
JUNE 30, 2004**

Year Butler Township School formed	1807
Year Vandalia Village School District formed	1869
Year consolidated Butler Township Schools formed	1921
Year present charter as Vandalia-Butler Schools formed	1956

Form of Government Public school district; five member Board of Education

Population 22,985

Area of District 36.0 square miles

Full-time Equivalent Certificated Staff	278
Full-time Equivalent Classified Staff	123
Full-time Equivalent Total Staff	401

Average Years Teaching Experience 14.3

Percent of Certificated Staff with Advanced Degrees 58%

School Facility	Address	Phone	Principal	Grades	Enrollment
Demmitt Elementary School	1010 East National Road, Vandalia, Ohio 45377	937.415.6500	Mr. Gene Paul	K-4	427
Helke Elementary School	611 Randler Drive, Vandalia, Ohio 45377	937.415.3000	Mr. Dan Mecoli	K-4	405
Murlin Heights Elementary School	8515 North Dixie Drive, Dayton, Ohio 45414	937.415.3900	Mrs. Kerry Elifritz	K-4	406
Morton Middle School	231 West National Road, Vandalia, Ohio 45377	937.415.6600	Mr. Gary Miller	5-8	513
Smith Middle School	3625 Little York Road, Dayton, Ohio 45414	937.415.7000	Mrs. Laura Bemus	5-8	549
Butler High School	600 South Dixie Drive, Vandalia, Ohio 45414	937.415.6300	Mr. Jeff Cassell	9-12	1,218
					<u>3,518</u>

District Vision Statement:

The vision of Vandalia-Butler Schools is to inspire all students to be passionate about learning, participate as citizens, and acquire skills to live, lead, and serve with excellence.

Source: Vandalia-Butler City School District Records and Strategic Plan.



**Auditor of State
Betty Montgomery**

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VANDALIA-BUTLER 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
MAY 5, 2005**