



Dave Yost • Auditor of State

VANDALIA-BUTLER CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

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

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Cash Receipts	Non-Cash Receipts	Cash Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE					
<i>Passed Through Ohio Department of Education</i>					
National School Lunch Program	10.555				
Cash Assistance		\$381,530		\$381,530	
Non-Cash Assistance (Food Distribution)			\$31,988		\$31,988
Total National School Lunch Program		<u>381,530</u>	<u>31,988</u>	<u>381,530</u>	<u>31,988</u>
Total United States Department of Agriculture		<u>381,530</u>	<u>31,988</u>	<u>381,530</u>	<u>31,988</u>
UNITED STATES DEPARTMENT OF EDUCATION					
<i>Passed Through Ohio Department of Education</i>					
Title I, Part A Cluster:					
Title I Grants to Local Educational Agencies	84.010	377,426		351,795	
ARRA-Title I Grants to Local Educational Agencies, Recovery Act	84.389	137,564		118,979	
Total Title I, Part A Cluster		<u>514,990</u>		<u>470,774</u>	
Special Education Cluster:					
Special Education_Grants to States	84.027	730,179		736,211	
ARRA-Special Education Grants to States, Recovery Act	84.391	628,525		327,698	
Special Education_Preschool Grants	84.173	8,211		8,255	
ARRA-Special Education Preschool Grants	84.392	24,691			
Total Special Education Cluster		<u>1,391,606</u>		<u>1,072,164</u>	
Safe and Drug-Free Schools and Communities_State Grants	84.186	843			
Educational Technology State Grants	84.318	385		1,285	
Improving Teacher Quality State Grants	84.367	101,020		95,044	
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	311,402		293,443	
Education Jobs Fund	84.410	71,011		184,203	
Total United States Department of Education		<u>2,391,257</u>		<u>2,116,913</u>	
Total Federal Financial Assistance		<u>\$2,772,787</u>	<u>\$31,988</u>	<u>\$2,498,443</u>	<u>\$31,988</u>

The notes to the Schedule of Federal Awards Receipts and Expenditures are an integral part of this schedule.

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Vandalia-Butler City School Districts' (the School District) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The School District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The School District reports commodities consumed on the Schedule at the fair value. The School District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the School District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The School District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



Dave Yost • Auditor of State

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

Vandalia-Butler City School District
Montgomery County
306 South Dixie Drive
Vandalia, Ohio 45377

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vandalia-Butler City School District, Montgomery County, (the School District) as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 14, 2011, wherein we noted that the School District adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated December 14, 2011.

We intend this report solely for the information and use of management, the finance committee, the Board of Education, and federal awarding agencies and pass-through entities and others within the School District. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

December 14, 2011



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

Vandalia-Butler City School District
Montgomery County
306 South Dixie Drive
Vandalia, Ohio 45377

To the Board of Education:

Compliance

We have audited the compliance of Vandalia-Butler City School District (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Vandalia-Butler City School District's major federal programs for the year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the 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 included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the 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 could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

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**Internal Control Over Compliance
(Continued)**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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 over compliance that might be deficiencies, 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.

Schedule of Federal Awards Receipts and Expenditures

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements taken as a whole. The Schedule of Federal Awards Receipts and Expenditures provides additional information required by the 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. The Schedule of Federal Awards Receipts and Expenditures is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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



Dave Yost
Auditor of State

December 14, 2011

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Title I, Part A Cluster: CFDA #84.010 – Title I Grants to Local Educational Agencies: CFDA #84.389 – ARRA – Title I Grants to Local Educational Agencies, Recovery Act Special Education Cluster: CFDA #84.027 – Special Education Grants to States CFDA #84.391 - ARRA-Special Education Grants to States, Recovery Act CFDA #84.173 – Special Education Preschool Grants CFDA #84.392 – ARRA – Special Education Preschool Grants National School Lunch Program (NSLP) CFDA #10.555
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Material Weakness – GAAP Conversion Errors	No	Partially Corrected – Included in separate letter to management.
2010-002	Material Weakness - Budget vs Actual Statements Errors	No	Partially Corrected – Included in separate letter to management.

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Independent Accountants' Report on Applying Agreed-Upon Procedures

Vandalia-Butler City School District
Montgomery County
306 South Dixie Drive
Vandalia, Ohio 45377

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Vandalia-Butler City School District (the School District) has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on November 23, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

December 14, 2011

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**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

OF THE

**VANDALIA-BUTLER CITY
SCHOOL DISTRICT**

MONTGOMERY COUNTY, OHIO

FOR THE

FISCAL YEAR ENDED JUNE 30, 2011



**PREPARED BY
TREASURER'S DEPARTMENT
MR. DANIEL SCHALL, TREASURER**

Vandalia-Butler City Schools | 306 S. Dixie Drive | Vandalia, OH 45377

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INTRODUCTORY SECTION



**VANDALIA-BUTLER CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**
**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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December 14, 2011

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

We are pleased to present the 2011 Comprehensive Annual Financial Report (CAFR) for the Vandalia-Butler City School District. This report, for the fiscal year ended June 30, 2011, 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 (the "School District"). The responsibility for the accuracy and completeness of all data presented, and the fairness of the presentation, rests with the School District, specifically with the School 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 School District's MD&A can be found immediately following the Independent Accountants' 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 School 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 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 School 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 through 12. Significant renovations have been completed at Butler High School and the School District is preparing to open the new Morton Middle School in January of 2012.

SCHOOL DISTRICT ORGANIZATION AND REPORTING ENTITY

The School 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 School 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 School District. In addition, the Board adopts the annual operating budget and approves all expenditures of School 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 School District. As the chief financial officer, the Treasurer is responsible for maintaining financial records, acting as the custodian of all School 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 School District are not misleading.

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 have access to the organization's resources; or (3) 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 (4) the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Currently, the School District does not have any component units.

The School 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 over 126 school districts in 18 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 2.

Also, the School 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 2.

Also, the School 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 vocational school district is to provide vocational educational services to students of member districts. This organization is presented in Note 2.

Also, the School District is associated with the Metropolitan Dayton Educational Computer Association (MDECA), 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 2.

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. The state budget passed for 2011-2013 significantly reduced anticipated revenues with respect to the state reimbursement of past personal property taxes. Vandalia-Butler will seek a combination of taxes and cuts to adjust to the new reduced revenue streams.

Butler Township continues to experience some commercial growth in conjunction with declining real estate values. 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 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 as Tax Incremental Financing Agreements (TIFs) with school supported donation agreements to provide further appeal for commercial development in the Benchwood area and around the Dayton International Airport.

The City of Vandalia is poised with property and tax incentives for continued economic growth. Similar to the township, they are offering business and residents modified infrastructure to attract more development. Their efforts have been successful with an anticipated addition of 250 jobs through three different employers currently under way. One of the district's major roads (Dixie Drive) has been expanded and building options are available at choice locations including an area near the I-70, I-75 interchange; and next to the Dayton International Airport. Commercial property is also available on Northwoods Road directly off of Interstate 75.

The valuation of real estate, both residential and commercial, has been reduced over the last couple of years. The Board of Revisions has approved drastic reductions in several of the School District's largest commercial properties and the County Treasurer's Office has taken a more direct role in helping taxpayers enroll in payment plans. The combination of these actions with already diminished valuation makes it more difficult to set tax rates. The resulting reduction in valuation and tax collection will also impact the School District's levy requests. A new 6.99 mil levy is expected to pass in 2012.

On November 4, 2008 the community supported a bond issue for \$49,950,000. The tax rate for the bond issue was effective January 1, 2010 and began collection as a previous emergency levy expired. The School District committed to no increase in taxes for building the new facilities and has delivered on that promise.

MAJOR INITIATIVES

Vandalia-Butler City Schools achieved an "Excellent" rating for the seventh 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. Additionally, capital spending was reduced in anticipation of the new and renovated buildings. The School District is analyzing and realigning its facility plan to maximize building project dollars. Building design and selected alternates are being evaluated against the impact the building will have on the operating budget.

FINANCIAL INFORMATION

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

The School District uses a fully automated accounting system as well as an automated system for payroll. These systems, coupled with the manual 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 School District is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the School 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 School 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

The School District continues to prepare 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 distinguishes between those activities of the School District that are governmental and those that are considered business-type activities. The School 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 School District - This discussion is located in the financial section of this report following the audit opinion and provides an assessment of the School District finances and the outlook for the future.

Cash Management

The School District approved an investment policy at its organizational meeting in January 2010, and has used Multi-Bank Services, Ltd. as an investment consultant. With the guidance of Multi-Bank Services, the School District pursues an aggressive cash management program by expediting the receipt of revenues and prudently investing available cash pursuant to the School District's investment policy. The total interest earned by the School District's governmental funds was \$120,913 for the fiscal year ended June 30, 2011. A majority of the School 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 School District regularly reviews the market value of the pool to ensure that adequate collateral is provided. A more detailed description of School District's investments is presented in Note 4.

Risk Management

The School 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.

OTHER INFORMATION

Independent Audit

An audit team from the Auditor of State of Ohio has performed this year's audit. The results of the audit are presented in the Independent Accountants' Report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Vandalia-Butler City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. The Certificate of Achievement is the highest form of recognition for excellence in the state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The School District believes the current report continues to conform to the high standards required by the Certificate of Achievement program.

Acknowledgements

Sincere appreciation is extended to the many people who have contributed their time and effort to prepare this report. In particular, special thanks to Kay Altenburger, the Assistant Treasurer who has managed the GAAP conversion process and audit for the School District. The members of the Treasurer's Office Staff are to be commended for their input and commitment. Finally, appreciation is extended to the firm of Julian and Grube, Inc. for the guidance and assistance in preparing this report.



Daniel Schall
Treasurer



Christy Donnelly, Ph.D.
Superintendent

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Vandalia-Butler City
School District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



Linda C. Danison

President

Jeffrey R. Enev

Executive Director

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

List of Principal Officials
June 30, 2011

ELECTED OFFICIALS

President, Board of Education	Mr. Robert Cupp
Vice President, Board of Education	Mr. Kent Zimmerman
Board of Education Member	Mrs. Judy Abromowitz
Board of Education Member	Mr. William Hibner, Jr.
Board of Education Member	Mr. Bud Zupp

ADMINISTRATIVE OFFICIALS

Superintendent	Dr. Christy Donnelly
Treasurer	Mr. Daniel Schall
Director of Curriculum and Instruction	Mrs. Laura Bemus
Director of Business Operations	Mr. Chuck Stewart
Director of Pupil Personnel	Mr. Dan Heaton
Chief Information Officer	Mr. David Mohler
Chief Construction Officer	Mr. Robert O'Leary

