

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

SUPPLEMENTAL REPORTS

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2007**

DANIEL SCHALL, TREASURER



Mary Taylor, CPA
Auditor of State

Board of Education
Vandalia-Butler City School District
306 South Dixie Drive
Vandalia, Ohio 45377-2128

We have reviewed the *Independent Auditor's Report* of the Vandalia-Butler City School District, Montgomery County, prepared by Julian & Grube, Inc., for the audit period July 1, 2006 through June 30, 2007. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 5, 2008

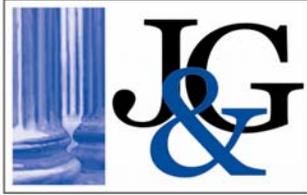
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**VANDALIA-BUTLER CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

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Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

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 the Vandalia-Butler City School District, Montgomery County, Ohio, as of and for the fiscal year ended June 20, 2007, and have issued our report thereon dated December 13, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Vandalia-Butler City School 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.

Julian & Grube, Inc.
December 13, 2007

VANDALIA BUTLER LOCAL SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(F) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(F) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE						
PASSED THROUGH THE						
OHIO DEPARTMENT OF EDUCATION						
(A) Food Donation	10.550	N/A	\$ -	\$ 50,082	\$ -	\$ 50,082
(B) National School Lunch Program	10.555	044958-LLP4-2006	61,827	-	61,827	-
(B) National School Lunch Program	10.555	044958-LLP4-2007	165,044	-	165,044	-
Total U.S. Department of Agriculture			<u>226,871</u>	<u>50,082</u>	<u>226,871</u>	<u>50,082</u>
U.S. DEPARTMENT OF EDUCATION						
PASSED THROUGH THE						
OHIO DEPARTMENT OF EDUCATION						
(E) Title I Grants to Local Educational Agencies	84.010	044958-C1S1-2006	(2,807)		-	
Title I Grants to Local Educational Agencies	84.010	044958-C1S1-2007	228,784		285,942	
Total Title I Grants to Local Educational Agencies			<u>225,977</u>		<u>285,942</u>	
Special Education Cluster:						
(C) Special Education_Grants to States	84.027	044958-6BSF-2006	19,610		115,662	
(C) Special Education_Grants to States	84.027	044958-6BSF-2007	715,892		688,294	
Total Special Education _Grants to States			<u>735,502</u>		<u>803,956</u>	
(C) Special Education_Preschool Grants	84.173	044958-PGS1-2007	10,559		10,559	
Total Special Education_Preschool Grants			<u>10,559</u>		<u>10,559</u>	
Total Special Education Cluster						
			<u>746,061</u>		<u>814,515</u>	
(D) Safe and Drug-Free Schools and Communities_State Grants	84.186	044958-DRS1-2006	(272)		12,232	
Safe and Drug-Free Schools and Communities_State Grants	84.186	044958-DRS1-2007	21,132		21,132	
Total Safe and Drug-Free Schools and Communities_State Grants			<u>20,860</u>		<u>33,364</u>	
State Grants for Innovative Programs	84.298	044958-C2S1-2005	-		8,173	
State Grants for Innovative Programs	84.298	044958-C2S1-2007	3,246		-	
Total State Grants for Innovative Programs			<u>3,246</u>		<u>8,173</u>	
Education Technology State Grants	84.318	044958-TJS1-2007	2,997		2,997	
Total Educational Technology State Grants			<u>2,997</u>		<u>2,997</u>	
Improving Teacher Quality State Grants	84.367	044958-TRS1-2005	-		77,611	
Improving Teacher Quality State Grants	84.367	044958-TRS1-2006	37,001		42,208	
Improving Teacher Quality State Grants	84.367	044958-TRS1-2007	55,773		69,284	
Total Improving Teacher Quality State Grants			<u>92,774</u>		<u>189,103</u>	
Total U.S. Department of Education			<u>1,091,915</u>		<u>1,334,094</u>	
Total Federal Financial Assistance			<u>\$ 1,318,786</u>	<u>\$ 50,082</u>	<u>\$ 1,560,965</u>	<u>\$ 50,082</u>

- (A) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices
- (B) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis
- (C) Included as part of "Special Education Grant Cluster" in determining major programs
- (D) Amount of \$272 transferred to next grant year based on Ohio Department of Education administrative action
- (E) Amount of \$2,807 transferred to next grant year based on Ohio Department of Education administrative action
- (F) This schedule was prepared on the cash basis of accounting



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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

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, Ohio, as of and for the fiscal year ended June 30, 2007, which collectively comprise Vandalia-Butler City School District's basic financial statements and have issued our report thereon dated December 13, 2007. 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 Vandalia-Butler City School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Vandalia-Butler City School District's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the Vandalia-Butler City School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Vandalia-Butler City School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Vandalia-Butler City School District's financial statements that is more than inconsequential will not be prevented or detected by the Vandalia-Butler City School District's internal control. We consider 2007-VBCSD-005 the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting.

Board of Education
Vandalia-Butler City School District

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Vandalia-Butler City School District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

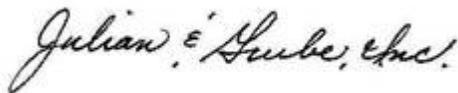
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Vandalia-Butler City School 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 four instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings and responses as items 2007-VBCSD-001, 2007-VBCSD-002, 2007-VBCSD-003, and 2007-VBCSD-004.

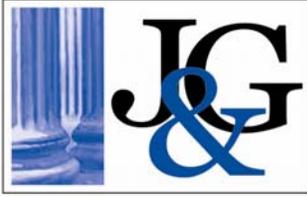
Vandalia-Butler City School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Vandalia Butler City School District's responses and, accordingly, we express no opinion on them.

We noted certain other matters that we reported to the management of the Vandalia-Butler City School District in a separate letter dated December 13, 2007.

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.



Julian & Grube, Inc.
December 13, 2007



Julian & Grube, Inc.

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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Report on Compliance With Requirements Applicable to Its Major 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, Ohio, 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 its major federal program for the fiscal year ended June 30, 2007. The Vandalia-Butler City School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and responses. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Vandalia-Butler City School District's management. Our responsibility is to express an opinion on the Vandalia-Butler City School 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 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 Vandalia-Butler City School 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 Vandalia-Butler City School District's compliance with those requirements.

In our opinion, the Vandalia-Butler City School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2007.

Board of Education
Vandalia-Butler City School District

Internal Control Over Compliance

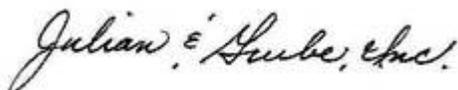
The management of the Vandalia-Butler City School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Vandalia-Butler City School District's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Vandalia-Butler City School District's internal control over compliance.

A control deficiency in Vandalia-Butler City School District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Vandalia-Butler City School District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Vandalia-Butler City School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Vandalia-Butler City School District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of 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.



Julian & Grube, Inc.
December 13, 2007

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

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
JUNE 30, 2007**

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

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

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
JUNE 30, 2007**

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2007-VBCSD-001

Ohio Revised Code Section 5705.41(B) requires in part that no subdivision is to expend monies unless it has been appropriated.

The District had expenditures in excess of appropriations at December 31, 2006 and for the fiscal year ended June 30, 2007 in the following funds.

December 31, 2006

<u>Nonmajor Funds</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
Management Information System	\$ -	\$ 33,628	\$ 33,628
School Net Professional Development	476	941	465
Summer Intervention	-	7,703	7,703
Title VI-B	-	151,404	151,404
Title I	1,487	163,319	161,832
Drug-Free School Grant	-	12,232	12,232
Improving Teacher Quality	107,356	123,741	16,385
Title II-D	5,350	9,894	4,544

June 30, 2007

<u>Nonmajor Funds</u>			
Ohio Educational Computer Network	-	40,378	40,378
Miscellaneous State Grants	12,000	12,109	109
Title I	306,152	327,732	21,580
E-Rate	50,384	50,842	458

The District is expending monies that have not been approved by the Board. This could result in unnecessary purchases and possibly fund deficits.

We recommend that the District comply with Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary.

Client Response: The District is attempting to monitor its budget more closely and to increase its appropriations as needed.

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

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
JUNE 30, 2007**

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

Finding Number	2007-VBCSD-002
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Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires that any amendments to an appropriation measure be made by resolution and comply with the same provisions of the law as used in making the original appropriations.

The District did not timely modify its appropriations throughout the year or at year end.

By not timely and properly modifying the District's appropriations, the District is not adequately monitoring its expenditures versus appropriations. This may result in expending monies in excess of estimated resources, and having expenditures exceed appropriations, and possibly, fund deficits.

We recommend that the District comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring its budgetary process on a regular basis and approving amendments as necessary. We recommend that District adopt accounting policies for amending appropriations, consider reviewing estimated resources and appropriations and expenditures versus appropriations on a monthly basis, and certify amendments to the District Board as necessary. We recommend the District utilize its accounting software or a spreadsheet to help monitor the budget.

Client Response: The District is attempting to monitor its budget more closely and to increase its appropriations as needed.

Finding Number	2007-VBCSD-003
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Ohio Revised Code Section 5705.10 in part requires that on a cash basis, no fund shall have a negative fund balance during the fiscal year or at fiscal year end. House Bill No. 276 enacted in April, 2007, permitted temporary deficits in school district special funds if state payments to cover the deficits are pending and the unspent and unencumbered balance in the District's general fund exceeds the aggregate deficit amounts.

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

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
JUNE 30, 2007**

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2007-VBCSD-003 - (Continued)

The District maintained a negative cash fund balance in the following funds at December 31, 2006 and June 30, 2007:

December 31, 2006

<u>Nonmajor Fund</u>	<u>Amount</u>
District Managed Student Activity	\$132,023

June 30, 2007

<u>Nonmajor Fund</u>	<u>Amount</u>
Title I	\$147,574

By having a negative fund balance, these funds have spent other funds' balances. This could indicate insufficient monitoring of appropriations and related expenditures and continual review of cash management. No fund should have a negative cash fund balance throughout the year or at year end. The District did not meet both House Bill No. 276 requirements at June 30, 2007. The application for reimbursement of funds spent was not submitted until August 2, 2007.

We recommend that the District properly expend monies only after funds have been received and subsequent to proper appropriation. If funds are anticipated, but not yet received and expenditures are necessary, the District should advance or transfer funds from the General Fund with proper Board approval. We recommend the Board utilize its accounting software program to its fullest and continually review relevant reports to assist in preventing negative fund balances. If the District has a fund(s) that qualifies for a negative fund balance based on the requirements of House Bill No. 276, then we recommend such supporting documentation be retained.

Client Response: The District will advance monies as necessary to cover temporary negative cash fund balances.

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

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
JUNE 30, 2007**

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2007-VBCSD-004

Ohio Revised Code Section 5705.36 (A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

At fiscal year end, the District had appropriations greater than actual resources, which consist of actual revenues, beginning fund balance and prior year encumbrances appropriated in the following funds:

<u>Nonmajor Funds</u>	<u>Resources</u>	<u>Appropriations</u>	<u>Excess</u>
Athletics	\$ 557,794	\$ 614,538	\$ 56,744
Auxiliary Services	340,072	382,488	42,416
Management Information Systems	41,127	66,515	25,388
Entry Year Program	-	11,000	11,000
SchoolNet Professional Development	8,722	8,976	254
Summer Intervention	15,382	15,400	18
Special Education	831,554	884,984	53,430
Title I	176,117	306,152	130,035
Title V	50,620	58,216	7,596
Drug Free Schools	33,363	33,637	274
Title II-A	263,229	369,144	105,915
Miscellaneous Federal Grants	4,257	9,605	5,348

By appropriating more funds than actual resources, the District is at risk of spending more money than is available, this may result in negative fund balances.

We recommend the District monitor appropriations in comparison to actual resources and obtain decreased amended appropriations as needed. Further guidance may be found in Auditor of State bulletin 97-010.

Client Response: The District is attempting to monitor the budget more closely.

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

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
JUNE 30, 2007**

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
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Finding Number	2007-VBCSD-005
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In May of 2006, the American Institute of Certified Public Accountants (AICPA), the national professional organization for certified public accounts, issued its Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters Identified in an Audit*. This standard became effective for audits of financial statements for periods ending on or after December 15, 2006.

The AICPA establishes auditing standards generally accepted in the United States that certified public accountants and government auditors must follow in conducting audits of state and local governments. SAS No. 112 establishes standards, responsibilities and guidance for auditors during a financial statement audit engagement for identifying and evaluating a client's internal control over financial reporting. This new standard requires the auditor to report *in writing* to management and the governing body any control deficiencies found during the audit that are considered significant deficiencies and/or material weaknesses.

The District did not maintain sufficient controls in place to report financial data for capital assets. This resulted in an adjustment to net assets at June 30, 2006 in the amount of \$1,844,213.

The compilation and presentation of financial statements and the related footnotes is the responsibility of management. This responsibility remains intact if management decides to outsource this function for efficiency purposes or any other reason.

In either case, it is important that control procedures are developed related to drafting financial statements and footnotes that enable management to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes. In addition, management should not rely on its auditors to perform this control procedure as auditors must remain independent.

We recommend the District implement control procedures related to financial reporting that enable management to identify, prevent, detect, and correct potential misstatement in the financial statements and footnotes. We further recommend that the Treasurer review in detail with the consultant (if applicable) the financial report and notes to those financial statements.

Client Response: The District has implemented internal control procedures to address this significant deficiency regarding capital assets.

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

SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
JUNE 30, 2007

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**VANDALIA-BUTLER CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
JUNE 30, 2007**

**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; <u>Explain:</u>
2006-VBCSD-001	Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated.	No	Repeated as Finding 2007-VBCSD-001
2006-VBCSD-002	Ohio Revised Code Section 5705.10 in part requires that money paid into any fund shall be expended only after such fund receives monies to cover expenditures.	No	Repeated as Finding 2007-VBCSD-003
2005-VBCSD-003	Ohio Revised Code Section 5705.39 in part requires that the total appropriation from each fund should not exceed total estimated resources.	Partially	Finding now located in management letter

**VANDALIA-BUTLER CITY SCHOOL DISTRICT
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
for the fiscal year ended June 30, 2007**



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, 2007

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, 2007

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December 13, 2007

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

We are pleased to present the 2007 Comprehensive Annual Financial Report (CAFR) for the Vandalia-Butler City School District. This report, for the fiscal year ended June 30, 2007, 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.

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.

The current charter as the Vandalia-Butler City School District was adopted in 1956. Today, the District operates six school buildings: three elementary schools serving grades Kindergarten through grade 4; two middle schools serving grades 5 through 8; and, one high school serving grades 9-12.



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 who despite lack of state dollars and removal of personal property from the tax base realize the importance of strong schools. In 2006, the District passed a 5.9 mill operating levy to continue to meet the financial needs of the District. Additionally, the District overwhelmingly supported a tax renewal in November of 2007 to protect the student programming in the District.