OFFICE OF THE TREASURER

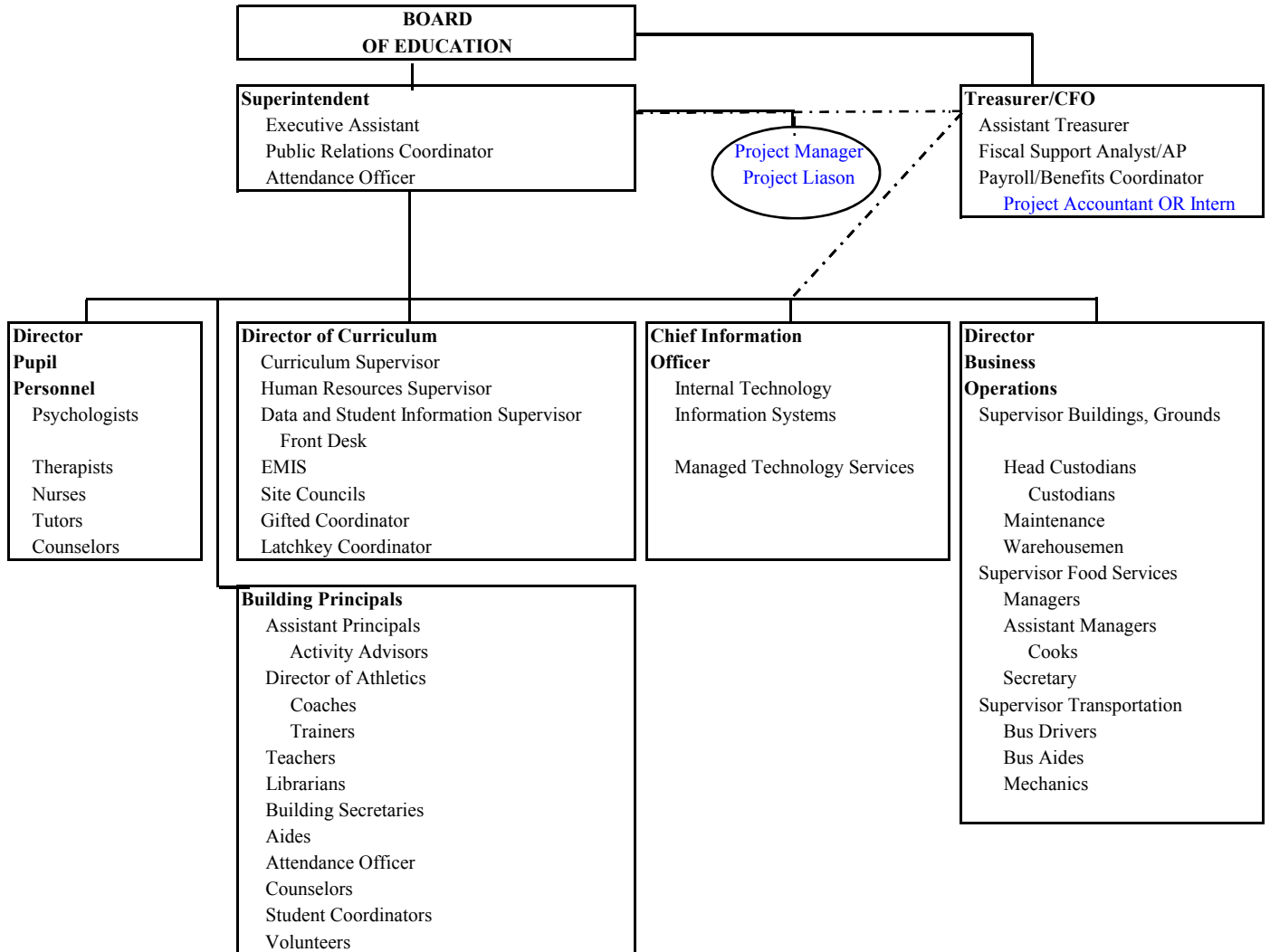
Treasurer	Mr. Daniel Schall
Assistant Treasurer	Mrs. Kay Altenburger
Payroll Coordinator	Mrs. Suzanne Chualas
Financial Project Manager	Mrs. Tiffany Hiser
Project Accountant	Miss Kari Breisch

PUBLIC RELATIONS

Public Relations Coordinator	Mrs. Bethany Meisinger-Reiff
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Vandalia-Butler City School District
 Organizational Chart
 June 30, 2011

Blue - Temporary



FINANCIAL SECTION





Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Vandalia-Butler City School District
Montgomery County
306 South Dixie Drive
Vandalia, Ohio 45377

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vandalia-Butler City School District, Montgomery County, Ohio (the School District), as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Vandalia Butler City School District, Montgomery County, Ohio, as of June 30, 2011, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during 2011, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2011, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information provides additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.



Dave Yost
Auditor of State

December 14, 2011

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

The management discussion and analysis of the Vandalia-Butler City School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2011 are as follows:

- In total, net assets of governmental activities decreased \$1,820,051 which represents a 11.55% decrease from June 30, 2010.
- General revenues accounted for \$33,294,137 in revenue or 85.79% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5,515,154 or 14.21% for total revenues of \$38,809,291.
- The School District had \$40,629,342 in expenses related to governmental activities; \$5,515,154 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$33,294,137 were not adequate to provide for these programs.
- The School District has three major funds which include the general fund, the bond retirement fund and the building fund. The general fund had \$32,430,961 in revenues and other financing sources and \$35,475,500 in expenditures and other financing uses. The general fund's fund balance decreased \$3,044,539 from \$11,291,313 (restated) to \$8,246,774.
- The bond retirement fund had \$3,531,721 in revenues and other financing sources and \$2,673,691 in expenditures. The bond retirement fund's fund balance increased \$858,030 from \$2,498,062 to \$3,356,092.
- The building fund had \$4,016,883 in revenues and other financing sources and \$27,813,530 in expenditures. The fund balance of the building fund decreased \$23,796,647 from \$43,203,549 to \$19,406,902.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *statement of net assets* and *statement of activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those 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 what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. The School District has three major funds: the general fund, the bond retirement fund and the building fund.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, whether the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net assets and the statement of activities, the Governmental Activities include the School District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The School District's statement of net assets and statement of activities can be found on pages 15-16 of this report.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major governmental funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, the bond retirement fund and the building fund.

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 17-21 of this report.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

Reporting the School District's Fiduciary Responsibilities

The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in an agency fund. The School District's statement of fiduciary assets and liabilities can be found on page 22. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 23-58 of this report.

The School District as a Whole

The statement of net assets provides the perspective of the School District as a whole.

The table below provides a summary of the School District's net assets at June 30, 2011 and 2010. The net assets of June 30, 2010 have been restated as described in Note 3.C.

	Net Assets		
	Governmental Activities <u>2011</u>	Restated Governmental Activities <u>2010</u>	Percentage <u>Change</u>
<u>Assets</u>			
Current and other assets	\$ 63,699,926	\$ 84,597,107	(24.70) %
Capital assets, net	<u>40,089,395</u>	<u>11,234,229</u>	256.85 %
Total assets	<u>103,789,321</u>	<u>95,831,336</u>	8.30 %
<u>Liabilities</u>			
Current liabilities	30,183,667	25,567,742	18.05 %
Long-term liabilities	<u>59,663,379</u>	<u>54,501,268</u>	9.47 %
Total liabilities	<u>89,847,046</u>	<u>80,069,010</u>	12.21 %
<u>Net Assets</u>			
Invested in capital assets, net of related debt	3,621,319	4,724,275	(23.35) %
Restricted	3,491,345	3,713,793	(5.99) %
Unrestricted	<u>6,829,611</u>	<u>7,324,258</u>	(6.75) %
Total net assets	<u>\$ 13,942,275</u>	<u>\$ 15,762,326</u>	(11.55) %

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011 and June 30, 2010, the School District's assets exceeded liabilities by \$13,942,275 and \$15,762,326, respectively. Net assets decreased \$1,820,051 from June 30, 2010.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

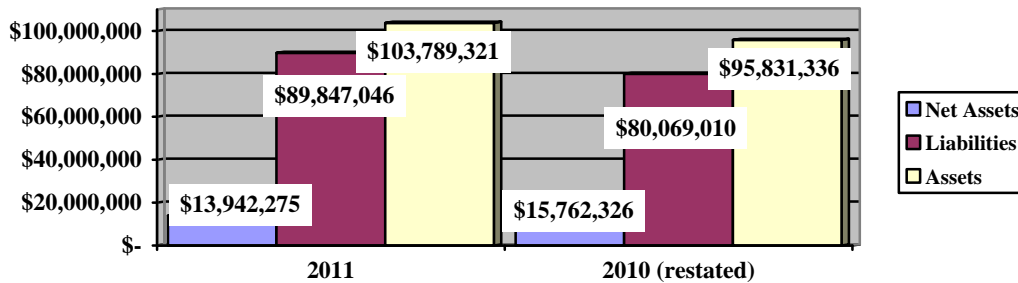
Assets of the School District increased \$7,957,985 or 8.30%. Current assets decreased \$20,897,181 or 24.70%. The most significant decrease was in the area of equity in pooled cash and investments. This is primarily due to cash being used to fund the School District's ongoing construction project. At year-end, capital assets represented 38.63% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2011 and June 30, 2010, were \$3,621,319 and \$4,724,275, respectively. These capital assets are used to provide services to the students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities. The capital assets increased due to additions of \$29,805,295 exceeding depreciation expense of \$756,515 and disposals (net of accumulated depreciation) of \$193,614.

Liabilities of the School District increased \$9,778,036 or 12.21%. Current liabilities increased \$4,615,925 or 18.05% due to an increase in contracts payable and retainage payable related to the construction project. Long-term liabilities increased \$5,162,111. This increase is mainly due to the retirement incentive offered by the School District during fiscal year 2011 and two bond issues that occurred during the year.

A portion of the School District's net assets, \$3,491,345, represents resources that are subject to external restriction on how they may be used. Of the restricted net assets, \$3,301,165 is restricted for debt service. The remaining balance of unrestricted net assets of \$6,829,611 may be used to meet the School District's ongoing obligations to the students and creditors.

The graph below shows the School District's assets, liabilities and net assets at June 30, 2011 and June 30, 2010. The net assets of June 30, 2010 have been restated as described in Note 3.C.

Governmental Activities



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

The table below shows the change in net assets for fiscal years 2011 and 2010. Net assets at June 30, 2010 have been restated as described in Note 3.C. The 2010 balance of operating grants and contributions, payment in lieu of taxes and general revenues have been restated to conform to 2011's presentation. Payment in lieu of taxes was previously reported as "grants and entitlements not restricted" and Pathway to Student Success (PASS) funding from the State of Ohio is reported as an operating grant and contribution rather than as general revenue.

	Change in Net Assets		Percentage Change
	Governmental Activities 2011	Restated Governmental Activities 2010	
<u>Revenues</u>			
Program revenues:			
Charges for services and sales	\$ 2,146,367	\$ 2,362,517	(9.15) %
Operating grants and contributions	3,324,197	3,084,160	7.78 %
Capital grants and contributions	44,590	-	100.00 %
General revenues:			
Taxes	22,230,501	20,951,256	6.11 %
Grants and entitlements not restricted	10,478,849	10,549,665	(0.67) %
Payment in lieu of taxes	437,386	722,946	(39.50) %
Investment earnings	104,608	1,924,940	(94.57) %
Other	42,793	106,694	(59.89) %
Total revenues	<u>38,809,291</u>	<u>39,702,178</u>	(2.25) %

Continued

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

Change in Net Assets (Continued)

	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>	<u>Percentage Change</u>
<u>Expenses</u>			
Program expenses:			
Instruction:			
Regular	\$ 16,444,712	\$ 17,703,515	(7.11) %
Special	4,775,357	4,378,332	9.07 %
Vocational	359,027	571,985	(37.23) %
Other	1,815,093	1,667,234	8.87 %
Support services:			
Pupil	2,803,360	2,760,487	1.55 %
Instructional staff	2,442,475	2,413,756	1.19 %
Board of education	41,511	104,129	(60.14) %
Administration	2,616,962	2,502,717	4.56 %
Business and fiscal	1,228,794	1,112,230	10.48 %
Operations and maintenance	1,003,893	2,644,333	(62.04) %
Pupil transportation	1,619,405	1,616,443	0.18 %
Central	779,088	1,526,642	(48.97) %
Operations of non-instructional services	1,724,481	1,855,888	(7.08) %
Extracurricular activities	548,283	522,064	5.02 %
Interest and fiscal charges	<u>2,426,901</u>	<u>1,973,933</u>	22.95 %
Total expenses	<u>40,629,342</u>	<u>43,353,688</u>	(6.28) %
Change in net assets	(1,820,051)	(3,651,510)	50.16 %
Net assets, beginning of year (restated)	<u>15,762,326</u>	<u>19,413,836</u>	(18.81) %
Net assets, end of year	<u>\$ 13,942,275</u>	<u>\$ 15,762,326</u>	(11.55) %

Governmental Activities

Net assets of the School District's governmental activities decreased \$1,820,051 in fiscal year 2011 and decreased \$3,651,510 in fiscal year 2010. Total governmental expenses of \$40,629,342 were offset by program revenues of \$5,515,154 and general revenues of \$33,294,137 during fiscal year 2011. Program revenues supported 13.57% of the total governmental expenses during fiscal year 2011.