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 offered 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 passed an addition income tax in 2005 and is planning for continued economic growth. Similarly to the Township they are implementing tax incentives and modified infrastructure to attract more local business, and they are planning for the expansion of Dixie Road.

MAJOR INITIATIVES

Increasing student achievement served as the lens to focus all educational and financial decisions through the 2006-2007 school year. We achieved an "Excellent" rating for the third year in a row, as awarded by the state of Ohio on the local report card. We continue to improve as we examine weaknesses in student achievement and design targeted interventions to better align our instruction and our financial resources.

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 internal controls designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely 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, ensure 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 adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. These internal controls are 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 sixth 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 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. Non-major 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 2007 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 \$698,845 for the fiscal year ended June 30, 2007. 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.

The District participates 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 ensures 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

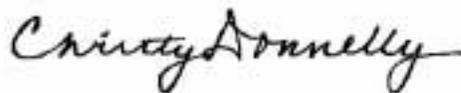
An audit team from Julian & Grube Inc. has performed this year's audit. The results of the audit are presented in the Independent Auditor's Report.

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

Vandalia-Butler City School District
Vandalia, Ohio
List of Principal Officials
June 30, 2007

ELECTED OFFICIALS

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

Mrs. Judy Abromowitz
Mr. Bud Zupp
Dr. Mark Forte
Mr. William Hibner, Jr.
Mr. Robert Cupp

ADMINISTRATIVE OFFICIALS

Superintendent
Treasurer
Director of Curriculum
Director of Technology and Certificated Staff
Director of Business Operations
Director of Pupil Personnel

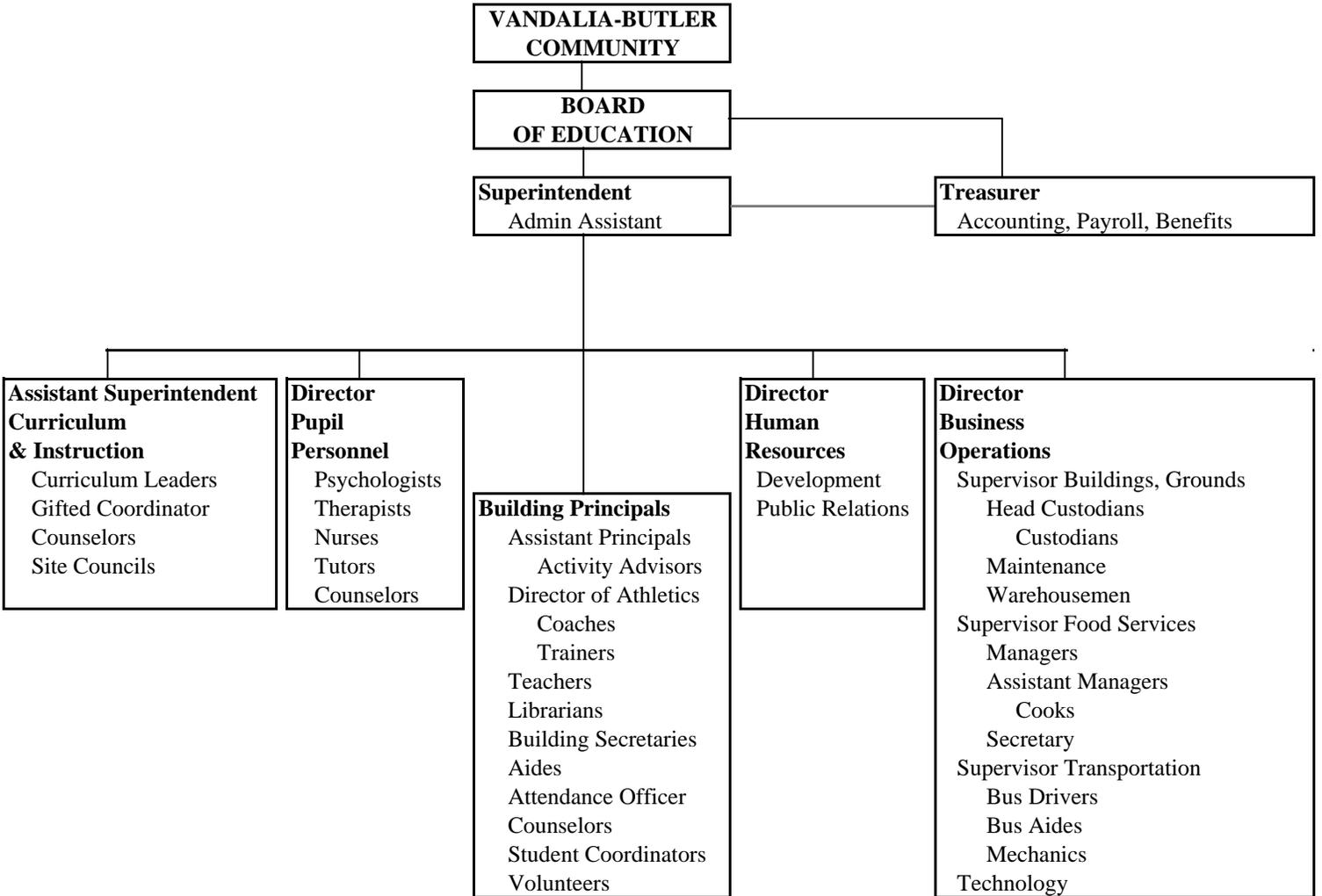
Dr. Christy Donnelly
Mr. Daniel Schall
Mrs. Laura Bemus
Mr. Jeff Cassell
Mr. Chuck Stewart
Mr. Dan Heaton

OFFICE OF THE TREASURER

Treasurer
Assistant Treasurer
Payroll Supervisor
Financial Analyst

Mr. Daniel Schall
Mrs. Kay Altenburger
Mrs. Betty Spencer
Mrs. Tiffany Hiser

Vandalia-Butler City School District
 Vandalia, Ohio
 Organizational Chart
 June 30, 2007



Financial Section



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 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 Vandalia-Butler City School District, Montgomery County, Ohio, as of and for the fiscal year ended June 30, 2007 which collectively comprise Vandalia-Butler City School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Vandalia-Butler City School 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 Vandalia-Butler City School District, Montgomery County, Ohio, as of June 30, 2007 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, Vandalia-Butler City School District has reported a prior period restatement to net assets at June 30, 2006 in relation to properly reporting capital assets resulting from an appraisal.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2007, on our consideration of Vandalia-Butler City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Independent Auditor's Report
Vandalia-Butler City School District

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 Vandalia-Butler City School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, 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 and schedules, 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.



Julian & Grube, Inc.
December 13, 2007

Vandalia-Butler City School District
Vandalia, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

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, 2007. 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 the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

- The District's assets exceeded its liabilities at June 30, 2007 by \$16,715,482.
- The District's net assets of governmental activities increased \$2,484,658 which represents a 17.5 percent increase from 2006.
- General revenues accounted for \$32,929,807 in revenue or 87 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,733,377 or 13 percent of total revenues of \$37,663,184.
- The District had \$35,178,526 in expenses related to governmental activities; only \$4,733,377 of these expenses was offset by program specific charges for services and sales, grants, and 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.

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 plant, pupil transportation, non-instructional services, and extracurricular activities.

Vandalia-Butler City School District
Vandalia, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the District's funds begins on page 6. 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.

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 fiduciary fund is the agency fund which is used to maintain financial activity of the School District's Student Managed Activities. 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 financial statements.

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 2007 compared to 2006.

Table 1
Net Assets
Governmental Activities

	2007	2006
Assets:		
Current Assets	\$38,938,960	\$35,524,424
Capital Assets, Net	6,159,598	6,465,186
Total Assets	45,098,558	41,989,610
Liabilities:		
Current and Other Liabilities	25,907,589	25,189,714
Long-Term Liabilities	2,475,487	2,569,072
Total Liabilities	28,383,076	27,758,786
Net Assets:		
Invested in Capital Assets, Net of Related Debt	5,824,345	5,809,079
Restricted	1,235,726	1,431,340
Unrestricted	9,655,411	6,990,405
Total Net Assets	\$16,715,482	\$14,230,824

Total net assets of the District, as a whole, increased \$2,484,658. The increase to current assets and current and other liabilities is due to an increase in taxes receivable and the corresponding increase to deferred revenue.

Vandalia-Butler City School District
Vandalia, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

Table 2 shows the changes in net assets for the fiscal years ended June 30, 2007 and June 30, 2006.

Table 2 Change in Net Assets Governmental Activities		
	2007	2006
Revenues		
Program Revenues:		
Charges for Services and Sales	\$2,107,844	\$2,148,447
Operating Grants and Contributions	2,625,533	2,495,602
Total Program Revenues	4,733,377	4,644,049
General Revenues:		
Property Taxes	24,426,863	21,635,454
Grants and Entitlements	7,598,194	5,682,030
Investment Earnings	698,845	582,104
Miscellaneous	205,905	34,531
Total General Revenues	32,929,807	27,934,119
Total Revenues	37,663,184	32,578,168
Program Expenses		
Instruction		
Regular	15,229,451	14,432,299
Special	3,236,123	3,124,624
Vocational	386,732	433,138
Other	1,998,815	2,015,458
Support Services		
Pupil	2,424,073	2,081,843
Instructional Staff	1,650,892	1,682,870
Board of Education	52,233	29,154
Administration	1,959,594	1,869,063
Business and Fiscal	1,272,569	1,082,477
Operation of Maintenance of Plant	2,872,016	2,696,638
Pupil Transportation	1,416,041	1,375,441
Central	792,962	464,177
Non-Instructional Services	1,293,966	1,289,241
Extracurricular Activities	552,196	636,916
Interest and Fiscal Charges	40,863	68,052
Total Expenses	35,178,526	33,281,391
Increase (Decrease) in Net Assets	2,484,658	(703,223)
Net Assets at Beginning of Year – Restated, See Note 3	14,230,824	14,934,047
Net Assets at End of Year	\$16,715,482	\$14,230,824

Governmental Activities

Property taxes comprised 65 percent of revenue for governmental activities of the Vandalia-Butler City School District for fiscal year 2007 and represents the largest source of revenue.

Grants and entitlements comprised 20 percent of revenue for governmental activities during 2007.

As indicated by governmental program expenses, total instruction is emphasized. Total instruction comprised 59 percent of governmental program expenses with support services comprising 35 percent of governmental expenses. The Board of Education relies on taxes to support increased student achievement within the school district.

Vandalia-Butler City School District
Vandalia, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

The Statement of Activities shows the cost of program services and the charges for services and sales, and grants and contributions offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2007 as compared to 2006. 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

	2007		2006	
	Total Cost of Services	Net Cost Of Services	Total Cost of Services	Net Cost of Services
Instruction	\$20,851,121	\$19,718,789	\$20,005,519	\$18,914,904
Support Services	12,440,380	10,308,510	11,281,663	9,354,502
Non-instructional Services	1,293,966	112,388	1,289,241	(16,346)
Extracurricular Activities	552,196	264,599	636,916	316,230
Interest and Fiscal Charges	40,863	40,863	68,052	68,052
Total Expenses	\$35,178,526	\$30,445,149	\$33,281,391	\$28,637,342

THE DISTRICT'S FUNDS

Information about the District's governmental funds begins on page 12. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$37,836,130 and expenditures and other financing uses of \$35,341,871.

The fund balance of the General Fund increased by \$2,670,940. 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 renewal levies are passed by the residents of the District. Current projections show the District with a deficit general fund balance in fiscal year 2009 if the District does not maintain the levies currently in place.

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 2007, the District amended its general fund budget. Actual revenues and other financing sources for the fiscal year 2007 was \$33,312,442. This represents a \$1,804,024 increase from the final budgeted revenues and a \$1,918,531 increase from the original budgeted revenues which is primarily a result of passing the 5.5 mill operating levy.

The actual budget basis expenditures for fiscal year 2007 totaled \$32,434,783 which was \$1,166,575 less than the original and final budgeted appropriations which is due primarily to conservative budgeting by the District.

Vandalia-Butler City School District
Vandalia, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2007, the District had \$6,159,598 invested in land, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows the fiscal year 2007 balances compared to 2006. For additional information on capital assets, see Note 9 to the basic financial statements.

Table 4
Capital Assets
(Net of Accumulated Depreciation)

	Governmental Activities	
	2007	2006*
Land	\$623,099	\$623,099
Land Improvements	420,408	456,419
Buildings and Improvements	3,815,063	4,086,129
Furniture and Equipment	839,843	1,006,009
Vehicles	461,185	293,530
Totals	\$6,159,598	\$6,465,186

* Restated, See Note 3.

Changes in capital assets from the prior year resulted from additions, deletions, and current year depreciation.

Debt

At June 30, 2007 the District had \$250,000 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

	2007	2006
1984 General Obligation Bonds	<u>\$250,000</u>	<u>\$500,000</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 debt, see Note 15 to the basic financial statements.

At June 30, 2007 the District's overall legal debt margin was \$63,081,866 with an unvoted debt margin of \$703,687.

FOR THE FUTURE

Vandalia-Butler City Schools continues to improve on student achievement while having achieved "Excellent" as measured by the state of Ohio on the local report card three years in a row. Technology and facilities continue to be major issues of concern for the District as they are limited by current availability of resources. The District is completing a strategic plan with over a hundred and twenty five community members to assess the overall performance and needs of the District.

In correlation with meeting student needs, the school board is determined to plan for long term financial stability. The program based budgeting process used in the District for the last five years has become a useful tool in tying resources to student performance and is now being used to complete a five year capital project plan in conjunction with the facility and technology needs identified by the community.

Vandalia-Butler City School District
Vandalia, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

Additionally, the board of education has completed and maintains an extensive 10 year planning schedule detailing the expected resources and expenditures for the District. It is expected the 10 year plan, program based budget, and community collaboration will continue to enable the Vandalia-Butler community to make the best decisions regarding efficient use of resources for a stable and premier school district.

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.