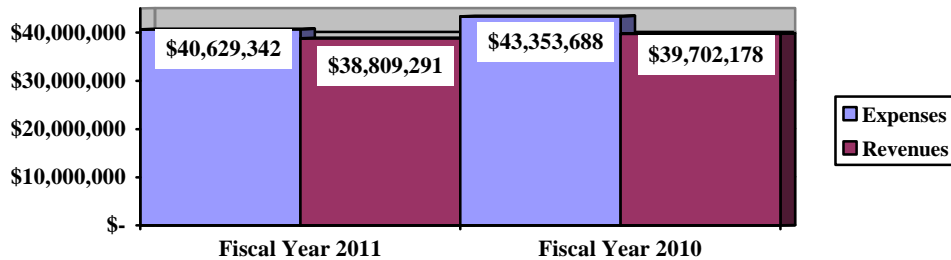
Revenues of the District decreased \$892,887 or 2.25%. Charges for services decreased due to lower tuition, extracurricular and classroom materials and fees revenues. Operating grants and contributions increased \$240,037 or 7.78% due to new grant money, primarily the Education Jobs grant. Property tax revenue increased \$1,279,245 due to better real estate property tax collections than in fiscal year 2010. Interest decreased \$1,820,332 due to lower interest rates earned on investments as well a decline in cash available to invest.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

The graph below presents the School District's governmental activities revenues and expenses for fiscal years 2011 and 2010.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements.

Governmental Activities

	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Restated Net Cost of Services 2010
Program expenses				
Instruction:				
Regular	\$ 16,444,712	\$ 15,788,263	\$ 17,703,515	\$ 17,035,733
Special	4,775,357	3,404,066	4,378,332	3,192,447
Vocational	359,027	342,198	571,985	559,047
Other	1,815,093	1,780,255	1,667,234	1,629,230
Support services:				
Pupil	2,803,360	2,432,569	2,760,487	2,518,030
Instructional staff	2,442,475	1,738,107	2,413,756	1,398,612
Board of education	41,511	41,511	104,129	101,703
Administration	2,616,962	2,568,272	2,502,717	2,386,058
Business and fiscal	1,228,794	1,228,794	1,112,230	1,086,355
Operations and maintenance	1,003,893	683,824	2,644,333	2,310,939
Pupil transportation	1,619,405	1,414,562	1,616,443	1,538,940
Central	779,088	744,595	1,526,642	1,438,338
Operations of non-instructional services	1,724,481	163,461	1,855,888	410,695
Extracurricular activities	548,283	356,810	522,064	327,760
Interest and fiscal charges	2,426,901	2,426,901	1,973,933	1,973,124
Total	\$ 40,629,342	\$ 35,114,188	\$ 43,353,688	\$ 37,907,011

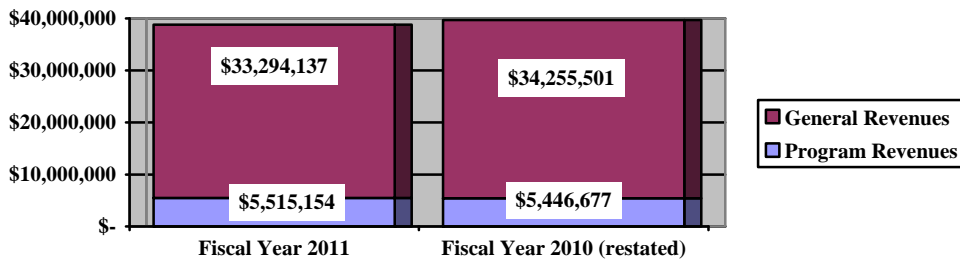
**VANDALIA-BUTLER CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

The dependence upon tax and other general revenues for governmental activities is apparent, 91.11% of instruction activities were supported through taxes and other general revenues during fiscal year 2011. For all governmental activities, general revenue support was 86.43% in fiscal year 2011. The School District's taxpayers and unrestricted grants and entitlements are by far the primary support for School District students.

The graph below presents the School District's governmental activities revenues for fiscal years 2011 and 2010.

Governmental Activities - General and Program Revenues



The School District's Funds

The School District's governmental funds (as presented on the balance sheet on page 17) reported a combined fund balance of \$30,705,374, which is lower than last year's total of \$56,592,452. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2011 and 2010. Certain fund balances have been restated as described in Note 3.B.

	Fund Balance / (Deficit) <u>June 30, 2011</u>	Restated Fund Balance / (Deficit) <u>June 30, 2010</u>	Increase/ (Decrease)	Percentage Change
General	\$ 8,246,774	\$ 11,291,313	\$ (3,044,539)	(26.96) %
Bond Retirement	3,356,092	2,498,062	858,030	34.35 %
Building	19,406,902	43,203,549	(23,796,647)	(55.08) %
Other Governmental	<u>(304,394)</u>	<u>(400,472)</u>	<u>96,078</u>	23.99 %
Total	<u>\$ 30,705,374</u>	<u>\$ 56,592,452</u>	<u>\$ (25,887,078)</u>	(45.74) %

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

General Fund

The general fund decreased \$3,044,539 during fiscal year 2011. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2011 <u>Amount</u>	Restated 2010 <u>Amount</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 19,604,174	\$ 19,018,840	\$ 585,334	3.08 %
Payment in lieu of taxes	437,386	722,946	(285,560)	(39.50) %
Earnings on investments	101,505	368,878	(267,373)	(72.48) %
Intergovernmental	10,450,586	10,604,555	(153,969)	(1.45) %
Other revenues	<u>1,469,953</u>	<u>1,721,939</u>	<u>(251,986)</u>	(14.63) %
Total	<u>\$ 32,063,604</u>	<u>\$ 32,437,158</u>	<u>\$ (373,554)</u>	(1.15) %
<u>Expenditures</u>				
Instruction	\$ 21,820,922	\$ 22,493,955	\$ (673,033)	(2.99) %
Support services	12,390,299	12,350,036	40,263	0.33 %
Operation of				
non-instructional services	298,647	290,585	8,062	2.77 %
Extracurricular activities	349,467	280,318	69,149	24.67 %
Capital outlay	349,038	515,659	(166,621)	(32.31) %
Debt service	<u>238,413</u>	<u>158,160</u>	<u>80,253</u>	50.74 %
Total	<u>\$ 35,446,786</u>	<u>\$ 36,088,713</u>	<u>\$ (641,927)</u>	(1.78) %

Revenues of the general fund decreased \$373,554 or 1.15%. While property taxes increased \$585,334 or 3.08% due to better real estate property tax collections, the decrease in revenues can be associated with decreases in payment in lieu of taxes, earnings on investments and other revenues. The decrease in payment of lieu of taxes can be attributed to delinquent collections of tax incremental financing agreements during fiscal year 2010. Earnings on investments decreased \$267,373 or 72.48% due to lower interest rates earned investments and less cash to invest. Other revenues decreased \$251,986 due to lower special education tuition revenues and lower extracurricular revenues.

Expenditures of the general fund decreased \$641,927 or 1.78%. The most significant decreases were in the areas of instruction and capital outlay. Instruction decreased \$673,033 or 2.99% due to cost cutting measures instituted by the District including a retirement incentive offered to employees. Capital outlays decreased \$166,621 due to a bus lease that was entered into during fiscal year 2010.

Bond Retirement Fund

During fiscal year 2011, the bond retirement fund had revenues and other financing sources of \$3,531,721 and expenditures of \$2,673,691. The fund balance of the bond retirement fund increased \$858,030 from \$2,498,062 to \$3,356,092. This increase is the result of property tax collections exceeding the required principal and interest payments during the fiscal year.

Building Fund

During fiscal year 2011, the building fund had \$4,016,883 in revenues and other financing sources and \$27,813,530 in expenditures. The fund balance of the building fund decreased \$23,796,647 from \$43,203,549 to \$19,406,902. This decrease can be attributed an increase in expenditures related to the School District's construction project.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

General Fund Budgeting Highlights

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

For the general fund, original and final budgeted revenues and other financing sources were \$33,800,099. Actual revenues and other financing sources decreased \$2,100,913 to \$31,699,186.

General fund original and final appropriations (appropriated expenditures plus other financing uses) were \$36,332,835. Actual expenditures and other uses of \$35,493,083 were \$839,752 lower than final appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the School District had \$40,089,395 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2011 balances compared to June 30, 2010.

**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	2011	2010
Land	\$ 623,099	\$ 623,099
Construction in progress	33,352,163	4,580,544
Land improvements	658,001	542,513
Buildings and improvements	3,323,259	3,242,914
Furniture and equipment	1,384,306	1,337,105
Vehicles	748,567	908,054
Total	\$ 40,089,395	\$ 11,234,229

The capital assets increased \$28,855,166. This is due to additions of \$29,805,295 exceeding depreciation expense of \$756,515 and disposals (net of accumulated depreciation) of \$193,614.

See Note 8 to the basic financial statements for detail on the School District's capital assets.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

Debt Administration

At June 30, 2011 the School District had \$56,067,358 in general obligation bonds and capital lease obligations outstanding. Of this total, \$1,149,039 is due within one year and \$54,918,319 is due in greater than one year. The following table summarizes the bonds, notes and capital lease obligations outstanding. Accreted interest at June 30, 2010 has been restated as described in Note 3.C.

Outstanding Debt, at Year End

	Governmental Activities 2011	Restated Governmental Activities 2010
	<u>2011</u>	<u>2010</u>
General Obligation Bonds	\$ 53,585,000	\$ 49,645,000
Premiums	1,320,115	1,298,102
Capital Appreciation Bonds	337,307	304,309
Accreted interest	166,675	69,340
Capital lease obligations	<u>658,261</u>	<u>613,812</u>
Total	<u>\$ 56,067,358</u>	<u>\$ 51,930,563</u>

See Note 10 to the basic financial statements for detail on the School District's debt administration.

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 seven years in a row. In November of 2008, the School District passed a bond issue for \$49,950,000 in order to renovate the high school and replace a middle school. The payment on the bond equals \$3,585,000, the same amount as an emergency levy that ended in 2009. No increase in taxes was issued for the debt as the emergency levy ended and the bond issue collection began.

The method by which the School District is funding its buildings in correlation with meeting student needs, demonstrates commitment by the Board of Education to plan for long term financial stability and success. The program based budgeting process has been successfully used in the School District for the last five years as a useful tool in tying resources to student performance. This method of management is now being used to meet the needs identified in the strategic plan without increasing tax rates for our community.