Basic Financial Statements

Vandalia-Butler City School District
Statement of Net Assets
June 30, 2007

	Governmental Activities
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$15,636,319
Receivables	
Taxes	22,989,755
Intergovernmental	312,886
Non-Depreciable Capital Assets	623,099
Depreciable Capital Assets, Net	5,536,499
<i>Total Assets</i>	<i>45,098,558</i>
LIABILITIES	
Accounts Payable	763,214
Accrued Wages and Benefits	3,076,566
Accrued Interest Payable	4,708
Unearned Revenue	20,577,034
Matured Compensated Absences Payable	517,077
Intergovernmental Payable	968,990
Long-Term Liabilities:	
Due Within One Year	520,604
Due In More Than One Year	1,954,883
<i>Total Liabilities</i>	<i>28,383,076</i>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	5,824,345
Restricted for:	
Debt Service	355,688
Other Purposes	880,038
Unrestricted	9,655,411
<i>Total Net Assets</i>	<i>\$16,715,482</i>

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

Vandalia-Butler City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	
Governmental Activities				
Instruction:				
Regular	\$15,229,451	\$384,061	\$59,200	(\$14,786,190)
Special	3,236,123	39,924	609,594	(2,586,605)
Vocational	386,732	5,521	0	(381,211)
Other	1,998,815	28,032	6,000	(1,964,783)
Support Services:				
Pupil	2,424,073	24,634	660,531	(1,738,908)
Instructional Staff	1,650,892	217,609	121,112	(1,312,171)
Board of Education	52,233	849	0	(51,384)
Administration	1,959,594	27,672	76,998	(1,854,924)
Business and Fiscal	1,272,569	18,263	0	(1,254,306)
Operation and Maintenance of Plant	2,872,016	41,329	274,787	(2,555,900)
Pupil Transportation	1,416,041	22,510	592,384	(801,147)
Central	792,962	10,193	42,999	(739,770)
Non-Instructional Services	1,293,966	999,650	181,928	(112,388)
Extracurricular Activities	552,196	287,597	0	(264,599)
Interest and Fiscal Charges	40,863	0	0	(40,863)
Total Governmental Activities	\$35,178,526	\$2,107,844	\$2,625,533	(30,445,149)

General Revenues

Property Taxes Levied for:	
General Purposes	24,426,863
Grants and Entitlements not Restricted to Specific Programs	7,598,194
Investment Earnings	698,845
Miscellaneous	205,905
Total General Revenues	32,929,807
Change in Net Assets	2,484,658
<i>Net Assets Beginning of Year - As Restated, See Note 3</i>	14,230,824
<i>Net Assets End of Year</i>	16,715,482

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

Vandalia-Butler City School District
Balance Sheet
Governmental Funds

June 30, 2007

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$14,004,395	\$1,631,924	\$15,636,319
Receivables :			
Taxes	22,989,755	0	22,989,755
Intergovernmental	84,622	228,264	312,886
Due from Other Funds	147,574	0	147,574
	<u>\$37,226,346</u>	<u>\$1,860,188</u>	<u>\$39,086,534</u>
LIABILITIES			
Accounts Payable	\$710,518	\$52,696	\$763,214
Accrued Wages and Benefits	2,916,265	160,301	3,076,566
Matured Compensated Absences Payable	517,077	0	517,077
Deferred Revenues	21,644,695	0	21,644,695
Due to Other Funds	0	147,574	147,574
Intergovernmental Payable	840,684	128,306	968,990
	<u>26,629,239</u>	<u>488,877</u>	<u>27,118,116</u>
FUND BALANCES			
Reserved for Encumbrances	351,463	150,736	502,199
Reserved for Property Taxes	1,345,060	0	1,345,060
Unreserved			
Undesignated - Reported In			
General Fund	8,900,584	0	8,900,584
Special Revenue Funds	0	864,887	864,887
Debt Service Fund	0	355,688	355,688
Total Fund Balances	<u>10,597,107</u>	<u>1,371,311</u>	<u>11,968,418</u>
Total Liabilities and Fund Balances	<u>\$37,226,346</u>	<u>\$1,860,188</u>	<u>\$39,086,534</u>

The notes to the basic 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, 2007

Total Governmental Fund Balances	\$	11,968,418
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.		6,159,598
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Taxes		1,067,661
Long-Term Liabilities, including bonds, capital lease obligations, and the 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	(2,140,234)	
Interest Payable	(4,708)	
Capital Lease Obligations	(85,253)	
General Obligation Bonds	<u>(250,000)</u>	
Total		<u>(2,480,195)</u>
Net Assets of Governmental Activities	\$	<u><u>16,715,482</u></u>

The notes to the basic 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, 2007

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes	\$24,221,096	\$0	\$24,221,096
Tuition and Fees	8,429,088	1,795,587	10,224,675
Earnings on Investments	627,397	71,448	698,845
Intergovernmental	384,741	177,218	561,959
Charges for Services	39,984	999,650	1,039,634
Extracurricular	0	506,251	506,251
Gifts and Donations	0	3,719	3,719
Other	120,334	85,571	205,905
Total Revenues	<u>33,822,640</u>	<u>3,639,444</u>	<u>37,462,084</u>
Expenditures			
Current Operating			
Instruction			
Regular	14,494,259	281,524	14,775,783
Special	2,802,733	413,099	3,215,832
Vocational	385,444	0	385,444
Other	2,042,750	10,153	2,052,903
Support Services			
Pupils	1,687,555	699,064	2,386,619
Instructional Staff	1,090,217	432,477	1,522,694
Board of Education	52,233	0	52,233
Administration	1,857,670	120,755	1,978,425
Business and Fiscal	1,245,643	0	1,245,643
Operation and Maintenance of			
Plant	2,769,997	24,550	2,794,547
Pupil Transportation			
Central	1,589,850	0	1,589,850
Extracurricular Activities	683,676	76,369	760,045
Non-Instructional Services	0	546,820	546,820
Debt Service			
Principal	0	1,297,968	1,297,968
Interest	70,854	250,000	320,854
	4,773	37,392	42,165
Total Expenditures	<u>30,777,654</u>	<u>4,190,171</u>	<u>34,967,825</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	3,044,986	(550,727)	2,494,259
Other Financing Sources (Uses)			
Transfers In	0	374,046	374,046
Transfers Out	(374,046)	0	(374,046)
Total Other Financing Sources (Uses)	<u>(374,046)</u>	<u>374,046</u>	<u>0</u>
Net Change in Fund Balances	2,670,940	(176,681)	2,494,259
Fund Balances at			
Beginning of Year	<u>7,926,167</u>	<u>1,547,992</u>	<u>9,474,159</u>
Fund Balances at End of Year	<u>\$10,597,107</u>	<u>\$1,371,311</u>	<u>\$11,968,418</u>

The notes to the basic 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, 2007

Net Change in Fund Balances - Total Governmental Funds \$ 2,494,259

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	251,311	
Current Year Depreciation	(554,566)	
Total	(303,255)	(303,255)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of fixed assets.

Loss on Disposal of Capital Assets	(2,333)	
Total	(2,333)	(2,333)

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

Taxes	205,767	
Intergovernmental	(4,667)	
Total	201,100	201,100

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.

70,854

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.

Increase in Compensated Absences	(227,269)	
Decrease in Interest Payable	1,302	
Total	(225,967)	(225,967)

Net Change in Net Assets of Governmental Activities **\$ 2,484,658**

The notes to the basic 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, 2007

	Budgeted Amounts			Variance with Final Budget: Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Taxes	\$22,344,833	\$22,426,587	\$23,714,582	\$1,287,995
Intergovernmental	7,862,492	7,891,258	8,344,466	453,208
Earnings on Investments	667,422	669,864	708,335	38,471
Tuition and Fees	362,518	363,845	384,741	20,896
Rent	37,675	37,812	39,984	2,172
Other	22,242	22,323	23,605	1,282
Total Revenues	31,297,182	31,411,689	33,215,713	1,804,024
EXPENDITURES:				
Current:				
Instruction:				
Regular	15,826,630	15,783,909	15,320,087	463,822
Special	3,099,953	3,040,721	2,787,271	253,450
Vocational	441,377	435,143	398,133	37,010
Other	2,263,492	2,232,033	2,009,030	223,003
Support Services:				
Pupil Support Services	1,908,267	1,884,640	1,727,830	156,810
Instructional Support Services	1,472,534	1,478,620	1,411,921	66,699
Board of Education	37,017	71,190	52,777	18,413
Administration	1,946,220	1,937,941	1,873,975	63,966
Business and Fiscal Services	1,320,031	1,348,830	1,177,752	171,078
Operation and Maintenance of Plant Services	2,716,680	2,662,762	3,009,280	(346,518)
Transportation Services - Pupils	1,554,942	1,717,798	1,602,569	115,229
Central	639,215	632,771	690,112	(57,341)
Total Expenditures	33,226,358	33,226,358	32,060,737	1,165,621
Excess of Revenues Over (Under) Expenditures	(1,929,176)	(1,814,669)	1,154,976	2,969,645
OTHER FINANCING SOURCES (USES):				
Proceeds from Sale of Assets	2,006	2,006	2,006	0
Refund of Prior Year Expenditures	94,723	94,723	94,723	0
Transfers Out	(375,000)	(375,000)	(374,046)	954
Total Other Financing Sources (Uses)	(278,271)	(278,271)	(277,317)	954
Net Change in Fund Balance	(2,207,447)	(2,092,940)	877,659	2,970,599
Fund Balance at Beginning of Year	11,681,112	11,681,112	11,681,112	0
Prior Year Encumbrances Appropriated - Restated - See Note 5	1,054,246	1,054,246	1,054,246	0
Fund Balance at End of Year	\$10,527,911	\$10,642,418	\$13,613,017	\$2,970,599

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

Vandalia-Butler City School District

Statement of Fiduciary Assets and Liabilities

Fiduciary Fund

As of June 30, 2007

	<u>Agency</u>
ASSETS	
Equity in Pooled Cash and Cash Equivalents	<u>\$91,843</u>
Total Assets	<u>91,843</u>
 LIABILITIES	
Due to Students	<u>91,843</u>
Total Liabilities	<u>\$91,843</u>

The notes to the basic 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, 2007

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 163 non-certified and 271 certificated full time teaching personnel who provide services to 3,357 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, 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, 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The School District is associated with the Southwestern Ohio Educational Purchasing Council, the Metropolitan Dayton Education Computer Association, 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 fund is 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, 2007

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, 2007

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.

Unearned/Deferred Revenue

Unearned/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, 2007, but which were levied to finance fiscal year 2008 operations, have been recorded as unearned/deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned/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, 2007

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 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. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. 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 2007.

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.

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 or unless statutorily required to be credited to a specific fund. Interest earned amounted to \$698,845 in which \$627,397 was recorded in the General Fund and \$71,448 was recorded in the other non-major governmental funds.

The School District records all its investments at fair value. For presentation on the basic financial statements, 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), Certificates of Deposit, Federal Farm Credit Bank, Federal Home Loan Bank Bonds, Federal National Mortgage Association Bonds, and Federal Home Loan Mortgage Corp. Bonds during fiscal year 2007. 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, 2007.

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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 capital 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 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>
Land and Improvements	5-20 years
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 updated and revised during 2007 by utilizing the services of Industrial Appraisal Company. All capital assets had estimated historical costs developed by indexing estimated current costs back to the estimated year of acquisition. Capital asset balances and related accumulated depreciation have been restated as of July 1, 2006.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from Other Funds" and "Due to Other Funds." 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, 2007

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, 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.

Of the School District's \$1,235,726 restricted net assets, none is restricted by enabling legislation.

Fund Balance Reserves

Reserved fund balances indicate that portion of fund balance, 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 balance 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, 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions

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. Transfers between funds in the fund financial statements are eliminated in the Statement of Activities.

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.

3. RESTATEMENT OF NET ASSETS

A restatement to net assets was made in order to correct the beginning balance of capital assets due to the District having an appraisal. This restatement had the follow effect on net assets:

	Net Assets
Net Assets – June 30, 2006	\$12,386,611
Capital Assets	1,844,213
Restated, Net Assets – June 30, 2006	\$14,230,824

4. COMPLIANCE AND ACCOUNTABILITY

Accountability

The Auxiliary Services and Title I special revenue funds had deficit fund balances of \$4,618 and \$116,788, 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.

Compliance

The following fund had a negative cash fund balance (excluding outstanding encumbrances of \$4,041) contrary to Ohio Revised Code Section 5705.10:

<u>Nonmajor Special Revenue Fund:</u>	<u>Amount</u>
Title I	\$147,574

The District had non-compliance with Ohio Revised Code 5705.36(A)(4).

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

4. COMPLIANCE AND ACCOUNTABILITY (Continued)

The following funds had expenditures in excess of appropriations contrary to Ohio Revised Code Sections 5705.41(B) and 5705.40:

Nonmajor Special Revenue Funds:

Ohio Educational Computer Network	\$40,378
Title I	21,580
Miscellaneous State Grants	109

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 Balance - Budget and Actual (Non-GAAP Budgetary 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 are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for governmental funds (budget basis) rather than as a reservation of fund balance for governmental funds (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	\$2,670,940
Adjustments:	
Revenue Accruals	(510,198)
Expenditure Accruals	(663,193)
Encumbrances	<u>(619,890)</u>
Budget Basis	<u><u>\$877,659</u></u>

The District restated their prior year encumbrances appropriated as of July 1, 2006 from \$1,090,546 to \$1,054,246 to properly state such balances as of that date.

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

6. DEPOSITS AND INVESTMENTS

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 monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, 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. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the District lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2), or cash, or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the District's total average portfolio; and

VANDALIA-BUTLER CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

6. DEPOSITS AND INVESTMENTS (Continued)

10. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the District's total average portfolio.

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.

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.

Cash on Hand

At year end, the School District had \$12,750 in undeposited cash on hand which is included on the basic financial statements of the School District as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District has no deposit policy for custodial risk beyond the requirements of State statute. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The School District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

As of June 30, 2007, the School District's bank balance of \$4,695,756 was either covered by FDIC or collateralized by the financial institution's public entity deposit pools in the manner described above.

VANDALIA-BUTLER CITY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

6. DEPOSITS AND INVESTMENTS (Continued)

Investments

The School District had the following investments at June 30, 2007:

	Fair Value	< 1 Year	1-2 Years	3-5 Years
Federal Home Loan Bank	\$7,063,514	\$698,736	\$2,639,460	\$3,725,318
Federal National Mort. Assn.	2,263,882	424,205	496,720	1,342,957
Federal Home Loan Mortgage	594,918	99,333	0	495,585
Federal Farm Credit Bank Notes	346,596	0	99,563	247,033
STAR Ohio	1,224,489	1,224,489	0	0
Total Investments	\$11,493,399	\$2,446,763	\$3,235,743	\$5,810,893

Interest rate risk – As a means of limiting its exposure to fair value losses caused by rising interest rates, the District attempts, to the extent possible to match investments with anticipated cash flow requirements. Unless matched to a specific obligation or debt of the District, the District will not directly invest in securities maturing more than five years from the date of investment.

Credit Risk –Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District limits their investments to STAR Ohio, Federal Home Loan Bank Bonds, Federal National Mortgage Association Bonds, Federal Farm Credit Notes, and Federal Home Loan Mortgage Corp. Bonds. Investments in STAR Ohio were rated AAAM by Standard & Poor’s. Investments in Federal Home Loan Bank Bonds, Federal National Mortgage Association, Federal Home Loan Mortgage Corp. Bonds, and Federal Farm Credit Notes were rated AAA by Standard & Poor’s and Aaa by Moody’s.