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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

Contacting the School District's Financial Management

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

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

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 40,594,593
Receivables:	
Property taxes	20,981,387
Payment in lieu of taxes	500,000
Accounts	210,426
Accrued interest	86,131
Intergovernmental	549,823
Prepayments	137,021
Materials and supplies inventory.	9,958
Unamortized bond issuance costs	630,587
Capital assets:	
Land and construction in progress.	33,975,262
Depreciable capital assets, net.	6,114,133
Capital assets, net	40,089,395
 Total assets.	 103,789,321
 Liabilities:	
Accounts payable.	385,180
Contracts payable.	4,999,651
Retainage payable	826,486
Accrued wages and benefits	3,361,534
Pension obligation payable.	851,595
Intergovernmental payable	782,188
Unearned revenue	18,756,286
Accrued interest payable	220,747
Long-term liabilities:	
Due within one year.	2,237,802
Due in more than one year.	57,425,577
 Total liabilities	 89,847,046
 Net Assets:	
Invested in capital assets, net of related debt.	3,621,319
Restricted for:	
Debt service.	3,301,165
State funded programs.	686
Federally funded programs	1
Student activities	19,919
Other purposes	169,574
Unrestricted	6,829,611
 Total net assets	 \$ 13,942,275

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 16,444,712	\$ 471,470	\$ 172,678	\$ 12,301	\$ (15,788,263)
Special	4,775,357	186,588	1,184,703	-	(3,404,066)
Vocational	359,027	-	16,829	-	(342,198)
Other	1,815,093	-	34,838	-	(1,780,255)
Support services:					
Pupil.	2,803,360	-	370,791	-	(2,432,569)
Instructional staff	2,442,475	198,366	506,002	-	(1,738,107)
Board of education	41,511	-	-	-	(41,511)
Administration.	2,616,962	-	48,690	-	(2,568,272)
Fiscal.	950,275	-	-	-	(950,275)
Business.	278,519	-	-	-	(278,519)
Operations and maintenance	1,003,893	25,757	276,564	17,748	(683,824)
Pupil transportation.	1,619,405	154,333	50,494	16	(1,414,562)
Central	779,088	-	21,853	12,640	(744,595)
Operation of non-instructional services:					
Other non-instructional services	563,584	258,204	213,062	1,885	(90,433)
Food service operations	1,160,897	660,176	427,693	-	(73,028)
Extracurricular activities.	548,283	191,473	-	-	(356,810)
Interest and fiscal charges	2,426,901	-	-	-	(2,426,901)
Total governmental activities	\$ 40,629,342	\$ 2,146,367	\$ 3,324,197	\$ 44,590	(35,114,188)

General Revenues:

Property taxes levied for:	
General purposes	19,236,044
Debt service.	2,994,457
Grants and entitlements not restricted to specific programs	
Payment in lieu of taxes	10,478,849
Investment earnings	437,386
Miscellaneous	104,608
	42,793
Total general revenues	33,294,137
Change in net assets	(1,820,051)
Net assets at beginning of year (restated)	15,762,326
Net assets at end of year	\$ 13,942,275

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	<u>General</u>	<u>Bond Retirement</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and investments	\$ 11,625,512	\$ 3,177,380	\$ 25,217,437	\$ 574,264	\$ 40,594,593
Receivables:					
Property taxes	18,112,101	2,869,286	-	-	20,981,387
Payment in lieu of taxes	500,000	-	-	-	500,000
Accounts	209,444	-	-	982	210,426
Accrued interest	6,258	-	79,873	-	86,131
Interfund loans	546,148	-	-	-	546,148
Intergovernmental	-	-	-	549,823	549,823
Prepayments	54,661	-	19,110	63,250	137,021
Materials and supplies inventory	-	-	-	9,958	9,958
Total assets	\$ 31,054,124	\$ 6,046,666	\$ 25,316,420	\$ 1,198,277	\$ 63,615,487
Liabilities:					
Accounts payable	\$ 254,726	\$ -	\$ -	\$ 130,454	\$ 385,180
Contracts payable	-	-	4,999,651	-	4,999,651
Retainage payable	-	-	826,486	-	826,486
Accrued wages and benefits	3,187,193	-	15,559	158,782	3,361,534
Compensated absences payable	188,099	-	-	2,929	191,028
Retirement incentive payable	443,593	-	-	40,403	483,996
Interfund loans payable	-	-	-	546,148	546,148
Intergovernmental payable	763,268	-	1,498	17,422	782,188
Unearned revenue	16,231,532	2,524,754	-	-	18,756,286
Deferred revenue	984,673	165,820	25,705	549,823	1,726,021
Pension obligation payable	754,266	-	40,619	56,710	851,595
Total liabilities	22,807,350	2,690,574	5,909,518	1,502,671	32,910,113
Fund Balances:					
Nonspendable:					
Materials and supplies inventory	-	-	-	9,958	9,958
Prepays	54,661	-	19,110	63,250	137,021
Restricted:					
Debt service	-	3,356,092	-	-	3,356,092
Capital improvements	-	-	19,387,792	-	19,387,792
Food service operations	-	-	-	220,532	220,532
Non-public schools	-	-	-	15,943	15,943
Extracurricular	-	-	-	30,113	30,113
Committed:					
Student and staff support	216,503	-	-	-	216,503
Other purposes	-	-	-	6,081	6,081
Student instruction	73,859	-	-	-	73,859
Assigned:					
Student instruction	5,548	-	-	-	5,548
Student and staff support	603,397	-	-	-	603,397
Uniform school supplies	69,756	-	-	-	69,756
Other purposes	178,018	-	-	-	178,018
Unassigned (deficit)	7,045,032	-	-	(650,271)	6,394,761
Total fund balances (deficit)	8,246,774	3,356,092	19,406,902	(304,394)	30,705,374
Total liabilities and fund balances	\$ 31,054,124	\$ 6,046,666	\$ 25,316,420	\$ 1,198,277	\$ 63,615,487

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2011

Total governmental fund balances		\$	30,705,374
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			40,089,395
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Property taxes receivable	\$	1,147,390	
Accrued interest receivable		28,808	
Intergovernmental receivable		549,823	
Total		1,726,021	1,726,021
Unamortized bond issuance costs are not recognized in the funds.			630,587
Unamortized premiums on bond issuance costs are not recognized in the funds.			(1,320,115)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(220,747)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(54,088,982)	
Capital lease obligations		(658,261)	
Compensated absences		(2,437,001)	
Retirement incentives		(483,996)	
Total		(57,668,240)	(57,668,240)
Net assets of governmental activities		\$	13,942,275

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>General</u>	<u>Bond Retirement</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
From local sources:					
Property taxes	\$ 19,604,174	\$ 3,056,647	\$ -	\$ -	\$ 22,660,821
Payment in lieu of taxes	437,386	-	-	-	437,386
Tuition	493,010	-	-	-	493,010
Transportation fees	154,333	-	-	-	154,333
Earnings on investments	101,505	-	18,885	523	120,913
Charges for services	-	-	-	654,254	654,254
Extracurricular	204,327	-	-	184,162	388,489
Classroom materials and fees	166,398	-	-	-	166,398
Rental income	10,464	-	-	-	10,464
Contributions and donations	125,000	-	-	32,148	157,148
Contract services	273,631	-	-	5,922	279,553
Other local revenues	42,790	-	-	9,551	52,341
Intergovernmental - state	10,450,586	369,511	-	254,152	11,074,249
Intergovernmental - federal	-	-	-	2,770,199	2,770,199
Total revenues	32,063,604	3,426,158	18,885	3,910,911	39,419,558
Expenditures:					
Current:					
Instruction:					
Regular	15,858,382	-	658,168	184,329	16,700,879
Special	3,832,167	-	-	916,282	4,748,449
Vocational	350,118	-	-	-	350,118
Other	1,780,255	-	-	34,838	1,815,093
Support services:					
Pupil	2,380,102	-	-	420,720	2,800,822
Instructional staff	2,058,632	-	-	323,188	2,381,820
Board of education	44,665	-	-	-	44,665
Administration	2,512,641	-	-	50,316	2,562,957
Fiscal	977,189	42,173	-	-	1,019,362
Business	308,136	-	-	-	308,136
Operations and maintenance	1,921,275	-	949,536	276,564	3,147,375
Pupil transportation	1,489,823	-	850	-	1,490,673
Central	697,836	-	676,214	26,446	1,400,496
Operation of non-instructional services:					
Operation of non-instructional	298,647	-	100,792	240,087	639,526
Food service operations	-	-	-	1,162,459	1,162,459
Extracurricular activities	349,467	-	-	193,604	543,071
Facilities acquisition and construction	-	-	25,427,970	-	25,427,970
Capital outlay	349,038	-	-	-	349,038
Debt service:					
Principal retirement	137,314	25,000	-	-	162,314
Interest and fiscal charges	101,099	2,515,669	-	-	2,616,768
Bond issuance costs	-	90,849	-	-	90,849
Total expenditures	35,446,786	2,673,691	27,813,530	3,828,833	69,762,840
Excess (deficiency) of revenues over (under) expenditures	(3,383,182)	752,467	(27,794,645)	82,078	(30,343,282)
Other financing sources (uses):					
Premium on bonds and notes sold	-	90,849	-	-	90,849
Sale of bonds	-	-	3,997,998	-	3,997,998
Sale of capital assets	18,319	-	-	-	18,319
Transfers in	-	14,714	-	14,000	28,714
Transfers (out)	(28,714)	-	-	-	(28,714)
Capital lease transaction	349,038	-	-	-	349,038
Total other financing sources (uses)	338,643	105,563	3,997,998	14,000	4,456,204
Net change in fund balances	(3,044,539)	858,030	(23,796,647)	96,078	(25,887,078)
Fund balances (deficit)					
at beginning of year (restated)	11,291,313	2,498,062	43,203,549	(400,472)	56,592,452
Fund balances (deficit) at end of year	\$ 8,246,774	\$ 3,356,092	\$ 19,406,902	\$ (304,394)	\$ 30,705,374

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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, 2011

Net change in fund balances - total governmental funds	\$	(25,887,078)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the current period.		
Capital asset additions	\$ 29,805,295	
Current year depreciation	<u>(756,515)</u>	
Total		29,048,780
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		
		(193,614)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(430,320)	
Earnings on investments	28,808	
Intergovernmental	<u>(208,755)</u>	
Total		(610,267)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. Principal payments during the year were:		
Bonds	25,000	
Capital leases	<u>137,314</u>	
Total		162,314
Capital lease obligation payable balance forgiven as part the lease trade-in agreement. This reduces the long-term obligations on the statement of net assets.		
		167,275
Issuance of bonds and capital leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net assets.		
Bonds	(3,997,998)	
Capital leases	<u>(349,038)</u>	
Total		(4,347,036)
Premiums on bonds and bond issuance costs related to the issuance of bonds are amortized over the life of the issuance in the statement of activities. The following transactions occurred in the year:		
Premiums on bonds	(90,849)	
Bond issuance costs	<u>90,849</u>	
Total		-
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in less interest being reported in the statement of activities:		
Decrease in accrued interest payable	251,816	
Accreted interest on capital appreciation bonds	(97,335)	
Amortization of bond issuance costs	(33,450)	
Amortization of bond premiums	<u>68,836</u>	
Total		189,867
Some expenses reported in the statement of activities, such as compensated absences and retirement incentives, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>(350,292)</u>
Change in net assets of governmental activities	\$	<u><u>(1,820,051)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 20,356,503	\$ 20,356,503	\$ 19,091,632	\$ (1,264,871)
Payment in lieu of taxes	466,364	466,364	437,386	(28,978)
Tuition	554,423	554,423	519,973	(34,450)
Transportation fees	164,371	164,371	154,158	(10,213)
Earnings on investments	113,836	113,836	106,763	(7,073)
Rental income	7,538	7,538	7,070	(468)
Other local revenues	44,976	44,976	42,181	(2,795)
Intergovernmental - state	11,002,720	11,002,720	10,319,056	(683,664)
Total revenues	<u>32,710,731</u>	<u>32,710,731</u>	<u>30,678,219</u>	<u>(2,032,512)</u>
Expenditures:				
Current:				
Instruction:				
Regular	16,072,797	16,072,797	15,709,256	363,541
Special	3,858,752	3,858,752	3,771,473	87,279
Vocational	359,154	359,154	351,030	8,124
Other	2,040,100	2,040,100	1,993,956	46,144
Support services:				
Pupil	2,523,520	2,523,520	2,466,442	57,078
Instructional staff	1,905,243	1,905,243	1,862,149	43,094
Board of education	51,026	51,026	49,872	1,154
Administration	2,636,733	2,636,733	2,577,094	59,639
Fiscal	1,054,659	1,054,659	1,030,804	23,855
Business	328,427	328,427	320,998	7,429
Operations and maintenance	1,908,407	1,908,407	1,847,283	61,124
Pupil transportation	1,735,026	1,735,026	1,695,782	39,244
Central	867,485	867,485	847,864	19,621
Extracurricular activities	358,483	358,483	350,375	8,108
Debt service:				
Interest and fiscal charges	74,237	74,237	72,558	1,679
Total expenditures	<u>35,774,049</u>	<u>35,774,049</u>	<u>34,946,936</u>	<u>827,113</u>
Excess of expenditures over revenues	<u>(3,063,318)</u>	<u>(3,063,318)</u>	<u>(4,268,717)</u>	<u>(1,205,399)</u>
Other financing sources (uses):				
Refund of prior year's expenditures	85,870	85,870	79,822	(6,048)
Transfers in	7,795	7,795	7,311	(484)
Advances in	976,332	976,332	915,667	(60,665)
Advances (out)	(558,786)	(558,786)	(546,147)	12,639
Sale of capital assets	19,371	19,371	18,167	(1,204)
Total other financing sources (uses)	<u>530,582</u>	<u>530,582</u>	<u>474,820</u>	<u>(55,762)</u>
Net change in fund balance	(2,532,736)	(2,532,736)	(3,793,897)	(1,261,161)
Fund balance at beginning of year (restated).	12,890,886	12,890,886	12,890,886	-
Prior year encumbrances appropriated	676,320	676,320	676,320	-
Fund balance at end of year	<u>\$ 11,034,470</u>	<u>\$ 11,034,470</u>	<u>\$ 9,773,309</u>	<u>\$ (1,261,161)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
JUNE 30, 2011

	Agency
Assets:	
Current assets:	
Equity in pooled cash and cash equivalents	\$ 86,752
Cash in segregated accounts.	7,532
Total assets.	\$ 94,284
Liabilities:	
Accounts payable.	\$ 146
Due to students.	86,606
Due to others	7,532
Total liabilities	\$ 94,284

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 - DESCRIPTION OF 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 six school buildings, one bus garage, one board office and one storage building staffed by 172 non-certified and 256 certificated full time teaching personnel who provide services to 3,331 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, to its governmental activities provided it does not conflict with or contradict GASB pronouncements. The School District's significant accounting policies are described below.

A. 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 have access to the organization's resources; or (3) 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 (4) the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the School District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Currently, the School District does not have any component units.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 administers 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.

The School District is associated with the Southwestern Ohio Educational Purchasing Council, the Metropolitan Dayton Educational Computer Association, the Miami Valley Career Technology Center, and the Southwestern Ohio Instructional Technology Association, which are defined as jointly governed organizations, and the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), which is an insurance purchasing pool.

JOINTLY GOVERNED ORGANIZATIONS

The following organizations are described due to their relationship to the School District:

Southwestern Ohio Educational Purchasing Council - The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing council made up of over 126 school districts in 18 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 2011, the School District paid \$311,856 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, Director, 303 Corporate Center Drive Suite 208, Vandalia, Ohio 45377.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 2011, the School District paid \$11,283 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Larry Pogue, 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 Educational 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. During fiscal year 2011, the School District paid \$56,741 to MDECA. To obtain financial information, write to the Metropolitan Dayton Educational Computer Association, Jerry Woodyard, who serves as Executive Director, 225 Linwood Street, Dayton, Ohio 45405.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

INSURANCE PURCHASING POOL

The School District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP). The GRP's business and affairs are conducted by a fourteen member committee consisting of various EPC representatives that are elected by the general assembly. Either the superintendent or treasurer from each participating school district serves on the general assembly. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

B. 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 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 fund 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 are the School District's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond retirement fund - The Bond Retirement Fund is used to account for resources that are restricted for the payment of general obligations bond principal and interest and certain other long-term obligations when the School District is obligated for the payment. The fund balance of this fund is restricted for debt service.

Building fund - The Building Fund is used to account for resources that are restricted for the acquisition, construction or improvement of capital facilities and for acquisition of capital assets. The fund balance of this fund is restricted for capital improvements.

Other governmental funds of the School District are used to account for specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 fund is an agency fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only agency fund is used to account for student-managed activities, the health reimbursement account and the flexible spending account.

C. Basis of Presentation

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.

D. 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. 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 bases of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange 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 6). 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 Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise 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, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period and delinquent taxes receivable at year-end have also been reported as deferred revenue.

Expenses and Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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, and (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.

F. Budgetary Process

All funds, other than the agency fund, 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. 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 2011.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts 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.

G. 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 components of restricted, committed or assigned fund balance for subsequent year expenditures for governmental funds. Encumbrances are reported as part of expenditures on a non-GAAP budgetary basis in the non-GAAP budgetary basis statement of revenues, expenditures and changes in fund balance.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. Cash and Investments

Cash received by the School District is deposited into one of several bank accounts with individual fund balance integrity maintained in the School District's records. 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 revenue credited to the general fund during fiscal year 2011 amount to \$101,505 which includes \$14,930 assigned from other funds.

The School District records all its investments at fair value. For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. The School District has invested in the State Treasury Asset Reserve of Ohio (STAR Ohio), Negotiable Certificates of Deposit, Federal Farm Credit Bank (FFCB) Bonds, Federal Home Loan Bank (FHLB) Bonds, Federal National Mortgage Association (FNMA) Bonds, and Federal Home Loan Mortgage Corporation (FHLMC) Bonds during fiscal year 2011. 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 shares price, which is the price the investment could be sold for on June 30, 2011.

I. Inventory

On government-wide financial statements, purchased inventories are presented at lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method. At fiscal year end, because materials and supplies inventory are not available to finance future governmental fund expenditures, a nonspendable fund balance is recorded by an amount equal to the carrying value of the asset on the fund financial statements.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

J. 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	5 - 20 years
Buildings and improvements	10 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	7 - 15 years

K. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivable” and “interfund loans payable.” These amounts are eliminated in the governmental activities column of the statement of net assets.

L. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year end, because prepayments are not available to finance future governmental fund expenditures, a nonspendable fund balance is recorded by an amount equal to the carrying value of the asset on the fund financial statements.

M. 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 “compensated absences payable” in the fund from which the employee will be paid.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

N. 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 judgments 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 and capital leases are recognized as a liability on the government-wide financial statements when due.

O. 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 amounts restricted for the food service fund (a nonmajor governmental fund).

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 \$3,491,345 in restricted net assets, none is restricted by enabling legislation.

P. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The School District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Q. 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.

R. 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.

S. Unamortized Bond Issuance Costs/Bond Premium and Discount

On the government-wide financial statements, bond issuance costs are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Unamortized bond issuance costs are recorded as an asset on the statement of net assets.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Bond premiums are deferred and amortized over the term of the bonds. Bond premiums are presented as an addition to the face amount of the bonds. Capital appreciation bond discounts are accreted over the term of the bonds.

On the fund financial statements, issuance costs, and bond premiums are recognized in the current period.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2011, the School District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the School District.

B. Fund Reclassifications

Fund reclassifications are required in order to report funds in accordance with GASB Statement No 54. These fund reclassifications had the following effect on the School District's governmental fund balances as previously reported:

	<u>General</u>	<u>Bond Retirement</u>	<u>Building</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Fund balance as previously reported	\$ 10,589,997	\$ 2,498,062	\$ 43,203,549	\$ 300,844	\$ 56,592,452
Fund reclassifications:					
Public school support fund	380,142	-	-	(380,142)	-
Latchkey fund	220,856	-	-	(220,856)	-
Uniform school supplies fund	<u>100,318</u>	-	-	<u>(100,318)</u>	-
Total fund reclassifications	<u>701,316</u>	-	-	<u>(701,316)</u>	-
Restated fund balance (deficit) at July 1, 2010	<u>\$ 11,291,313</u>	<u>\$ 2,498,062</u>	<u>\$ 43,203,549</u>	<u>\$ (400,472)</u>	<u>\$ 56,592,452</u>

The fund reclassifications did not have an effect on net assets as previously reported.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

C. Restatement of Net Assets

The School District has presented a correction to long-term obligations due to an overstatement of accreted interest on capital appreciation bonds at June 30, 2010. The restatement had the following effect on net assets of the governmental activities as previously report:

	Governmental Activities
Net assets, June 30, 2010	\$ 15,458,017
Restatement of long-term obligations	304,309
Restated net assets, June 30, 2010	\$ 15,762,326

D. Budgetary Prior Period Adjustment

The beginning balance the general fund's budgetary-basis fund balance was restated to account for errors and omissions previously reported. The restatement of the general fund's budgetary-basis fund balance at June 30, 2010 is as follows:

Budgetary Basis

	General Fund
Balance at June 30, 2010	\$ 12,776,723
Adjustments	114,163
Restated balance at July 1, 2010	\$ 12,890,886

E. Deficit Fund Balances

Fund balances at June 30, 2011 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Education jobs	\$ 114,316
Special education	208,299
Title I	254,821
Preschool handicapped grant	825
Title II-A	7,606
Miscellaneous federal grants	1,154

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities and the reporting of short-term interfund loans as a fund liability rather than as an other financing source.

NOTE 4 - DEPOSITS AND INVESTMENTS

The School District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the basic financial statements as "equity in pooled cash and investments". Statutes require the classification of 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 the Board of Education has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

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 or 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. Bonds and other obligations of the State of Ohio;
4. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

5. The State Treasury Asset Reserve of Ohio (STAR Ohio); and
6. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not the exceed 25% of the interim monies available for investment at any one time.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the finance 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.

A. Cash on Hand

At fiscal year end, the School District had \$2,650 in undeposited cash on hand which is included on the financial statements of the School District as part of "equity in pooled cash and investments".

B. Cash in Segregated Accounts

At fiscal year end, \$7,532 was on deposit for health reimbursement and flexible spending accounts. This amount is included in the total amount of deposits reported below and is reported on the financial statements as "cash in segregated accounts".