Concentration of credit risk – The District does not have an investment policy which limits investments to STAR Ohio, Securities of Federal Agency’s or instrumentalities and Certificates of Deposit. The District has invested 61% in Federal Home Loan Bank Bonds, 20% in Federal National Mortgage Association Bonds, 5% in Federal Home Loan Mortgage Bonds, 3% in Federal Farm Credit Notes, and the remaining 11% in STAR Ohio.

Custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District’s securities are either insured and registered in the name of the District or at least registered in the name of the District.

The District has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

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 (used in business) located in the District. Real property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, the lien date. Assessed values for real property taxes are established by state law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

7. PROPERTY TAXES (Continued)

Public utility property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 become a lien December 31, 2005, were levied after April 1, 2006 and are collected in 2007 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2007, on the value as of December 31, 2006. For 2006, tangible personal property is assessed at 18.75% for property including inventory. This percentage will be reduced to 12.50% for 2007, 6.25% for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

Ohio House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces revenue lost by the District due to the phasing out of the tax. In calendar years 2006-2010, the District will be fully reimbursed at the level of calendar year 2004 assessed values for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The School District receives property taxes from Montgomery County. The County Fiscal Officer 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, 2007 are available to finance fiscal year 2007 operations. At June 30, 2007, \$1,345,060 was available as an advance to the general fund. The amount available as advance can vary depending upon when tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2007 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

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

The assessed values upon which fiscal year 2007 taxes were collected are:

	2006 Second-Half Collections		2007 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$611,752,130	83%	\$629,941,790	90%
Public Utility	19,648,530	3%	14,796,220	1%
Tangible Personal Property	101,007,884	14%	58,949,395	9%
Total Assessed Value	<u>\$732,408,544</u>	<u>100.00%</u>	<u>\$703,687,405</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$52.69		\$57.13	

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

8. RECEIVABLES

Receivables at June 30, 2007, 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:

<u>Fund</u>	<u>Amount</u>
General	\$84,622
Non-major Funds:	
Title I	73,733
Title II-A	35,560
Food Service	37,811
Misc. State Grants	6,121
Title V	1,998
Special Education	<u>73,041</u>
Total Non-major Funds:	<u>228,264</u>
Total Intergovernmental Receivables	<u><u>\$312,886</u></u>

9. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2007, was as follows:

	Ending Balance 06/30/06*	Additions	Deletions	Ending Balance 06/30/07
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 623,099	\$ -	\$ -	\$ 623,099
Total Capital Assets, Not Being Depreciated	<u>623,099</u>	<u>-</u>	<u>-</u>	<u>623,099</u>
Capital Assets Being Depreciated				
Land Improvements	1,264,991	-	-	1,264,991
Buildings and Improvements	16,000,630	-	-	16,000,630
Furniture and Equipment	2,785,200	12,225	(11,197)	2,786,228
Vehicles	1,573,061	239,086	-	1,812,147
Total Capital Assets, Being Depreciated	<u>21,623,882</u>	<u>251,311</u>	<u>(11,197)</u>	<u>21,863,996</u>
Less Accumulated Depreciation:				
Land Improvements	(808,572)	(36,011)	-	(844,583)
Buildings and Improvements	(11,914,501)	(271,066)	-	(12,185,567)
Furniture and Equipment	(1,779,191)	(176,058)	8,864	(1,946,385)
Vehicles	(1,279,531)	(71,431)	-	(1,350,962)
Total Accumulated Depreciation	<u>(15,781,795)</u>	<u>(554,566)</u>	<u>8,864</u>	<u>(16,327,497)</u>
Total Capital Assets Being Depreciated, Net	<u>5,842,087</u>	<u>(303,255)</u>	<u>(2,333)</u>	<u>5,536,499</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 6,465,186</u></u>	<u><u>\$ (303,255)</u></u>	<u><u>\$ (2,333)</u></u>	<u><u>\$ 6,159,598</u></u>

* Restated, See Note 3.

VANDALIA-BUTLER CITY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

9. CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$336,359
Support Services:	
Instructional Staff	105,835
Administration	16,935
Business and Fiscal	3,287
Operation and Maintenance of Plant	6,394
Pupil Transportation	71,431
Central	9,696
Non-Instructional Services	1,459
Extracurricular Activities	3,170
Total Depreciation Expense	\$554,566

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 2007 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 2007, 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 ensures 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.

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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 defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by contacting SERS, 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

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 2007, 10.68 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, 2007, 2006 and 2005 were \$517,410, \$340,522, and \$358,876, respectively, 49 percent has been contributed for fiscal year 2007, and 100 percent for the fiscal years 2006 and 2005. \$262,614 representing the unpaid contribution for fiscal year 2007, is recorded as a liability within the respective funds.

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 43215-3371 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.

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

11. DEFINED BENEFIT PENSION PLANS (Continued)

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 of 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.

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 for Defined Benefit Plan participants.

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.

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

11. DEFINED BENEFIT PENSION PLANS (Continued)

For fiscal year 2007 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, 2007, 2006, and 2005 were \$2,041,098, \$1,897,531, and \$1,894,971, respectively; 83 percent has been contributed for fiscal year 2007 and 100 percent for the fiscal years 2006 and 2005. \$343,742 represents the unpaid contribution for fiscal year 2007 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 Retirement System/State Teachers Retirement System. As of June 30, 2007, 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.

STRS retirees who participated in the DB or Combined Plans and their 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 Ohio. All benefit recipients pay a portion of 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, 2007, 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 \$154,908 for fiscal year 2007.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006, (the latest information available) the balance in the Fund was \$3.5 billion. For the fiscal year ended June 30, 2006, (the latest information available) net health care costs paid by STRS were \$282,743,000 and STRS had 119,184 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. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 2007, the healthcare allocation was 3.32%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2007, the minimum pay has been established as \$35,800. 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 2007 fiscal year equaled \$220,866.

Net health care costs for the year ending June 30, 2006 (the latest information available) were \$158,751,207. The target level for the health care fund is 150% of the projected claims less premium contributions for the next fiscal year. As of June 30, 2006, (the latest information available) the value of the health care fund was \$295.6 million, which is about 221% of the next year's projected net health care costs. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150% of estimated annual net claims costs. The number of participants eligible to receive benefits was 59,492.

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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. No liability existed at June 30, 2007.

14. CAPITALIZED LEASES – LESSEE DISCLOSURE

In previous fiscal years, the School District entered into a lease for the purpose of purchasing technology and equipment, a telephone system, and fitness equipment and training materials. The terms of the agreements provide options to purchase the equipment. These leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 “Accounting for Leases,” which defines a capital lease 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 2007 totaled \$70,854 in the general fund. Assets under capitalized lease consisting of technology and equipment have not been capitalized since the equipment is individually less than the District’s capitalization threshold of \$5,000.

The assets acquired through the capital lease are as follows:

	Asset Value	Accumulated Depreciation	Net Book Value
Assets:			
Telephone System	\$339,953	\$90,630	\$249,323
Fitness Equipment and Training Materials	221,940	199,746	22,194

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

14. CAPITALIZED LEASES – LESSEE DISCLOSURE (Continued)

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, 2007:

<u>Fiscal Year Ending June 30,</u>	<u>Total Payments</u>
2008	\$37,863
2009	31,281
2010	11,536
2011	<u>11,536</u>
Total Minimum Lease Payments	92,216
Less: Amount Representing Interest	<u>(6,963)</u>
Present Value of Minimum Lease Payments	<u><u>\$85,253</u></u>

15. LONG-TERM DEBT AND OTHER OBLIGATIONS

Long-term debt and other obligations at June 30, 2007 and the related transactions for the year then ended are summarized below:

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2007</u>	<u>Amounts Due Within One Year</u>
<u>Governmental Activities:</u>					
General Obligation Bonds:					
School Improvement Bonds 9.75%	\$ 500,000	\$ -	\$ 250,000	\$ 250,000	\$ 250,000
Compensated Absences Payable	1,912,965	2,140,234	1,912,965	2,140,234	236,329
Obligations Under Capital Leases	<u>156,107</u>	<u>-</u>	<u>70,854</u>	<u>85,253</u>	<u>34,275</u>
Total Governmental Activities	<u>\$ 2,569,072</u>	<u>\$ 2,140,234</u>	<u>\$ 2,233,819</u>	<u>\$ 2,475,487</u>	<u>\$ 520,604</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, 2007 the District's overall legal debt margin was \$63,081,866 with an unvoted debt margin of \$703,687.

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

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

15. LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

Future Long-term Debt

A summary of the School District's future long-term debt funding requirements as of June 30, 2007 follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2008	250,000	12,187

16. INTERFUND ACTIVITY

Interfund balances at June 30, 2007, consist of the following individual fund receivables and payables, which are expected to be repaid during the 2008 fiscal year:

<u>Interfund Loans</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 147,574	\$ -
Nonmajor Special Revenue Fund		
Title I	-	147,574
Total Nonmajor Special Revenue Fund	-	147,574
Total Interfund Receivables/Payables	\$ 147,574	\$ 147,574

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, thus creating a negative cash fund balance at June 30, 2007. The general fund will be reimbursed when funds become available in the nonmajor special revenue fund.

Interfund Transfers

The General Fund transferred \$374,046 to the Athletic nonmajor Special Revenue Fund to support programs and projects.

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 2007, the School District paid \$360,812 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.

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

17. JOINTLY GOVERNED ORGANIZATIONS (Continued)

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 the 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.

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 2007, the School District paid \$4,874 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. 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.

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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.

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside cash balance as of June 30, 2006	\$ -	\$ -
Current year set-aside requirement	514,538	514,538
Prior year carryover	(526,358)	(2,030,232)
Qualifying disbursements	<u>(957,194)</u>	<u>(649,586)</u>
Set-aside reserve balance as of June 30, 2007	<u>\$ (969,014)</u>	<u>\$ (2,165,280)</u>
Required set-aside balances carried forward to FY2008	<u>\$ (969,014)</u>	<u>\$ (2,030,232)</u>

The School District had qualifying disbursements during the year that reduced the set-aside amounts below zero for the textbooks/instructional materials reserve. These extra amounts may be used to reduce the set-aside requirement for future years. The negative amounts are 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 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 would not have a material effect on the overall financial position of the School District at June 30, 2007.

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.

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

**Vandalia-Butler City School District
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 School 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 expenditures related to the provision of credit and non-credit classes to the community.

Rotary - Special Services

A fund to account for revenue and expenditures 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 School District
Fund Descriptions**

Nonmajor Special Revenue Funds (Continued)

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 School District
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 teachers, 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 V

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 II-A

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 School District
Fund Descriptions**

Nonmajor Debt Service Fund

The Bond Retirement 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.

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

June 30, 2007

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Non-major Governmental Funds
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$1,276,236	\$355,688	\$1,631,924
Receivables			
Intergovernmental	228,264	0	228,264
Total Assets	1,504,500	355,688	1,860,188
LIABILITIES			
Accounts Payable	52,696	0	52,696
Accrued Wages and Benefits	160,301	0	160,301
Due to Other Funds	147,574	0	147,574
Intergovernmental Payable	128,306	0	128,306
Total Liabilities	488,877	0	488,877
FUND BALANCES			
Reserved for Encumbrances	150,736	0	150,736
Unreserved			
Undesignated - Reported In			
Special Revenue Funds	864,887	0	864,887
Debt Service Fund	0	355,688	355,688
Total Fund Balances	1,015,623	355,688	1,371,311
Total Liabilities and Fund Balances	\$1,504,500	\$355,688	\$1,860,188

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, 2007

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Non-major Governmental Funds
Revenues			
Tuition and Fees	\$177,218	\$0	\$177,218
Earnings on Investments	71,448	0	71,448
Intergovernmental	1,795,587	0	1,795,587
Extracurricular	506,251	0	506,251
Gifts and Donations	3,719	0	3,719
Charges for Services	999,650	0	999,650
Other	85,571	0	85,571
Total Revenues	<u>3,639,444</u>	<u>0</u>	<u>3,639,444</u>
Expenditures			
Current Operating			
Instruction			
Regular	281,524	0	281,524
Special	413,099	0	413,099
Other	10,153	0	10,153
Support Services			
Pupils	699,064	0	699,064
Instructional Staff	432,477	0	432,477
Administration	120,755	0	120,755
Operation and Maintenance of Plant	24,550	0	24,550
Central	76,369	0	76,369
Extracurricular Activities	546,820	0	546,820
Non-Instructional Services	1,297,968	0	1,297,968
Debt Service			
Principal	0	250,000	250,000
Interest	0	37,392	37,392
Total Expenditures	<u>3,902,779</u>	<u>287,392</u>	<u>4,190,171</u>
Excess of Revenues Over (Under) Expenditures	(263,335)	(287,392)	(550,727)
Other Financing Sources			
Transfers In	374,046	0	374,046
Total Other Financing Sources	<u>374,046</u>	<u>0</u>	<u>374,046</u>
Net Change in Fund Balances	110,711	(287,392)	(176,681)
Fund Balances at Beginning of Year	<u>904,912</u>	<u>643,080</u>	<u>1,547,992</u>
Fund Balances at End of Year	<u><u>\$1,015,623</u></u>	<u><u>\$355,688</u></u>	<u><u>\$1,371,311</u></u>

Vandalia-Butler City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2007

	<u>Food Service</u>	<u>Special Trust</u>	<u>Uniform School Supply</u>
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$373,059	\$13,228	\$147,512
Intergovernmental Receivable	<u>37,811</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u><u>\$410,870</u></u>	<u><u>\$13,228</u></u>	<u><u>\$147,512</u></u>
 LIABILITIES			
Accounts Payable	\$784	\$625	\$770
Accrued Wages and Benefits	66,692	0	0
Intergovernmental Payable	80,022	0	0
Due to Other Funds	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u>147,498</u>	<u>625</u>	<u>770</u>
 FUND BALANCES			
Reserved for Encumbrances	22,290	3,397	24,879
Unreserved, Undesignated	<u>241,082</u>	<u>9,206</u>	<u>121,863</u>
<i>Total Fund Balances</i>	<u>263,372</u>	<u>12,603</u>	<u>146,742</u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$410,870</u></u>	<u><u>\$13,228</u></u>	<u><u>\$147,512</u></u>

Public School Support	Latchkey	Athletics	Auxilliary Services
\$299,528	\$166,375	\$52,621	\$25,033
0	0	0	0
<u>\$299,528</u>	<u>\$166,375</u>	<u>\$52,621</u>	<u>\$25,033</u>
\$5,084	\$663	\$12,786	\$14,904
0	8,561	3,649	10,889
0	19,537	5,258	3,858
0	0	0	0
<u>5,084</u>	<u>28,761</u>	<u>21,693</u>	<u>29,651</u>
23,199	4,588	19,669	6,495
<u>271,245</u>	<u>133,026</u>	<u>11,259</u>	<u>(11,113)</u>
<u>294,444</u>	<u>137,614</u>	<u>30,928</u>	<u>(4,618)</u>
<u>\$299,528</u>	<u>\$166,375</u>	<u>\$52,621</u>	<u>\$25,033</u>