C. Deposits with Financial Institutions

At June 30, 2011, the carrying amount of all School District deposits was \$3,170,013. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2011, \$2,872,106 of the School District's bank balance of \$3,436,593 was exposed to custodial risk as discussed below, while \$564,487 was covered by the FDIC.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the School District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School District. The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

D. Investments

As of June 30, 2011, the School District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater Than 24 months</u>
FFCB	\$ 1,021,050	\$ -	\$ -	\$ 1,021,050	\$ -	\$ -
FHLB	12,263,530	1,000,510	-	2,249,620	-	9,013,400
FHLMC	2,217,530	-	-	1,003,350	-	1,214,180
FNMA	4,112,025	-	-	1,000,230	105,405	3,006,390
Negotiable CD's	2,236,684	350,652	352,968	101,701	101,035	1,330,328
STAR Ohio	<u>15,665,395</u>	<u>15,665,395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 37,516,214</u>	<u>\$ 17,016,557</u>	<u>\$ 352,968</u>	<u>\$ 5,375,951</u>	<u>\$ 206,440</u>	<u>\$ 14,564,298</u>

The weighted average maturity of investments is 1.72 years.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the School District's investment policy limits investment portfolio maturities to five years or less unless matched to specific obligation or debt of the District.

Credit Risk: The School District's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio Law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The School District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the School District's name. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The School 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.

Concentration of Credit Risk: The School District places no limit on the amount that may be invested in any one issuer other than for commercial paper and bankers acceptances. The following table includes the percentage of each investment type held by the School District at June 30, 2011:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
FFCB	\$ 1,021,050	2.72
FHLB	12,263,530	32.69
FHLMC	2,217,530	5.91
FNMA	4,112,025	10.96
Negotiable CD's	2,236,684	5.96
STAR Ohio	<u>15,665,395</u>	<u>41.76</u>
Total	<u>\$ 37,516,214</u>	<u>100.00</u>

E. Reconciliation of Cash to the Statement of Net Assets

The following is a reconciliation of cash as reported in the note above to cash as reported on the statement of net assets as of June 30, 2011:

<u>Cash per note</u>	
Carrying amount of deposits	\$ 3,170,013
Investments	37,516,214
Cash on hand	<u>2,650</u>
Total	<u>\$ 40,688,877</u>
 <u>Cash per statement of net assets</u>	
Governmental activities	\$ 40,594,593
Agency funds	<u>94,284</u>
Total	<u>\$ 40,688,877</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund transfers for the year ended June 30, 2011, consisted of the following, as reported on the fund financial statement:

<u>Transfers from the general fund to:</u>	<u>Amount</u>
Bond retirement fund	\$ 14,714
Nonmajor governmental funds	<u>14,000</u>
Total	<u>\$ 28,714</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

- B.** Interfund loans receivable/payable consisted of the following at June 30, 2011, as reported on the fund statement:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 546,148</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2011 are reported on the statement of net assets.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the School District. Real property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 6 - PROPERTY TAXES - (Continued)

Tangible personal property tax revenues received in the School District's fiscal year ended June 30, 2011 (other than public utility property) generally represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009 on the value as of December 31, 2009. Amounts paid by multi-county taxpayers were due September 20, 2010. Single county taxpayers could pay annually or semiannually. If paid semiannually, the first payment was due April 30, 2010, with the remainder payable by September 20, 2010.

The School District receives property taxes from Montgomery County, Ohio. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available as an advance at June 30, 2011 was \$981,570 in the general fund and \$165,820 in the bond retirement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2010 was \$866,656 in the general fund and \$148,723 in the bond retirement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2011 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 unearned revenue.

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

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second Half Collections		2011 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 626,926,220	98.20	\$ 622,977,610	98.25
Public utility personal	10,654,960	1.70	11,106,770	1.75
Tangible personal property	<u>527,300</u>	<u>0.10</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 638,108,480</u>	<u>100.00</u>	<u>\$ 634,084,380</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
General	\$48.96		\$49.06	
Bond retirement	4.76		5.55	

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 7 - RECEIVABLES

Receivables at June 30, 2011 consisted of taxes, payment in lieu of taxes (PILOTs), accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental activities:

Property taxes	\$ 20,981,387
Payment in lieu of taxes	500,000
Accounts	210,426
Accrued interest	86,131
Intergovernmental:	
Education jobs	113,192
IDEA Part-B	235,234
Title I	195,759
Title II-A	3,659
Special education preschool	826
Title II-D	<u>1,153</u>
Total	<u>\$ 22,327,767</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	<u>Balance</u> <u>06/30/10</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/11</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 623,099	\$ -	\$ -	\$ 623,099
Construction in progress	<u>4,580,544</u>	<u>28,771,619</u>	<u>-</u>	<u>33,352,163</u>
Total capital assets, not being depreciated	<u>5,203,643</u>	<u>28,771,619</u>	<u>-</u>	<u>33,975,262</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,522,880	172,777	-	1,695,657
Buildings and improvements	16,016,470	281,596	-	16,298,066
Furniture and equipment	4,205,134	579,303	(471,198)	4,313,239
Vehicles	<u>2,553,849</u>	<u>-</u>	<u>-</u>	<u>2,553,849</u>
Total capital assets, being depreciated	<u>24,298,333</u>	<u>1,033,676</u>	<u>(471,198)</u>	<u>24,860,811</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(980,367)	(57,289)	-	(1,037,656)
Buildings and improvements	(12,773,556)	(201,251)	-	(12,974,807)
Furniture and equipment	(2,868,029)	(338,488)	277,584	(2,928,933)
Vehicles	<u>(1,645,795)</u>	<u>(159,487)</u>	<u>-</u>	<u>(1,805,282)</u>
Total accumulated depreciation	<u>(18,267,747)</u>	<u>(756,515)</u>	<u>277,584</u>	<u>(18,746,678)</u>
Governmental activities capital assets, net	<u>\$ 11,234,229</u>	<u>\$ 29,048,780</u>	<u>\$ (193,614)</u>	<u>\$ 40,089,395</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 468,416
Special	7,712
Vocational	3,562
<u>Support services:</u>	
Pupil	5,018
Instructional staff	28,234
Administration	11,957
Fiscal	6,156
Business	9,557
Operations and maintenance	25,662
Pupil transportation	162,266
Central	16,090
Extracurricular activities	4,628
Food service operations	<u>7,257</u>
Total depreciation expense	<u>\$ 756,515</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In a prior fiscal year, the School District entered into leases for the purpose of purchasing copiers and buses. In the current fiscal year, the School District entered into leases for copier equipment. 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 \$813,720 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 2011 totaled \$137,314 in the general fund. In addition to the amount of principal retired, the School District also traded in capital leases with a principal balance of \$167,275.

The assets acquired through the capital lease are as follows:

Assets:	<u>Asset Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Copiers	\$ 349,038	\$ 34,904	\$ 314,134
Buses	464,682	168,516	296,166

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2011:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2012	\$ 165,667
2013	166,009
2014	166,010
2015	166,010
2016	79,226
2017	<u>343</u>
Total minimum lease payment	743,265
Less: amount representing interest	<u>(85,004)</u>
Present value of minimum lease payments	<u>\$ 658,261</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 10 - LONG-TERM OBLIGATIONS

- A. During the fiscal year 2011, the following changes occurred in governmental activities long-term obligations. The balances at June 30, 2010 have been restated as described in Note 3.C.

	Restated Balance Outstanding <u>June 30, 2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>June 30, 2011</u>	Amounts Due in <u>One Year</u>
Governmental Activities:					
General Obligation Bonds:					
2009 School Improvement Bonds					
Serial and Term 3-4.70%	\$25,760,000	\$ -	\$ (25,000)	\$25,735,000	\$ 635,000
Premium	729,860	-	(35,284)	694,576	-
2009 Capital Appreciation Bonds	189,991	-	-	189,991	-
Accreted Interest	63,253	68,183	-	131,436	-
2010A School Improvement Bonds					
Serial and Term 2-5%	23,885,000	-	-	23,885,000	115,000
Premium	568,242	-	(27,137)	541,105	-
2010A Capital Appreciation Bonds	114,318	-	-	114,318	-
Accreted Interest	6,087	25,550	-	31,637	-
2010B School Improvement Bonds					
Current Interest	-	980,000	-	980,000	95,000
Premium	-	23,618	(2,095)	21,523	-
2010B Capital Appreciation Bonds	-	19,878	-	19,878	-
Accreted Interest	-	1,327	-	1,327	-
2010 Energy Conservation Bonds					
Current Interest	-	2,985,000	-	2,985,000	170,000
Premium	-	67,231	(4,320)	62,911	-
2010 Capital Appreciation Bonds	-	13,120	-	13,120	-
Accreted Interest	-	2,275	-	2,275	-
Compensated Absences	2,570,705	625,579	(568,255)	2,628,029	604,767
Retirement Incentive (ESP)	-	967,992	-	967,992	483,996
Obligations Under Capital Leases	<u>613,812</u>	<u>349,038</u>	<u>(304,589)</u>	<u>658,261</u>	<u>134,039</u>
Total governmental activities	<u>\$54,501,268</u>	<u>\$6,128,791</u>	<u>\$ (966,680)</u>	<u>\$59,663,379</u>	<u>\$2,237,802</u>

General Obligation Bonds: See Note 10.B - 10. E for details. At June 30, 2011, there was \$19,432,607 in unspent bond proceeds.

Compensated Absences: The District pays compensated absences primarily from the general fund.

**VANDALIA-BUTLER CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Retirement Incentive (ESP): See Note 11.C for details.

Obligations Under Capital Leases: See Note 9 for details.

B. Series 2009 General Obligation School Improvement Bonds

General Obligation Bonds were issued March 4, 2009 in the amount of \$25,949,991. The voted general obligation bonds were issued for the purpose of constructing a new middle school, renovations and additions to the high school, replacing the bus garage, and acquiring land. The bond issue included serial and term bonds and capital appreciation bonds in the amounts of \$9,640,000, \$16,120,000 and \$189,991, respectively.

The term bonds maturing on December 1, 2029 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2026 and on each December 1 thereafter at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Amount</u>
2026	\$ 1,010,000
2027	1,060,000
2028	1,115,000

Unless otherwise called for redemption, the remaining \$1,170,000 principal amount of the term bonds due December 1, 2029 is to be paid at stated maturity.

The term bonds maturing on December 1, 2037 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2030, and on each December 1 thereafter at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Amount</u>
2030	\$ 1,225,000
2031	1,290,000
2032	1,355,000
2033	1,425,000
2034	1,500,000
2035	1,575,000
2036	1,655,000

**VANDALIA-BUTLER CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Unless otherwise called for redemption, the remaining \$1,740,000 principal amount of the term bonds due December 31, 2037 is to be paid at stated maturity.

The following is a summary of the future debt service requirements to maturity for the Series 2009 General Obligation School Improvement Bonds:

Fiscal Year Ending June 30,	<u>2009 General Obligation School Improvement Bonds</u>					
	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 630,000	\$ 1,192,450	\$ 1,822,450	\$ -	\$ -	\$ -
2013	645,000	1,173,325	1,818,325	-	-	-
2014	665,000	1,153,675	1,818,675	-	-	-
2015	685,000	1,133,425	1,818,425	-	-	-
2016	705,000	1,109,050	1,814,050	-	-	-
2017 - 2021	1,865,000	5,277,363	7,142,363	189,991	1,785,009	1,975,000
2022 - 2026	4,420,000	4,627,415	9,047,415	-	-	-
2027 - 3031	5,580,000	3,432,265	9,012,265	-	-	-
2032 - 2036	7,145,000	1,822,065	8,967,065	-	-	-
2037 - 2038	3,395,000	176,172	3,571,172	-	-	-
Total	<u>\$25,735,000</u>	<u>\$ 21,097,205</u>	<u>\$ 46,832,205</u>	<u>\$ 189,991</u>	<u>\$ 1,785,009</u>	<u>\$ 1,975,000</u>

C. Series 2010A General Obligation School Improvement Bonds

General Obligation Bonds were issued February 11, 2010 in the amount of \$23,999,318. The voted general obligation bonds were issued for the purpose of paying in full the bond anticipation notes originally issued for the purpose of construction a new school, improvements, renovations and additions to the existing high school, replacing the existing bus garage, acquiring land and providing equipment, furnishings, and site improvements to school facilities. The bond issue included serial and term bonds and capital appreciation bonds in the amounts of \$11,795,000, \$12,090,000 and \$114,318, respectively.

The term bonds maturing on December 1, 2033 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2031 and on each December 1 thereafter at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Amount</u>
2031	\$ 1,090,000
2032	1,140,000

Unless otherwise called for redemption, the remaining \$1,190,000 principal amount of the term bonds due December 1, 2033 is to be paid at stated maturity.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The term bonds maturing on December 1, 2038 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2034, and on each December 1 thereafter at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Amount</u>
2034	\$ 1,240,000
2035	1,305,000
2036	1,370,000
2037	1,440,000

Unless otherwise called for redemption, the remaining \$3,315,000 principal amount of the term bonds due December 31, 2038 is to be paid at stated maturity.

The following is a summary of the future debt service requirements to maturity for the Series 2010 A General Obligation School Improvement Bonds:

Fiscal Year Ending <u>June 30,</u>	<u>2010 A General Obligation School Improvement Bonds</u>					
	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 155,000	\$ 1,024,130	\$ 1,179,130	\$ -	\$ -	\$ -
2013	215,000	1,020,432	1,235,432	-	-	-
2014	235,000	1,015,931	1,250,931	-	-	-
2015	270,000	1,010,881	1,280,881	-	-	-
2016	340,000	1,004,357	1,344,357	-	-	-
2017 - 2021	1,845,000	4,887,713	6,732,713	114,318	415,682	530,000
2022 - 2026	3,890,000	4,305,669	8,195,669	-	-	-
2027 - 3031	4,845,000	3,425,829	8,270,829	-	-	-
2032 - 2036	5,965,000	2,270,686	8,235,686	-	-	-
2037 - 2039	<u>6,125,000</u>	<u>556,625</u>	<u>6,681,625</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 23,885,000</u>	<u>\$ 20,522,253</u>	<u>\$ 44,407,253</u>	<u>\$ 114,318</u>	<u>\$ 415,682</u>	<u>\$ 530,000</u>

D. Series 2010 B General Obligation School Improvement Bonds

During fiscal year 2011, the District issued \$999,878 in general obligation bonds to provide financing for various construction projects. The issue is comprised of both current interest bonds, par value \$980,000 and capital appreciation bonds, par value \$19,878. The interest rates on the current interest bonds range from 1.00% - 3.10%. The capital appreciation bonds mature December 1, 2015 (approximate equivalent interest rate 20.00%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bond maturing December 1, 2013 is \$55,000. Total accreted interest of \$1,327 has been included on the statement of net assets.

**VANDALIA-BUTLER CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the future debt service requirements to maturity for the series 2010 B general obligation school improvement bonds:

Fiscal Year Ending June 30,	2010 A General Obligation School Improvement Bonds					
	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 95,000	\$ 19,467	\$ 114,467	\$ -	\$ -	\$ -
2013	100,000	18,492	118,492	-	-	-
2014	100,000	17,392	117,392	-	-	-
2015	100,000	16,042	116,042	-	-	-
2016	45,000	14,842	59,842	19,878	35,122	55,000
2017 - 2021	540,000	39,084	579,084	-	-	-
Total	\$ 980,000	\$ 125,319	\$ 1,105,319	\$ 19,878	\$ 35,122	\$ 55,000

E. Series 2010 General Obligation Energy Conservation Bonds

During fiscal year 2011, the District issued \$2,998,120 in general obligation bonds to provide financing for various construction projects to improve energy conservation. The issue is comprised of both current interest bonds, par value \$2,985,000 and capital appreciation bonds, par value \$13,120. The interest rates on the current interest bonds range from 1.50% - 4.00%. The capital appreciation bonds mature December 1, 2014 (approximate equivalent interest rate 20.00%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bond maturing December 1, 2013 is \$30,000. Total accreted interest of \$2,275 has been included on the statement of net assets.

The following is a summary of the future debt service requirements to maturity for the series 2010 general obligation energy conservation bonds:

Fiscal Year Ending June 30,	2010 A General Obligation School Improvement Bonds					
	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 170,000	\$ 88,525	\$ 258,525	\$ -	\$ -	\$ -
2013	175,000	85,938	260,938	-	-	-
2014	175,000	83,312	258,312	-	-	-
2015	150,000	80,688	230,688	13,120	16,880	30,000
2016	180,000	77,575	257,575	-	-	-
2017 - 2021	975,000	311,812	1,286,812	-	-	-
2022 - 2026	1,160,000	119,400	1,279,400	-	-	-
Total	\$ 2,985,000	\$ 847,250	\$ 3,832,250	\$ 13,120	\$ 16,880	\$ 30,000

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

F. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2011 are a voted debt margin of \$9,499,499, including available funds of \$3,356,092, an unvoted debt margin of \$634,084 and an energy conservation debt margin of \$2,708,639.

NOTE 11 - 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 ten to twenty days of vacation per year, depending upon length of service. Employees on an 11 or 12 month basis shall accrue vacation at a rate of 84/100 of a day per month of complete service. After 7 years of service, the vacation rate shall increase to a rate of 1 ¼ days per month for employees on a 12 month basis. After 13 years of service, the vacation rate shall increase to 1 2/3 days per month for employees on a 12 month basis. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who are not on an 11 or 12 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 with a maximum as follows:

- Certified employees: the greater of 270 days or 5 more days than scheduled to work in the school year
- Classified employees: the greater of 220 days or 5 more days than scheduled to work in the school year

Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum accumulation of 61 paid days for certified employees. If a certified employee notifies the School District by March 1st of the year in which he or she terminates employment, then a maximum of 68 days may be paid. 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 Anthem Life Insurance. Administrators receive coverage in the amount of \$100,000. The Treasurer receives coverage in the amount of \$350,000 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.

**VANDALIA-BUTLER CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 11 - EMPLOYEE BENEFITS - (Continued)

C. Retirement Incentive (the "ESP")

The School District Board of Education has approved a voluntary retirement incentive program called the Employee Severance Plan (the "ESP"). To be eligible for the ESP, employees must have worked ten or more years with the School District and the ESP was not available to substitutes, temporary or contracted employees, those who have been laid off terminated or those who have previously retired and returned to the School District. Certified employees with 20 to 34 years of service may resign or retire effective June 30, 2012, rather than June 30, 2011. Twelve month classified employees who meet the ESP eligibility requirements could elect to resign or retire effective September 30, 2011. Ten and eleven month classified employees could elect to resign or retire effective June 30, 2011. Employees were eligible for up to an additional 80 days of paid severance. At June 30, 2011, 17 employees took advantage of the ESP. The total liability for the ESP at June 30, 2011, was \$967,992. Of this amount, \$483,996 is due within one year and \$483,996 is due in more than one year. The amount due in one year is recorded as "retirement incentive payable" on the fund financial statements. The total liability is recorded on the governmental activities statement of net assets as a component of "long-term liabilities".

NOTE 12 - 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 2011, the School District contracted with Selective Insurance Company for general liability insurance with a \$1,000,000 single occurrence limit and \$3,000,000 aggregate. Selective Insurance Company covers buildings, boiler and machinery with \$3,500 deductible and a \$100,000,000 limit.

Professional liability is protected by Selective Insurance Company with a \$1,000,000 single occurrence limit and \$3,000,000 aggregate and \$5,000 deductible. Vehicles are covered by Selective Insurance Company. Automobile liability has a \$1,000,000 per occurrence 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 2011, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. 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 School Districts is calculated as one experience and a common premium rate is applied to all school 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 Hunter Consulting, provides administrative, cost control and actuarial services to the GRP.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 13 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "*Media/Financial Reports*".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current School District 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 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$607,357, \$452,614 and \$391,591, respectively; 53.11 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System of Ohio

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org, under "*Publications*".

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - PENSION PLANS - (Continued)

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

Funding Policy - For fiscal year 2011, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were \$2,179,928, \$1,951,255 and \$1,961,225, respectively; 85.32 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$140,107 made by the District and \$100,076 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2011, certain members of the Board of Education have elected Social Security. The School District's liability is 6.2 percent of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The School District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Media/Financial Reports".

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2011, 1.43 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2011, 2010 and 2009 were \$146,197, \$119,857 and \$277,203, respectively; 53.11 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$39,085, \$39,046 and \$33,613, respectively; 53.11 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System of Ohio

Plan Description - The School District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org, under "Publications" or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$167,687, \$175,148 and \$151,142, respectively; 85.32 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**VANDALIA-BUTLER CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented 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 the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis); and,
- (f) Investments are reported at fair value (GAAP basis) rather than at cost (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

	<u>General fund</u>
Budget basis	\$ (3,793,897)
Net adjustment for revenue accruals	623,349
Net adjustment for expenditure accruals	(791,448)
Net adjustment for other sources/uses	(121,463)
Funds budgeted elsewhere	45,841
Adjustment for encumbrances	<u>993,079</u>
GAAP basis	<u>\$ (3,044,539)</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund, the public school support fund and the latchkey fund.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 16 - CONTINGENCIES

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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the School District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the School District.

Litigation

A lawsuit is pending against the School District. In the opinion of the School District's Legal Counsel, no liability is anticipated in excess of insurance coverage.

NOTE 17 - SET-ASIDES

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

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

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside balance June 30, 2010	\$ -	\$ -
Current year set-aside requirement	484,759	484,759
Contributions in excess of the current fiscal year set-aside requirement	-	-
Current year qualifying expenditures	(253,049)	(484,759)
Excess qualified expenditures from prior years	(1,396,856)	-
Current year offsets	-	-
Waiver granted by ODE	-	-
Prior year offset from bond proceeds	-	-
Total	<u>\$ (1,165,146)</u>	<u>\$ -</u>
Balance carried forward to fiscal year 2012	<u>\$ -</u>	<u>\$ -</u>
Set-aside balance June 30, 2011	<u>\$ -</u>	<u>\$ -</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 17 - SET-ASIDES - (Continued)

The School District had qualifying disbursements and offsets during the fiscal year that reduced the textbook set-aside amount to below zero. Effective July 1, 2011, the textbook set-aside is no longer required and has been removed from existing law. This negative balance is therefore not being presented as being carried forward to the future fiscal year. Although the School District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount to below zero for the capital improvements set-aside, this amount may not be used to reduce the set-aside requirement for future fiscal years. The negative balance is therefore not presented as being carried forward to future fiscal years. During fiscal year 1984, the School 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. The amount presented for Prior Year Offset from Bond Proceeds is limited to an amount needed to reduce the reserve for capital improvement to \$0. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$1,732,995 at June 30, 2011.

NOTE 18 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

Fund	Year-End Encumbrances
General fund	\$ 466,582
Bond retirement fund	4,250
Building fund	16,053,037
Other nonmajor governmental funds	196,399
Total	16,720,268

NOTE 19 - SUBSEQUENT EVENTS

On November 8, 2011, School District voters voted down a 6.99-mill operating levy that would have collected approximately \$4.2 million annually. The School District plans to put a 6.99-mill levy on the ballot in 2012.