(Continued)

Vandalia-Butler City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2007
 (continued)

	<u>Management Information Systems</u>	<u>Ohio Educational Computer Network</u>	<u>School Net Professional Development</u>
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$4,684	\$3,222	\$7,809
Intergovernmental Receivable	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u><u>\$4,684</u></u>	<u><u>\$3,222</u></u>	<u><u>\$7,809</u></u>
 LIABILITIES			
Accounts Payable	\$30	\$0	\$0
Accrued Wages and Benefits	0	0	0
Intergovernmental Payable	0	0	0
Due to Other Funds	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u>30</u>	<u>0</u>	<u>0</u>
 FUND BALANCES			
Reserved for Encumbrances	4,655	100	4,974
Unreserved, Undesignated	<u>(1)</u>	<u>3,122</u>	<u>2,835</u>
<i>Total Fund Balances</i>	<u>4,654</u>	<u>3,222</u>	<u>7,809</u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$4,684</u></u>	<u><u>\$3,222</u></u>	<u><u>\$7,809</u></u>

Interactive Video Learning	Ohio Reads	Summer Intervention
\$3,011	\$1,497	\$11,034
<u>0</u>	<u>0</u>	<u>0</u>
<u>\$3,011</u>	<u>\$1,497</u>	<u>\$11,034</u>
\$0	\$0	\$0
0	0	0
0	0	10,676
<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>10,676</u>
0	1,497	0
<u>3,011</u>	<u>0</u>	<u>358</u>
<u>3,011</u>	<u>1,497</u>	<u>358</u>
<u>\$3,011</u>	<u>\$1,497</u>	<u>\$11,034</u>

(Continued)

Vandalia-Butler City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2007
 (continued)

	Miscellaneous State Grants	Special Education	Title I	Title V
ASSETS				
Equity in Pooled Cash and Cash Equivalents	\$1,199	\$27,599	\$0	\$42,447
Intergovernmental Receivable	6,121	73,041	73,733	1,998
<i>Total Assets</i>	\$7,320	\$100,640	\$73,733	\$44,445
 LIABILITIES				
Accounts Payable	\$0	\$0	\$2,400	\$11,546
Accrued Wages and Benefits	0	36,684	33,826	0
Intergovernmental Payable	0	2,234	6,721	0
Due to Other Funds	0	0	147,574	0
<i>Total Liabilities</i>	0	38,918	190,521	11,546
 FUND BALANCES				
Reserved for Encumbrances	1,199	0	1,642	0
Unreserved, Undesignated	6,121	61,722	(118,430)	32,899
<i>Total Fund Balances</i>	7,320	61,722	(116,788)	32,899
<i>Total Liabilities and Fund Balances</i>	\$7,320	\$100,640	\$73,733	\$44,445

Preschool Handicapped Grant	Title II-A	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$21,026	\$74,126	\$1,226	\$1,276,236
0	35,560	0	228,264
<u>\$21,026</u>	<u>\$109,686</u>	<u>\$1,226</u>	<u>\$1,504,500</u>
\$0	\$3,104	\$0	\$52,696
0	0	0	160,301
0	0	0	128,306
0	0	0	147,574
0	3,104	0	488,877
0	32,152	0	150,736
21,026	74,430	1,226	864,887
<u>21,026</u>	<u>106,582</u>	<u>1,226</u>	<u>1,015,623</u>
<u>\$21,026</u>	<u>\$109,686</u>	<u>\$1,226</u>	<u>\$1,504,500</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, 2007

	Food Service	Special Trust	Uniform School Supply
Revenues			
Intergovernmental	\$273,998	\$0	\$0
Earnings on Investments	67,735	0	0
Tuition and Fees	0	0	177,218
Extracurricular	0	0	0
Gifts and Donations	0	3,719	0
Charges for Services	719,549	0	0
Other	1,024	10,165	1
Total Revenues	<u>1,062,306</u>	<u>13,884</u>	<u>177,219</u>
Expenditures			
Current Operating:			
Instruction			
Regular	0	0	196,689
Special	0	0	0
Other	0	0	0
Support Services			
Pupils	0	2,500	0
Instructional Staff	0	0	0
Administration	0	0	0
Operation and Maintenance of Plant	0	0	0
Central	0	12,996	0
Non-Instructional Services	877,526	0	0
Extracurricular Activities	0	0	0
Total Expenditures	<u>877,526</u>	<u>15,496</u>	<u>196,689</u>
Excess of Revenues Over/(Under) Expenditures	184,780	(1,612)	(19,470)
Other Financing Sources			
Transfers In	0	0	0
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	184,780	(1,612)	(19,470)
Fund Balances (Deficit) at Beginning of Year	<u>78,592</u>	<u>14,215</u>	<u>166,212</u>
Fund Balances (Deficit) at End of Year	<u><u>\$263,372</u></u>	<u><u>\$12,603</u></u>	<u><u>\$146,742</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	310,216	0	0
0	0	0	0	0
0	0	0	0	280,101
0	0	45,381	0	0
<u>0</u>	<u>0</u>	<u>355,597</u>	<u>0</u>	<u>280,101</u>
0	0	0	0	0
0	0	0	0	0
5,153	0	0	0	0
0	0	0	0	0
0	0	213,083	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	442	0	3	203,398
0	0	93,259	0	0
<u>5,153</u>	<u>442</u>	<u>306,342</u>	<u>3</u>	<u>203,398</u>
(5,153)	(442)	49,255	(3)	76,703
<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>
(5,153)	(442)	49,255	(3)	76,703
<u>5,153</u>	<u>442</u>	<u>245,189</u>	<u>3</u>	<u>60,911</u>
<u>\$0</u>	<u>\$0</u>	<u>\$294,444</u>	<u>\$0</u>	<u>\$137,614</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, 2007
(continued)

	<u>Athletics</u>	<u>Auxilliary Services</u>	<u>Management Information Systems</u>	<u>Entry Year Program</u>
Revenues				
Intergovernmental	\$0	\$248,088	\$11,321	\$0
Earnings on Investments	0	3,713	0	0
Tuition and Fees	0	0	0	0
Extracurricular	196,035	0	0	0
Gifts and Donations	0	0	0	0
Charges for Services	0	0	0	0
Other	0	0	0	29,000
Total Revenues	<u>196,035</u>	<u>251,801</u>	<u>11,321</u>	<u>29,000</u>
Expenditures				
Current Operating:				
Instruction				
Regular	0	15,392	0	0
Special	0	63,498	0	0
Other	0	0	0	0
Support Services				
Pupils	0	0	0	0
Instructional Staff	0	14,088	0	0
Administration	40,531	0	0	0
Operation and Maintenance of Plant	24,550	0	0	0
Central	0	0	12,537	0
Non-Instructional Services	0	199,134	0	0
Extracurricular Activities	453,561	0	0	0
Total Expenditures	<u>518,642</u>	<u>292,112</u>	<u>12,537</u>	<u>0</u>
Excess of Revenues Over/(Under) Expenditures	(322,607)	(40,311)	(1,216)	29,000
Other Financing Sources				
Transfers In	<u>374,046</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources	<u>374,046</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	51,439	(40,311)	(1,216)	29,000
Fund Balances (Deficit) at Beginning of Year	<u>(20,511)</u>	<u>35,693</u>	<u>5,870</u>	<u>(29,000)</u>
Fund Balances (Deficit) at End of Year	<u><u>\$30,928</u></u>	<u><u>(\$4,618)</u></u>	<u><u>\$4,654</u></u>	<u><u>\$0</u></u>

Ohio Educational Computer Network	School Net Professional Development	Textbook/ Instructional Materials Subsidy	Interactive Video Learning
\$18,000	\$3,300	\$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>18,000</u>	<u>3,300</u>	<u>0</u>	<u>0</u>
0	913	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	73	0
0	0	0	0
0	0	0	0
40,277	0	0	0
0	0	0	0
0	0	0	0
<u>40,277</u>	<u>913</u>	<u>73</u>	<u>0</u>
(22,277)	2,387	(73)	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>
(22,277)	2,387	(73)	0
<u>25,499</u>	<u>5,422</u>	<u>73</u>	<u>3,011</u>
<u>\$3,222</u>	<u>\$7,809</u>	<u>\$0</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, 2007
(continued)

	Ohio Reads	Summer Intervention	Miscellaneous State Grants	ESEA Title II
Revenues				
Intergovernmental	\$6,000	\$0	\$16,900	\$0
Earnings on Investments	0	0	0	0
Tuition and Fees	0	0	0	0
Extracurricular	0	0	0	0
Gifts and Donations	0	0	0	0
Charges for Services	0	0	0	0
Other	0	0	0	0
Total Revenues	6,000	0	16,900	0
Expenditures				
Current Operating:				
Instruction				
Regular	0	6,779	10,909	0
Special	0	0	0	34
Other	5,000	0	0	0
Support Services				
Pupils	0	0	0	0
Instructional Staff	0	0	0	0
Administration	0	0	0	0
Operation and Maintenance of Plant Services	0	0	0	0
Central	0	0	0	0
Non-Instructional Services	0	0	0	0
Extracurricular Activities	0	0	0	0
Total Expenditures	5,000	6,779	10,909	34
Excess of Revenues Over/(Under) Expenditures	1,000	(6,779)	5,991	(34)
Other Financing Sources				
Transfers In	0	0	0	0
Total Other Financing Sources	0	0	0	0
Net Change in Fund Balances	1,000	(6,779)	5,991	(34)
Fund Balances (Deficit) at Beginning of Year	497	7,137	1,329	34
Fund Balances (Deficit) at End of Year	<u>\$1,497</u>	<u>\$358</u>	<u>\$7,320</u>	<u>\$0</u>

<u>Special Education</u>	<u>Title I</u>	<u>Title V</u>	<u>Drug Free Schools</u>	<u>Preschool Handicapped Grant</u>
\$788,933	\$285,942	\$5,244	\$9,850	\$10,559
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>788,933</u>	<u>285,942</u>	<u>5,244</u>	<u>9,850</u>	<u>10,559</u>
0	0	0	0	0
65,341	284,226	0	0	0
0	0	0	0	0
663,201	0	0	33,363	0
0	16,642	8,173	0	0
69,539	10,685	0	0	0
0	0	0	0	0
0	0	0	0	10,559
6,455	10,776	0	0	0
0	0	0	0	0
<u>804,536</u>	<u>322,329</u>	<u>8,173</u>	<u>33,363</u>	<u>10,559</u>
(15,603)	(36,387)	(2,929)	(23,513)	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>
(15,603)	(36,387)	(2,929)	(23,513)	0
<u>77,325</u>	<u>(80,401)</u>	<u>35,828</u>	<u>23,513</u>	<u>21,026</u>
<u>\$61,722</u>	<u>(\$116,788)</u>	<u>\$32,899</u>	<u>\$0</u>	<u>\$21,026</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, 2007
(continued)

	<u>E-Rate</u>	<u>Title II-A</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
Revenues				
Intergovernmental	\$23,122	\$91,333	\$2,997	\$1,795,587
Earnings on Investments	0	0	0	71,448
Tuition and Fees	0	0	0	177,218
Extracurricular	0	0	0	506,251
Gifts and Donations	0	0	0	3,719
Charges for Services	0	0	0	999,650
Other	0	0	0	85,571
Total Revenues	<u>23,122</u>	<u>91,333</u>	<u>2,997</u>	<u>3,639,444</u>
Expenditures				
Current Operating:				
Instruction				
Regular	50,842	0	0	281,524
Special	0	0	0	413,099
Other	0	0	0	10,153
Support Services				
Pupils	0	0	0	699,064
Instructional Staff	0	177,655	2,763	432,477
Administration	0	0	0	120,755
Operation and Maintenance of Plant	0	0	0	24,550
Central	0	0	0	76,369
Non-Instructional Services	0	0	234	1,297,968
Extracurricular Activities	0	0	0	546,820
Total Expenditures	<u>50,842</u>	<u>177,655</u>	<u>2,997</u>	<u>3,902,779</u>
Excess of Revenues Over/(Under) Expenditures	(27,720)	(86,322)	0	(263,335)
Other Financing Sources				
Transfers In	<u>0</u>	<u>0</u>	<u>0</u>	<u>374,046</u>
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>374,046</u>
Net Change in Fund Balances	(27,720)	(86,322)	0	110,711
Fund Balances (Deficit) at Beginning of Year	<u>27,720</u>	<u>192,904</u>	<u>1,226</u>	<u>904,912</u>
Fund Balances (Deficit) at End of Year	<u>\$0</u>	<u>\$106,582</u>	<u>\$1,226</u>	<u>\$1,015,623</u>

Vandalia-Bulter City School District

Statement of Changes in
Assets and Liabilities
Agency Fund

Year Ended June 30, 2007

	<u>Balance</u> <u>07/01/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/07</u>
STUDENT MANAGED ACTIVITIES				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$83,396</u>	<u>\$130,639</u>	<u>\$122,192</u>	<u>\$91,843</u>
Total Assets	<u>\$ 83,396</u>	<u>\$ 130,639</u>	<u>\$ 122,192</u>	<u>\$ 91,843</u>
Liabilities				
Due to Students	<u>83,396</u>	<u>130,639</u>	<u>122,192</u>	<u>91,843</u>
Total Liabilities	<u>\$ 83,396</u>	<u>\$ 130,639</u>	<u>\$ 122,192</u>	<u>\$ 91,843</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, 2007

	<u>Budgeted Amounts</u>		Variance with Final Budget: Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Food Service			
Total Revenues and Other Sources	\$919,726	\$1,024,495	\$104,769
Total Expenditures and Other Uses	<u>993,446</u>	<u>886,473</u>	<u>106,973</u>
Net Change in Fund Balance	(73,720)	138,022	211,742
Fund Balance, July 1	198,515	198,515	0
Prior Year Encumbrances Appropriated	<u>13,446</u>	<u>13,446</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$138,241</u></u>	<u><u>\$349,983</u></u>	<u><u>\$211,742</u></u>
Special Trust			
Total Revenues and Other Sources	\$16,467	\$13,884	(\$2,583)
Total Expenditures and Other Uses	<u>25,000</u>	<u>18,269</u>	<u>6,731</u>
Net Change in Fund Balance	(8,533)	(4,385)	4,148
Fund Balance, July 1	12,211	12,211	0
Prior Year Encumbrances Appropriated	<u>2,005</u>	<u>2,005</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$5,683</u></u>	<u><u>\$9,831</u></u>	<u><u>\$4,148</u></u>
Uniform School Supply			
Total Revenues and Other Sources	\$195,625	\$177,219	(\$18,406)
Total Expenditures and Other Uses	<u>286,010</u>	<u>226,704</u>	<u>59,306</u>
Net Change in Fund Balance	(90,385)	(49,485)	40,900
Fund Balance, July 1	130,400	130,400	0
Prior Year Encumbrances Appropriated	<u>36,010</u>	<u>36,010</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$76,025</u></u>	<u><u>\$116,925</u></u>	<u><u>\$40,900</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, 2007

	<u>Budgeted</u> <u>Amounts</u>		Variance with Final Budget: Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Adult Education			
Total Revenues and Other Sources	\$0	\$0	\$0
Total Expenditures and Other Uses	<u>5,153</u>	<u>5,153</u>	<u>0</u>
Net Change in Fund Balance	(5,153)	(5,153)	0
Fund Balance, July 1	5,153	5,153	0
Prior Year Encumbrances Appropriated	<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>
Rotary - Special Services			
Total Revenues and Other Sources	(\$443)	\$0	\$443
Total Expenditures and Other Uses	<u>443</u>	<u>443</u>	<u>0</u>
Net Change in Fund Balance	(886)	(443)	443
Fund Balance, July 1	443	443	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30	<u><u>(\$443)</u></u>	<u><u>\$0</u></u>	<u><u>\$443</u></u>
Public School Support			
Total Revenues and Other Sources	\$435,067	\$355,597	(\$79,470)
Total Expenditures and Other Uses	<u>532,827</u>	<u>328,987</u>	<u>203,840</u>
Net Change in Fund Balance	(97,760)	26,610	124,370
Fund Balance, July 1	212,363	212,363	0
Prior Year Encumbrances Appropriated	<u>32,827</u>	<u>32,827</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$147,430</u></u>	<u><u>\$271,800</u></u>	<u><u>\$124,370</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, 2007

	Budgeted Amounts		Variance with Final Budget: Positive (Negative)
	Final	Actual	
Other Grants			
Total Revenues and Other Sources	\$0	\$0	\$0
Total Expenditures and Other Uses	<u>3</u>	<u>3</u>	<u>0</u>
Net Change in Fund Balance	(3)	(3)	0
Fund Balance, July 1	3	3	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Latchkey			
Total Revenues and Other Sources	\$153,923	\$280,101	\$126,178
Total Expenditures and Other Uses	<u>209,836</u>	<u>201,469</u>	<u>8,367</u>
Net Change in Fund Balance	(55,913)	78,632	134,545
Fund Balance, July 1	77,823	77,823	0
Prior Year Encumbrances Appropriated	<u>4,836</u>	<u>4,836</u>	<u>0</u>
Fund Balance, June 30	<u>\$26,746</u>	<u>\$161,291</u>	<u>\$134,545</u>
Athletics			
Total Revenues and Other Sources	\$715,700	\$570,081	(\$145,619)
Total Expenditures and Other Uses	<u>614,538</u>	<u>531,105</u>	<u>83,433</u>
Net Change in Fund Balance	101,162	38,976	(62,186)
Fund Balance, July 1	(76,825)	(76,825)	0
Prior Year Encumbrances Appropriated	<u>64,538</u>	<u>64,538</u>	<u>0</u>
Fund Balance, June 30	<u>\$88,875</u>	<u>\$26,689</u>	<u>(\$62,186)</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, 2007

	Budgeted Amounts		Variance with Final Budget: Positive (Negative)
	Final	Actual	
Auxiliary Services			
Total Revenues and Other Sources	\$317,400	\$251,801	(\$65,599)
Total Expenditures and Other Uses	<u>382,488</u>	<u>336,005</u>	<u>46,483</u>
Net Change in Fund Balance	(65,088)	(84,204)	(19,116)
Fund Balance, July 1	30,783	30,783	0
Prior Year Encumbrances Appropriated	<u>57,488</u>	<u>57,488</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$23,183</u></u>	<u><u>\$4,067</u></u>	<u><u>(\$19,116)</u></u>
Management Information Systems			
Total Revenues and Other Sources	\$37,475	\$11,321	(\$26,154)
Total Expenditures and Other Uses	<u>66,515</u>	<u>41,127</u>	<u>25,388</u>
Net Change in Fund Balance	(29,040)	(29,806)	(766)
Fund Balance, July 1	4,417	4,417	0
Prior Year Encumbrances Appropriated	<u>25,389</u>	<u>25,389</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$766</u></u>	<u><u>\$0</u></u>	<u><u>(\$766)</u></u>
Entry Year Program			
Total Revenues and Other Sources	\$40,000	\$29,000	(\$11,000)
Total Expenditures and Other Uses	<u>11,000</u>	<u>0</u>	<u>11,000</u>
Net Change in Fund Balance	29,000	29,000	0
Fund Balance, July 1	(29,000)	(29,000)	0
Prior Year Encumbrances Appropriated	<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>

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, 2007

	Budgeted Amounts		Variance with Final Budget: Positive (Negative)
	Final	Actual	
Ohio Educational Computer Network			
Total Revenues and Other Sources	(\$18,001)	\$18,000	\$36,001
Total Expenditures and Other Uses	<u>0</u>	<u>40,378</u>	<u>(40,378)</u>
Net Change in Fund Balance	(18,001)	(22,378)	(4,377)
Fund Balance, July 1	25,499	25,499	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30	<u>\$7,498</u>	<u>\$3,121</u>	<u>(\$4,377)</u>
SchoolNet Professional Development			
Total Revenues and Other Sources	\$6,225	\$3,300	(\$2,925)
Total Expenditures and Other Uses	<u>8,976</u>	<u>5,887</u>	<u>3,089</u>
Net Change in Fund Balance	(2,751)	(2,587)	164
Fund Balance, July 1	4,946	4,946	0
Prior Year Encumbrances Appropriated	<u>476</u>	<u>476</u>	<u>0</u>
Fund Balance, June 30	<u>\$2,671</u>	<u>\$2,835</u>	<u>\$164</u>
Interactive Video Learning			
Total Revenues and Other Sources	\$72	\$0	(\$72)
Total Expenditures and Other Uses	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	72	0	(72)
Fund Balance, July 1	3,011	3,011	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30	<u>\$3,083</u>	<u>\$3,011</u>	<u>(\$72)</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, 2007

	Budgeted Amounts		Variance with Final Budget: Positive (Negative)
	Final	Actual	
Ohio Reads			
Total Revenues and Other Sources	\$6,000	\$6,000	\$0
Total Expenditures and Other Uses	<u>6,497</u>	<u>6,497</u>	<u>0</u>
Net Change in Fund Balance	(497)	(497)	0
Fund Balance, July 1	497	497	0
Prior Year Encumbrances Appropriated	<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>
Summer Intervention			
Total Revenues and Other Sources	\$19	\$0	(\$19)
Total Expenditures and Other Uses	<u>15,400</u>	<u>4,347</u>	<u>11,053</u>
Net Change in Fund Balance	(15,381)	(4,347)	11,034
Fund Balance, July 1	15,381	15,381	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$11,034</u></u>	<u><u>\$11,034</u></u>
Miscellaneous State Grants			
Total Revenues and Other Sources	\$10,873	\$10,779	(\$94)
Total Expenditures and Other Uses	<u>12,000</u>	<u>12,109</u>	<u>(109)</u>
Net Change in Fund Balance	(1,127)	(1,330)	(203)
Fund Balance, July 1	1,330	1,330	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$203</u></u>	<u><u>\$0</u></u>	<u><u>(\$203)</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, 2007

	Budgeted Amounts		Variance with Final Budget: Positive (Negative)
	Final	Actual	
Special Education			
Total Revenues and Other Sources	\$788,933	\$735,502	(\$53,431)
Total Expenditures and Other Uses	884,984	803,956	81,028
Net Change in Fund Balance	(96,051)	(68,454)	27,597
Fund Balance, July 1	96,052	96,052	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balance, June 30	<u>\$1</u>	<u>\$27,598</u>	<u>\$27,597</u>
Title I			
Total Revenues and Other Sources	\$366,762	\$225,976	(\$140,786)
Total Expenditures and Other Uses	306,152	327,732	(21,580)
Net Change in Fund Balance	60,610	(101,756)	(162,366)
Fund Balance, July 1	(51,346)	(51,346)	0
Prior Year Encumbrances Appropriated	1,487	1,487	0
Fund Balance, June 30	<u>\$10,751</u>	<u>(\$151,615)</u>	<u>(\$162,366)</u>
Title V			
Total Revenues and Other Sources	\$11,609	\$3,246	(\$8,363)
Total Expenditures and Other Uses	58,216	8,173	50,043
Net Change in Fund Balance	(46,607)	(4,927)	41,680
Fund Balance, July 1	41,774	41,774	0
Prior Year Encumbrances Appropriated	5,600	5,600	0
Fund Balance, June 30	<u>\$767</u>	<u>\$42,447</u>	<u>\$41,680</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, 2007

	Budgeted Amounts		Variance with Final Budget: Positive (Negative)
	Final	Actual	
Drug Free Schools			
Total Revenues and Other Sources	\$11,008	\$20,859	\$9,851
Total Expenditures and Other Uses	33,637	33,363	274
Net Change in Fund Balance	(22,629)	(12,504)	10,125
Fund Balance, July 1	12,504	12,504	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balance, June 30	<u>(\$10,125)</u>	<u>\$0</u>	<u>\$10,125</u>
Preschool Handicapped Grant			
Total Revenues and Other Sources	\$13,611	\$10,559	(\$3,052)
Total Expenditures and Other Uses	31,585	10,559	21,026
Net Change in Fund Balance	(17,974)	0	17,974
Fund Balance, July 1	21,026	21,026	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balance, June 30	<u>\$3,052</u>	<u>\$21,026</u>	<u>\$17,974</u>
E-Rate			
Total Revenues and Other Sources	\$35,141	\$23,122	(\$12,019)
Total Expenditures and Other Uses	50,384	50,842	(458)
Net Change in Fund Balance	(15,243)	(27,720)	(12,477)
Fund Balance, July 1	16,335	16,335	0
Prior Year Encumbrances Appropriated	11,385	11,385	0
Fund Balance, June 30	<u>\$12,477</u>	<u>\$0</u>	<u>(\$12,477)</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, 2007

	Budgeted Amounts		Variance with Final Budget: Positive (Negative)
	Final	Actual	
Title II-A			
Total Revenues and Other Sources	\$200,196	\$92,774	(\$107,422)
Total Expenditures and Other Uses	369,144	221,494	147,650
Net Change in Fund Balance	(168,948)	(128,720)	40,228
Fund Balance, July 1	63,099	63,099	0
Prior Year Encumbrances Appropriated	107,356	107,356	0
Fund Balance, June 30	<u>\$1,507</u>	<u>\$41,735</u>	<u>\$40,228</u>
Miscellaneous Federal Grants			
Total Revenues and Other Sources	\$9,268	\$2,997	(\$6,271)
Total Expenditures and Other Uses	9,605	2,997	6,608
Net Change in Fund Balance	(337)	0	337
Fund Balance, July 1	(4,090)	(4,090)	0
Prior Year Encumbrances Appropriated	5,350	5,350	0
Fund Balance, June 30	<u>\$923</u>	<u>\$1,260</u>	<u>\$337</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, 2007

	<u>Budgeted</u> <u>Amounts</u>		Variance with Final Budget: Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Bond Retirement			
Total Revenues and Other Sources	\$311,586	\$0	(\$311,586)
Total Expenditures and Other Uses	<u>300,000</u>	<u>287,392</u>	<u>12,608</u>
Net Change in Fund Balance	11,586	(287,392)	(298,978)
Fund Balance, July 1	643,079	643,079	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$654,665</u></u>	<u><u>\$355,687</u></u>	<u><u>(\$298,978)</u></u>



Statistical Section

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STATISTICAL TABLES

This part of Vandalia-Butler City School District's comprehensive annual financial report presents detailed information as a basis for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the District's overall financial health.

CONTENTS	PAGES
Financial Trends	73-79
These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.	
Revenue Capacity	80-86
These schedules contain information to help the reader assess the School District's most significant local revenue sources.	
Debt Capacity	87-91
These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	
Demographic and Economic Information	92
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating information	93-95
These schedules contain service and capital asset data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The School District implemented GASB Statement No. 34 during fiscal year 2002. Fiscal year 2006 was the District's first year implementation of the GASB 44 statistical tables.



Vandalia-Butler City School District
Net Assets by Component
Last Six Fiscal Years
(accrual basis of accounting)
Governmental Activities

	2002	2003	2004	2005	2006*	2007
Invested in Capital Assets, Net of Related Debt	\$4,728,917	\$4,600,733	\$4,058,741	\$3,911,791	\$5,809,079	\$5,824,345
Restricted for:						
Capital Projects	0	218	0	0	0	0
Debt Service	0	0	37,476	954,666	643,080	355,688
Other Purposes	1,017,219	494,550	467,944	473,601	788,260	880,038
Unrestricted	11,657,834	10,140,744	7,313,663	7,749,776	6,990,405	9,655,411
Total Net Assets	\$17,403,970	\$15,236,245	\$11,877,824	\$13,089,834	\$14,230,824	\$16,715,482

Source: School District Financial Records.

Fiscal Year 2002 is the first year reported in accordance with GASB Statement No. 34.
The remaining years are not presented for that reason.

* Amount Restated - See Note 3.

Vandalia-Butler City School District
Changes in Net Assets
Last Six Fiscal Years
(accrual basis of accounting)
Governmental Activities

	2002	2003	2004	2005	2006	2007
Expenses						
Regular Instruction	\$12,774,549	\$12,878,701	\$13,262,778	\$13,225,486	\$14,432,299	\$15,229,451
Special Instruction	1,977,119	2,322,417	2,629,998	2,835,810	3,124,624	3,236,123
Vocational Instruction	337,788	373,908	370,998	361,120	433,138	386,732
Other Instruction	1,424,730	1,353,734	1,496,692	1,951,924	2,015,458	1,998,815
Pupil Support	1,282,535	1,972,949	1,924,211	2,022,213	2,081,843	2,424,073
Instructional Staff Support	969,693	1,581,473	2,072,071	1,719,059	1,682,870	1,650,892
Board of Education	0	0	0	48,587	29,154	52,233
Administration	1,747,480	1,985,350	1,731,639	1,752,783	1,869,063	1,959,594
Business and Fiscal	859,390	851,519	918,560	827,939	1,082,477	1,272,569
Operation and Maintenance of Plant	2,070,661	2,503,379	2,542,499	2,479,785	2,696,638	2,872,016
Pupil Transportation	1,079,505	1,098,435	1,251,468	1,212,371	1,375,441	1,416,041
Central	0	0	0	559,962	464,177	792,962
Other	732,740	1,058,763	724,605	0	0	0
Non-Instructional Services	1,209,458	1,360,262	1,410,629	1,235,849	1,289,241	1,293,966
Extracurricular Activities	662,700	713,987	642,708	647,621	636,916	552,196
Interest and Fiscal Charges	165,532	146,427	122,668	95,214	68,052	40,863
<i>Total Expenses</i>	<u>27,293,880</u>	<u>30,201,304</u>	<u>31,101,524</u>	<u>30,975,723</u>	<u>33,281,391</u>	<u>35,178,526</u>
Program Revenues						
Charges for Services						
Regular Instruction	\$178,908	\$18,626	\$23,901	\$267,746	\$338,195	\$384,061
Special Instruction	4,225	2,477	1,813	18,221	33,210	39,924
Vocational Instruction	794	446	294	2,803	5,415	5,521
Other Instruction	3,331	1,611	1,177	14,617	24,546	28,032
Pupil Support	2,702	1,792	1,264	17,383	75,448	24,634
Instructional Staff Support	278,186	254,965	279,114	292,404	274,315	217,609
Board of Education	0	0	0	400	0	849
Administration	3,886	2,273	1,322	12,815	22,742	27,672
Business and Fiscal	2,019	1,017	729	6,207	12,995	18,263
Operation and Maintenance of Plant	10,581	7,848	8,492	731,162	36,376	41,329
Pupil Transportation	2,536	1,312	993	8,610	15,883	22,510
Central	0	0	0	3,404	5,054	10,193
Other	1,968	5,567	560	0	0	0
Non-Instructional Services	920,229	947,062	994,008	213,902	983,582	999,650
Extracurricular Activities	307,825	301,642	300,286	306,588	320,686	287,597
Interest & Fiscal Charges	5	0	0	0	0	0
<i>Total Charges for Services</i>	<u>\$1,717,195</u>	<u>\$1,546,638</u>	<u>\$1,613,953</u>	<u>\$1,896,262</u>	<u>\$2,148,447</u>	<u>\$2,107,844</u>

Source: School District Financial Records.

Fiscal Year 2002 is the first year reported in accordance with GASB Statement No. 34.
The remaining years are not presented for that reason.

(continued)

	2002	2003	2004	2005	2006	2007
Operating Grants and Contributions						
Regular Instruction	\$229,107	\$115,008	\$158,653	\$148,382	\$92,447	\$59,200
Special Instruction	237,057	329,619	579,785	563,911	592,802	609,594
Vocational Instruction	1,938	0	0	0	0	0
Other Instruction	23,453	12,883	9,886	6,000	4,000	6,000
Pupil Support	167,716	299,770	319,430	590,800	715,842	660,531
Instructional Staff Support	150,341	34,474	168,759	199,740	131,569	121,112
Administration	132,280	52,412	64,518	42,248	16,349	76,998
Business and Fiscal	4,931	0	0	0	0	0
Operation and Maintenance of Plant	15,840	22,992	3,186	211,956	0	274,787
Pupil Transportation	6,194	505,659	571,617	564,197	584,698	592,384
Central	0	0	0	31,147	35,890	42,999
Other	22,794	33,772	10,093	0	0	0
Non-Instructional Services	271,301	237,464	268,458	145,482	322,005	181,928
Extracurricular Activities	540	0	0	11,526	0	0
Interest & Fiscal Charges	13	0	54,447	28,567	0	0
Total Operating Grants and Contributions	1,263,505	1,644,053	2,208,832	2,543,956	2,495,602	2,625,533
Capital Grants and Contributions						
Central	0	0	0	29,820	0	0
Other	0	52,688	0	0	0	0
Total Capital Grants and Contributions	0	52,688	0	29,820	0	0
Total Program Revenues	2,980,700	3,243,379	3,822,785	4,470,038	4,644,049	4,733,377
Net Expense	(\$24,313,180)	(\$26,957,925)	(\$27,278,739)	(\$26,505,685)	(\$28,637,342)	(\$30,445,149)
General Revenues						
Property Taxes Levied for:						
General Purposes	\$18,354,537	\$18,114,703	\$17,528,902	\$21,538,766	\$21,635,454	\$24,426,863
Debt Service	464,031	467,626	471,793	218,398	0	0
Grants and Entitlements not						
Restricted to Specific Programs	5,749,985	5,535,238	5,953,345	5,559,312	5,682,030	7,598,194
Investment Earnings	608,935	277,791	152,253	285,612	582,104	698,845
Miscellaneous	1,413,146	379,158	124,591	115,575	34,531	205,905
Total General Revenues	26,590,634	24,774,516	24,230,884	27,717,663	27,934,119	32,929,807
Change in Net Assets	\$2,277,454	(\$2,183,409)	(\$3,047,855)	\$1,211,978	(\$703,223)	\$2,484,658

Vandalia-Butler City School District
Fund Balances - Governmental Funds
Last Six Fiscal Years
(modified accrual basis of accounting)

	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Fund			
Reserved	\$2,060,494	\$978,071	\$624,920
Unreserved	<u>9,796,859</u>	<u>9,373,573</u>	<u>6,876,628</u>
<i>Total General Fund</i>	<u>11,857,353</u>	<u>10,351,644</u>	<u>7,501,548</u>
All Other Governmental Funds			
Reserved	128,316	130,678	18,070
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	593,279	484,585	400,103
Debt Service Funds	702,810	833,068	999,523
Capital Projects Funds	<u>(33,000)</u>	<u>218</u>	<u>0</u>
Total All Other Governmental Funds	<u>1,391,405</u>	<u>1,448,549</u>	<u>1,417,696</u>
<i>Total Governmental Funds</i>	<u><u>\$13,248,758</u></u>	<u><u>\$11,800,193</u></u>	<u><u>\$8,919,244</u></u>

Source: School District Financial Records.

Fiscal Year 2002 is the first year reported in accordance with GASB Statement No. 34.
Fiscal years prior to 2002 were reported on a cash basis and therefore are not included.

2005	2006	2007
\$1,506,744	\$1,585,879	\$1,696,523
7,664,158	6,340,288	8,900,584
9,170,902	7,926,167	10,597,107
0	306,865	150,736
620,760	598,047	864,887
954,666	643,080	355,688
0	0	0
1,575,426	1,547,992	1,371,311
\$10,746,328	\$9,474,159	\$11,968,418

Vandalia-Butler City School District
Changes in Fund Balances - Governmental Funds
Last Six Fiscal Years
(modified accrual basis of accounting)

	2002	2003	2004
Revenues			
Taxes	\$18,846,306	\$18,532,796	\$18,134,688
Intergovernmental	6,489,797	7,614,235	8,040,567
Earnings on Investments	608,935	277,791	152,253
Tuition and Fees	455,701	181,301	165,048
Extracurricular	592,232	559,850	587,461
Gifts and Donations	140,109	0	0
Charges for Services	669,262	583,383	861,444
Rentals	111,741	0	0
Other	1,299,270	601,262	124,591
<i>Total Revenues</i>	<u>29,213,353</u>	<u>28,350,618</u>	<u>28,066,052</u>
Expenditures			
Current:			
Instruction:			
Regular	12,066,082	12,403,628	12,981,494
Special	1,946,958	2,336,062	2,594,420
Vocational	319,744	371,467	386,614
Other	1,424,618	1,354,125	1,496,058
Support Services:			
Pupil	1,273,013	1,979,374	1,919,710
Instructional Staff	977,486	1,507,538	2,084,466
Board of Education	0	0	0
Administration	1,835,365	1,947,451	1,711,274
Business and Fiscal	878,034	863,719	881,534
Operation and Maintenance of Plant	2,409,906	2,463,836	2,549,713
Pupil Transportation	954,944	1,050,390	1,123,948
Central	0	0	0
Other	678,103	1,083,981	765,825
Enterprise Operations	0	0	19,985
Non-Instructional Services	1,196,624	1,345,178	1,388,839
Extracurricular Activities	628,362	682,719	612,437
Capital Outlay	408,278	0	221,940
Debt Service:			
Principal	439,755	269,220	306,013
Interest	167,535	148,431	124,671
<i>Total Expenditures</i>	<u>27,604,807</u>	<u>29,807,119</u>	<u>31,168,941</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,608,546</u>	<u>(1,456,501)</u>	<u>(3,102,889)</u>
Other Financing Sources (Uses)			
Sale of Capital Assets	2,135	2,406	0
Inception of Capital Lease	339,953	0	221,940
Transfers In	249,468	298,127	302,709
Transfers Out	(249,468)	(298,127)	(302,709)
<i>Total Other Financing Sources (Uses)</i>	<u>342,088</u>	<u>2,406</u>	<u>221,940</u>
<i>Net Change in Fund Balances</i>	<u>\$1,950,634</u>	<u>(\$1,454,095)</u>	<u>(\$2,880,949)</u>
Debt Service as a Percentage of			
Noncapital Expenditures (1)	2.23%	1.40%	1.39%

(1) Calculation represents debt service expenditures divided by the product of the remaining balance of total expenditures minus capital asset additions.

Source: School District Financial Records.

The Fiscal Year 2002 is the first year reported in accordance with GASB Statement No. 34. Fiscal years prior to 2002 were reported on a cash basis and therefore are not included.

2005	2006	2007
\$21,446,972	\$22,050,412	\$24,221,096
8,231,051	8,191,569	10,224,675
285,612	582,104	698,845
316,955	480,625	561,959
627,802	638,961	506,251
2,426	2,617	3,719
951,505	1,028,861	1,039,634
0	0	0
115,575	34,531	205,905
<u>31,977,898</u>	<u>33,009,680</u>	<u>37,462,084</u>
12,515,638	14,828,961	14,775,783
2,758,507	3,226,990	3,215,832
360,607	434,558	385,444
1,952,356	2,015,751	2,052,903
1,951,995	2,152,792	2,386,619
1,714,441	1,725,202	1,522,694
48,587	29,154	52,233
1,630,201	1,872,581	1,978,425
821,296	1,121,730	1,245,643
2,447,864	2,774,847	2,794,547
1,142,790	1,347,666	1,589,850
556,416	459,922	760,045
0	0	0
0	0	0
1,202,039	1,269,391	1,297,968
606,651	607,050	546,820
0	50,644	0
344,240	347,202	320,854
97,218	68,052	42,165
<u>30,150,846</u>	<u>34,332,493</u>	<u>34,967,825</u>
<u>1,827,052</u>	<u>(1,322,813)</u>	<u>2,494,259</u>
0	0	0
0	50,644	0
250,000	0	374,046
(250,000)	0	(374,046)
<u>0</u>	<u>50,644</u>	<u>0</u>
<u>\$1,827,052</u>	<u>(\$1,272,169)</u>	<u>\$2,494,259</u>
1.46%	1.21%	1.04%

Vandalia-Butler City School District
Assessed and Estimated Actual Value of Taxable Property
Last Ten Collection (Calendar) Years

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial/ Industrial/PU		Assessed Value	Estimated Actual Value
1998	\$300,076,180	\$121,146,290	\$1,203,492,771	\$26,360,230	\$105,440,920
1999	306,029,170	122,364,710	1,223,982,514	25,084,640	100,338,560
2000	342,422,070	129,240,070	1,347,606,114	23,312,830	93,251,320
2001	348,721,950	130,987,580	1,370,598,657	21,696,500	86,786,000
2002	353,228,050	138,074,230	1,403,720,800	17,749,170	70,996,680
2003	391,477,550	157,263,300	1,567,831,000	18,220,030	72,880,120
2004	395,305,200	159,498,440	1,585,153,257	17,945,880	71,783,520
2005	403,838,260	159,494,010	1,609,520,771	17,155,580	68,622,320
2006	436,988,010	174,764,120	1,747,863,229	19,648,530	78,594,120
2007	446,666,200	183,158,190	1,799,498,257	14,913,620	59,654,480

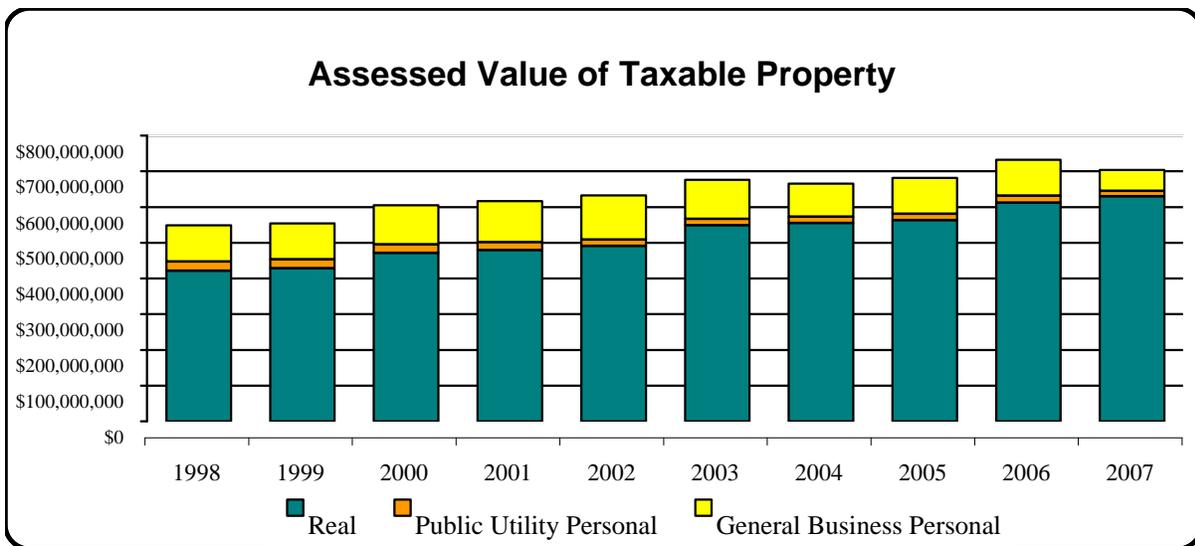
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. The listing percentage is 18.75 percent for 2006, 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.

Source: Office of the County Auditor, Montgomery County, Ohio

Tangible Personal Property		Total		Ratio	Res/Ag Average Tax Rate
General Business		Total			
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
\$101,006,660	\$404,026,640	\$548,589,360	\$1,712,960,331	32.03%	29.31
100,331,566	\$401,326,264	553,810,086	1,725,647,338	32.09%	29.30
109,860,144	\$439,440,576	604,835,114	1,880,298,010	32.17%	28.50
115,030,410	\$460,121,640	616,436,440	1,917,506,297	32.15%	28.30
123,069,976	\$492,279,904	632,121,426	1,966,997,384	32.14%	28.10
109,011,441	\$436,045,764	675,972,321	2,076,756,884	32.55%	27.80
92,384,592	\$369,538,368	665,134,112	2,026,475,145	32.82%	27.70
100,759,655	\$403,038,620	681,247,505	2,081,181,711	32.73%	33.20
101,007,884	\$404,031,536	732,408,544	2,230,488,885	32.84%	32.60
58,949,395	\$235,797,580	703,687,405	2,094,950,317	33.59%	36.67



Vandalia-Butler City School District

Principal Property Taxpayers

Real Estate Tax

2007 and 1998 (1)

Name of Taxpayer	2007	
	Assessed Value	Percent of Real Property Assessed Value
Delphi Automotive System	\$ 4,657,770	0.74%
Drury Inns Inc	3,322,250	0.53%
The IAMS Company	3,038,100	0.48%
B-W Limited Partnership	2,311,430	0.37%
SAM'S Real Estate Business	2,101,410	0.33%
Northwoods Shoppes LLC	2,044,630	0.32%
Mid-States Development	1,658,110	0.26%
Orchard Hospitality Corp	1,651,400	0.26%
Timberlake Limited Partnership	1,596,670	0.25%
ABMD LTD	1,488,920	0.24%
Totals	<u>\$ 23,870,690</u>	<u>3.79%</u>
Total Assessed Valuation	<u>\$629,824,390</u>	

Name of Taxpayer	1998	
	Assessed Value	Percent of Real Property Assessed Value
N/A	N/A	N/A

N/A - Not Available

Source: Montgomery County Auditor

(1) The amounts presented represent the assessed values upon which 2007 and 1998 collections were based.

Vandalia-Butler City School District

Principal Property Taxpayers

Tangible Personal Property Tax

2007 and 1998 (1)

Name of Taxpayer	2007	
	Assessed Value	Percent of General Business Assessed Value
Delphi Automotive Systems	\$5,183,810	8.79%
Smith Industries Aerospace	4,890,030	8.30%
PSA Airlines Inc	3,974,680	6.74%
Eurand America Inc	3,503,490	5.94%
Beau Townsend Ford Inc	2,587,660	4.39%
Encon Inc	2,536,430	4.30%
SAIA-Burgess Inc	2,042,200	3.46%
A-F Leis Co Inc	2,014,040	3.42%
Miami Valley International	1,885,840	3.20%
EFTEC North America LLC	1,781,470	3.02%
Total	<u>\$30,399,650</u>	<u>51.57%</u>
Total Assessed Valuation	<u>\$58,949,395</u>	

Name of Taxpayer	1998	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
N/A	N/A	N/A

N/A - Not Available

Source: Montgomery County Auditor

(1) The amounts presented represent the assessed values upon which 2007 and 1998 collections were based.

Vandalia-Butler City School District

Principal Property Taxpayers

Public Utilities Tax

2007 and 1998 (1)

Name of Taxpayer	2007	
	Assessed Value	Percent of Public Utility Assessed Value
Dayton Power and Light	\$8,317,510	55.77%
Ohio Bell Telephone	3,577,860	23.99%
Total	<u>\$11,895,370</u>	<u>79.76%</u>
Total Assessed Valuation	<u>\$14,913,620</u>	

Name of Taxpayer	1998	
	Assessed Value	Percent of Public Utility Assessed Value
N/A	N/A	N/A

N/A - Not Available

Source: Montgomery County Auditor

(1) The amounts presented represent the assessed values upon which 2007 and 1998 collections were based.

**VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATION)
LAST TEN COLLECTION (CALENDAR) YEARS (1)
1997-2006**

Collection Year	Montgomery County		Dayton Metro Library		Butler Township		City of Vandalia		City of Union		Miami Valley Career Technology Center		Vandalia-Butler City School District	
2006	18.24	18.24	1.25	1.25	16.94	16.94	4.14	4.14	15.67	15.67	2.58	2.58	53.30	53.30
2005	18.24	18.24	1.25	1.25	16.94	16.94	4.14	4.14	15.67	15.67	2.58	2.58	48.86	48.86
2004	17.24	17.24	0.26	0.26	16.94	16.94	4.14	4.14	15.67	15.67	2.58	2.58	43.46	43.46
2003	17.24	17.24	0.26	0.26	16.94	16.94	4.14	4.14	15.67	15.67	2.58	2.58	44.36	44.36
2002	17.24	17.24	0.26	0.26	16.94	16.94	4.14	4.14	15.67	15.67	2.58	2.58	44.66	44.66
2001	17.24	17.24	0.26	0.26	16.94	16.94	4.14	4.14	15.67	15.67	2.58	2.58	44.86	44.86
2000	16.64	16.64	0.26	0.26	17.60	17.60	4.14	4.14	15.67	15.67	2.58	2.58	45.06	45.06
1999	16.64	16.64	0.26	0.26	17.60	17.60	4.14	4.14	0.00	0.00	2.58	2.58	45.86	45.86
1998	16.64	16.64	0.26	0.26	17.60	17.60	4.14	4.14	0.00	0.00	2.58	2.58	45.86	45.86
1997	16.64	16.64	0.72	0.72	16.60	16.60	4.14	4.14	0.00	0.00	2.58	2.58	45.86	45.86

Source: Montgomery County Auditor.

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

**VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
PROPERTY TAX LEVIES AND COLLECTIONS - REAL, PERSONAL, AND PUBLIC UTILITY PROPERTY
LAST TEN COLLECTION (CALENDAR) YEARS
1997-2006**

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	Current Levy Collected			Current Levy Collected	Current Levy Collected		
2006	23,527,932	22,914,175	97.39%	936,177	23,850,352	101.37%	1,100,718	4.68%		
2005	22,550,823	21,755,463	96.47%	795,361	22,550,824	100.00%	1,276,852	5.66%		
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)		

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.

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

(4) Information not available

**VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
LAST TEN YEARS
1998-2007**

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
2007	22,985	703,687,405	250,000	355,688	(\$105,688)	-0.02%	\$0
2006	22,985	732,408,544	500,000	643,080	(\$143,080)	-0.02%	0
2005	22,985	681,247,505	750,000	954,665	(204,665)	-0.03%	0
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

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
Computation of Legal Debt Margin
Last Six Years

	2002	2003	2004	2005	2006	2007
Tax Valuation	\$632,121,426	\$675,972,321	\$665,134,112	\$681,247,505	\$732,408,544	\$703,687,405
Debt Limit - 9% of Taxable Valuation (1)	56,890,928	60,837,509	59,862,070	61,312,275	65,916,769	63,331,866
Amount of Debt Applicable to Debt Limit						
General Obligation Bonds	1,500,000	1,250,000	1,000,000	750,000	500,000	250,000
Less Amount Available in Debt Service	(703,144)	(833,398)	(999,523)	(954,666)	0	0
Amount of Debt Subject to Limit	796,856	416,602	477	(204,666)	500,000	250,000
Legal Debt Margin	\$56,094,072	\$60,420,907	\$59,861,593	\$61,516,941	\$65,416,769	\$63,081,866
Legal Debt Margin as a Percentage of the Debt Limit	98.60%	99.32%	100.00%	100.33%	99.24%	99.61%
Energy Conservation Deb Limit- .90% of assessed value (1)	5,689,093	6,083,751	5,986,207	6,131,228	6,591,677	6,333,187
Amount of Debt Subject to Limit	0	0	0	0	0	0
Unvoted Legal Debt Margin	\$5,689,093	\$6,083,751	\$5,986,207	\$6,131,228	\$6,591,677	\$6,333,187
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Unvoted Debt Limit - .10% of Taxable Valuation (1)	632,121	675,972	665,134	681,248	732,409	703,687
Amount of Debt Subject to Limit	0	0	0	0	0	0
Unvoted Legal Debt Margin	\$632,121	\$675,972	\$665,134	\$681,248	\$732,409	\$703,687
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Montgomery County Auditor and School District Financial Records

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

Note: The definition of tax valuation for the purpose of calculating the debt margin was modified by H.B. 530, effective 3/30/06, to exclude tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, or personal property owned or leased by a railroad company and used in railroad operations.

Vandalia-Butler City School District
Ratio of Outstanding Debt By Type

Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Total Primary Government	Per Capita
	General Obligation Bonds	Capital Leases		
1998	\$ 2,500,000	\$ -	\$ 2,500,000	\$ 114.73
1999	2,250,000	-	2,250,000	103.26
2000	2,000,000	-	2,000,000	87.01
2001	1,750,000	-	1,750,000	76.14
2002	1,500,000	150,198	1,650,198	71.79
2003	1,250,000	130,978	1,380,978	60.08
2004	1,000,000	296,905	1,296,905	56.42
2005	750,000	202,665	952,665	41.45
2006	500,000	156,107	656,107	28.53
2007	250,000	85,253	335,253	14.58

SOURCE: School District Records

**VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 JUNE 30, 2007**

Governmental Unit	Gross General Obligation	Percent Applicable to District	Amount Applicable to District
Direct:			
Vandalia-Butler City School District	\$250,000	100.00%	\$250,000
Overlapping:			
Montgomery County	46,399,375	6.71%	3,113,398
Butler Township	402,199	100.00%	402,199
City of Dayton	49,527,097	5.95%	2,946,862
City of Union	1,345,100	0.25%	3,363
City of Vandalia	13,138,100	100.00%	13,138,100
Total overlapping	110,811,871		19,603,922
Total direct and overlapping debt	\$111,061,871		\$19,853,922

Source: Montgomery County Auditor

**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)
1998-2007**

Fiscal Year	Principal	Interest	Total Debt Service	Total		Ratio of Debt Service to General Fund Expenditures
				General Fund Expenditures	Expenditures	
2007	250,000	37,392	287,392	30,777,654		0.93%
2006	250,000	61,586	311,586	30,460,840		1.02%
2005	250,000	88,119	338,119	27,421,979		1.23%
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%

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
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
1998-2007

<u>Year</u>	<u>Population (1)</u>	<u>School Enrollment (2)</u>	<u>Average Federal Income (3)</u>	<u>Unemployment Rate Montgomery County (4)</u>
2007	22,985	3,440	Information not available	NA
2006	22,985	3,434	Information not available	6.0%
2005	22,985	3,382	Information not available	6.3%
2004	22,985	3,518	\$41,846	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%

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) USDA Economic Research Services

Vandalia-Butler City School District
Full-Time Equivalent District Employees by Type
Last Nine Fiscal Years

Instruction	1999	2000	2001	2002	2003	2004	2005	2006	2007
Classroom Teachers	196.66	197.2	194.63	194.55	194.35	197.53	188.86	188.22	188
Special Education Teachers and Tutors	17.2	19.7	19.2	19.5	21.58	24.98	26.4	28.48	30
Educational/Media Aides	34.2	36.2	36.16	36.9	38	33.5	35.5	37.84	38
Counselor	5	5	5	5	5	5	5	5	5
Total Instruction	253.06	258.1	254.99	255.95	258.93	261.01	255.76	259.54	261
Support and Administration									
Central Office Support/Administrators	19.15	19.95	20.28	23.43	27.95	26	22	26.12	26
Principals	8	8	7	8	9	9	8	10	10
Clerical Support	28	27	27	27	27	25	25	27	25
Professional Support	8	8	8	8	8	8	8	10.37	8
Transportation	24	26	27	26	25	27	27	27.5	28
Food Service	19.8	22.1	21.3	25.8	30.1	16.8	17.4	17.3	18
Custodial	22.5	20.5	21	22	22	23	22	19	22
Maintenance and Mechanics	15.4	14.9	16.9	15.9	17.4	11.5	10.5	12	12
Total Support and Administration	144.85	146.45	148.48	156.13	166.45	146.3	139.9	149.29	149
Total Employees	397.91	404.55	403.47	412.08	425.38	407.31	395.66	408.83	410

Vandalia-Butler City School District

Building Statistics
Last Ten Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Demmitt Elementary School											
Constructed in	1957										
Total Building Square Footage	43,977										
Total Acres	11										
Enrollment Grades K-6			434	402	373	372	372	397	403	400	
Student Capacity	368	368	368	368	368	368	368	368	368	368	
Regular Instruction Classrooms	15										
Regular Instruction Teachers										22	
Special Instruction Classrooms										26	
Special Instruction Teachers										3	
										4	
Heike Elementary School											
Constructed in	1969										
Total Building Square Footage	42,456										
Total Acres	10.5										
Enrollment Grades K-6			375	354	375	405	405	391	399	399	445
Student Capacity	350	350	350	350	350	350	350	350	350	350	
Regular Instruction Classrooms										16	
Regular Instruction Teachers										24	
Special Instruction Classrooms										1	
Special Instruction Teachers										2	
Murfin Heights Elementary School											
Constructed in	1952										
Total Building Square Footage	40,930										
Total Acres	15										
Enrollment Grades K-6			415	390	389	406	406	365	365	365	385
Student Capacity	335	335	335	335	335	335	335	335	335	335	
Regular Instruction Classrooms										25	
Regular Instruction Teachers										23	
Special Instruction Classrooms										3	
Special Instruction Teachers										3	
Morton Middle School											
Constructed in	1922										
Total Building Square Footage	59,027										
Total Acres	9.5										
Enrollment Grades 5-8			542	514	518	513	533	516	516	495	
Student Capacity	444	444	444	444	444	444	444	444	444	444	
Regular Instruction Classrooms										32	
Regular Instruction Teachers										32	
Special Instruction Classrooms										3	
Special Instruction Teachers										8	
Smith Middle School											
Constructed in	1969										
Total Building Square Footage	66,113										
Total Acres	84.5										
Enrollment Grades 5-8			545	553	562	549	529	529	529	506	
Student Capacity	406	406	406	406	406	406	406	406	406	406	
Regular Instruction Classrooms										32	
Regular Instruction Teachers										32	
Special Instruction Classrooms										5	
Special Instruction Teachers										7	
Butler High School											
Constructed in	1956										
Total Building Square Footage	218,934										
Total Acres	23.8										
Enrollment Grades 9-12			1,177	1,211	1,199	1,218	1,222	1,225	1,222	1,225	
Student Capacity	1,375	1,375	1,375	1,375	1,375	1,375	1,375	1,375	1,375	1,375	
Regular Instruction Classrooms										64	
Regular Instruction Teachers										62	
Special Instruction Classrooms										4	
Special Instruction Teachers										10	

Vandalia-Butler City School District

Operating Statistics

Last Five Fiscal Years

<u>Fiscal Year</u>	<u>Expenses</u>	<u>Enrollment</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/Teacher Ratio</u>
2003	\$30,201,304	3,416	\$8,841	N/A	254	13.4
2004	31,101,524	3,463	8,981	1.58%	256	13.5
2005	30,975,723	3,417	9,065	0.94%	250	13.7
2006	33,281,391	3,434	9,692	6.91%	254	13.5
2007*	35,178,526	3,503	10,042	3.62%	254	13.8

Source: School District Records.

*Much of the increase was a one-time cost for an early severance plan.



Mary Taylor, CPA
Auditor of State

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
FEBRUARY 15, 2008**