On December 15, 2011, the School District issued \$999,833 in House Bill (HB) 264 Energy Conservation Bonds for the purpose of renovations to School District buildings that will allow for a reduction in energy costs. The bonds bear interest rates ranging from 2.00-3.50% and have a final maturity of December 1, 2026.

On December 15, 2011, the School District issued \$4,245,000 in tax anticipation notes for the purpose of financing School District operations. The notes bear interest rates ranging from 2.50-3.00% and have a final maturity of December 1, 2016.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 20 - CONTRACTUAL COMMITMENTS

As of June 30, 2011, the School District had contractual commitments related to the construction of new facilities. The amount for each contractor is as follows:

Contractor	Contract Amount	Amount Paid June 30, 2011	Amount Remaining
Alt & Witzig	\$ 168,912	\$ 95,691	\$ 73,221
Bruns General Contracting	1,040,129	47,533	992,596
Butler County Electric	289,109	285,545	3,564
Dayton Fire Protection	203,477	110,019	93,458
Barga Heating and Air	56,800	-	56,800
Dugan & Meyers	7,928,744	6,206,557	1,722,187
Emerald Fire Protection	308,150	171,512	136,638
End User Technology	953,175	-	953,175
Feldkamp	4,001,000	3,732,691	268,309
Ferguson Construction	12,223,600	8,789,170	3,434,430
Innovative Modular Solutions	989,000	729,337	259,664
Jacobs Telephone	271,042	101,214	169,828
King's Electric	291,554	-	291,554
LeVan's Excavating	1,091,662	1,091,662	-
LoopMasters	483,050	431,749	51,301
Proactive Consulting	110,896	88,701	22,195
Reddy Electric	2,361,000	1,695,554	665,446
Sarver Plumbing	92,043	-	92,043
Saturn Electric	1,428,364	967,582	460,782
SecurCom	257,460	121,360	136,100
SoundCom	1,154,057	-	1,154,057
Stan Engineers	148,230	26,088	122,142
Steed Hammond Paul	3,084,375	2,796,350	288,025
STS Flooring	102,803	-	102,803
STS Flooring	71,323	-	71,323
Sturdi Steel	814,800	814,800	-
TP Mechanical	1,828,000	1,002,485	825,515
Waibel	1,062,625	263,893	798,732
Total	\$ 42,815,380	\$ 29,569,492	\$ 13,245,888

COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES

SUPPLEMENTARY INFORMATION

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

MAJOR FUNDS

General Fund

The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio. A budgetary statement for the general fund is presented as part of the basic financial statements. The level of detail presented in that statement is greater than the legal level of budgetary control; therefore, a separate additional schedule is not presented

Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis):

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.

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.

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.

Other Major Funds

Bond Retirement Fund

The bond retirement fund is used to account for the accumulation of resources for resources that are restricted for the payment of general obligations bond principal and interest and certain other long-term obligations when the School District is obligated for the payment. The fund balance of this fund is restricted for debt service.

Building Fund

The building fund is used to account for resources that are restricted for the acquisition, construction or improvement of capital facilities and for the acquisition of capital assets. The fund balance of this fund is restricted for capital improvements.

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>	<u>Actual</u>	
Uniform School Supply			
Total Revenues and Other Sources	\$ 180,000	\$ 164,568	\$ (15,432)
Total Expenditures and Other Uses	<u>288,518</u>	<u>243,523</u>	<u>44,995</u>
Net Change in Fund Balances	(108,518)	(78,955)	29,563
Fund Balance at Beginning of Year	68,203	68,203	-
Prior Year Encumbrances Appropriated	<u>40,315</u>	<u>40,315</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 29,563</u>	<u>\$ 29,563</u>
Public School Support			
Total Revenues and Other Sources	\$ 330,000	\$ 322,532	\$ (7,468)
Total Expenditures and Other Uses	<u>435,000</u>	<u>233,495</u>	<u>201,505</u>
Net Change in Fund Balances	(105,000)	89,037	194,037
Fund Balance at Beginning of Year	365,839	365,839	-
Prior Year Encumbrances Appropriated	<u>23,242</u>	<u>23,242</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 284,081</u>	<u>\$ 478,118</u>	<u>\$ 194,037</u>
Latchkey			
Total Revenues and Other Sources	\$ 275,000	\$ 273,631	\$ (1,369)
Total Expenditures and Other Uses	<u>322,500</u>	<u>322,496</u>	<u>4</u>
Net Change in Fund Balances	(47,500)	(48,865)	(1,365)
Fund Balance at Beginning of Year	229,355	229,355	-
Prior Year Encumbrances Appropriated	<u>19,058</u>	<u>19,058</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 200,913</u>	<u>\$ 199,548</u>	<u>\$ (1,365)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget- Over</u>
	<u>Final</u>		
Bond Retirement			
Total Revenues and Other Sources	\$ 7,586,787	\$ 3,399,198	\$ (4,187,589)
Total Expenditures and Other Uses	<u>3,000,000</u>	<u>2,595,207</u>	<u>404,793</u>
Net Change in Fund Balances	4,586,787	803,991	(3,782,796)
Fund Balance, July 1	<u>2,369,140</u>	<u>2,369,140</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 6,955,927</u>	<u>\$ 3,173,131</u>	<u>\$ (3,782,796)</u>
Building			
Total Revenues and Other Sources	\$ 4,000,000	\$ 4,368,152	\$ 368,152
Total Expenditures and Other Uses	<u>50,000,000</u>	<u>44,937,494</u>	<u>5,062,506</u>
Net Change in Fund Balances	(46,000,000)	(40,569,342)	5,430,658
Fund Balance, July 1 (Restated)	24,942,959	24,942,959	-
Prior Year Encumbrances Appropriated	<u>19,110,200</u>	<u>19,110,200</u>	<u>-</u>
Fund Balance (Deficit), June 30	<u>\$ (1,946,841)</u>	<u>\$ 3,483,817</u>	<u>\$ 5,430,658</u>

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

COMBINING STATEMENTS - NONMAJOR FUNDS

Nonmajor Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The term proceeds of specific revenue sources establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The title of each special revenue fund is descriptive of the activities accounted for therein. The nonmajor special revenue funds are:

Food Service

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

Special Trust

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

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

Auxilliary Services

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

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 Programs

A fund to account for the implementation of entry-year programs pursuant to division (T) of section 3317.024 of the Revised Code. This fund did not have a final budget and is not reported in the budgetary schedules.

Ohio Educational Computer Network

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

Education Jobs

A fund used to account for monies received from the Education Jobs grants.

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.

State Fiscal Stabilization

This fund accounts for restricted Federal grant monies from the American Recovery and Reinvestment Act in State Fiscal Stabilization Fund (SFSF) to help stabilize state and local budgets in order to minimize and avoid reductions in education and other essential services.

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

COMBINING STATEMENTS - NONMAJOR FUNDS

Nonmajor Special Revenue Funds (Continued)

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. This fund did not have a final budget and is not reported in the budgetary schedules

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.

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
MONTGOMERY COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	<u>Food Services</u>	<u>Special Trust</u>	<u>Athletics</u>	<u>Auxiliary Services</u>
Assets:				
Equity in pooled cash and investments	\$ 356,221	\$ 6,558	\$ 40,865	\$ 48,911
Receivables:				
Accounts	402	-	580	-
Intergovernmental	-	-	-	-
Prepayments	-	-	-	-
Materials and supplies inventory	9,958	-	-	-
Total assets	<u>\$ 366,581</u>	<u>\$ 6,558</u>	<u>\$ 41,445</u>	<u>\$ 48,911</u>
Liabilities:				
Accounts payable	\$ 879	\$ 477	\$ 4,047	\$ 23,259
Accrued wages and benefits	71,320	-	-	6,764
Compensated absences payable	2,929	-	-	-
Retirement incentive payable	7,353	-	-	-
Interfund loans payable	-	-	-	-
Intergovernmental payable	3,668	-	7,285	461
Deferred revenue	-	-	-	-
Pension obligation payable	49,942	-	-	2,484
Total liabilities	<u>136,091</u>	<u>477</u>	<u>11,332</u>	<u>32,968</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	9,958	-	-	-
Prepays	-	-	-	-
Restricted:				
Food service operations	220,532	-	-	-
Non-public schools	-	-	-	15,943
Extracurricular	-	-	30,113	-
Committed:				
Other purposes	-	6,081	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances (deficits)	<u>230,490</u>	<u>6,081</u>	<u>30,113</u>	<u>15,943</u>
Total liabilities and fund balances(deficits)	<u>\$ 366,581</u>	<u>\$ 6,558</u>	<u>\$ 41,445</u>	<u>\$ 48,911</u>

<u>Education Jobs</u>	<u>Special Education</u>	<u>Title I</u>	<u>Preschool Handicapped Grant</u>	<u>Title II-A</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ 38,320	\$ 81,589	\$ -	\$ 1,800	\$ -	\$ 574,264
-	-	-	-	-	-	982
113,192	235,234	195,759	826	3,659	1,153	549,823
-	63,250	-	-	-	-	63,250
-	-	-	-	-	-	9,958
<u>\$ 113,192</u>	<u>\$ 336,804</u>	<u>\$ 277,348</u>	<u>\$ 826</u>	<u>\$ 5,459</u>	<u>\$ 1,153</u>	<u>\$ 1,198,277</u>
\$ -	\$ 33,374	\$ 63,097	\$ -	\$ 5,321	\$ -	\$ 130,454
-	38,992	41,706	-	-	-	158,782
-	-	-	-	-	-	2,929
-	-	33,050	-	-	-	40,403
113,192	235,235	192,083	825	3,659	1,154	546,148
1,124	2,126	2,332	-	426	-	17,422
113,192	235,234	195,759	826	3,659	1,153	549,823
-	142	4,142	-	-	-	56,710
<u>227,508</u>	<u>545,103</u>	<u>532,169</u>	<u>1,651</u>	<u>13,065</u>	<u>2,307</u>	<u>1,502,671</u>
-	-	-	-	-	-	9,958
-	63,250	-	-	-	-	63,250
-	-	-	-	-	-	220,532
-	-	-	-	-	-	15,943
-	-	-	-	-	-	30,113
-	-	-	-	-	-	6,081
<u>(114,316)</u>	<u>(271,549)</u>	<u>(254,821)</u>	<u>(825)</u>	<u>(7,606)</u>	<u>(1,154)</u>	<u>(650,271)</u>
<u>(114,316)</u>	<u>(208,299)</u>	<u>(254,821)</u>	<u>(825)</u>	<u>(7,606)</u>	<u>(1,154)</u>	<u>(304,394)</u>
<u>\$ 113,192</u>	<u>\$ 336,804</u>	<u>\$ 277,348</u>	<u>\$ 826</u>	<u>\$ 5,459</u>	<u>\$ 1,153</u>	<u>\$ 1,198,277</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES / (DEFICITS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Food Service</u>	<u>Special Trust</u>	<u>Athletics</u>	<u>Auxiliary Services</u>
Revenues:				
From local sources:				
Earnings on investments	\$ 423	\$ -	\$ -	\$ 100
Charges for services	654,254	-	-	-
Extracurricular	-	-	184,162	-
Contributions and donations	-	32,148	-	-
Contract services	5,922	-	-	-
Other local revenues	747	8,804	-	-
Intergovernmental - state	9,009	-	-	226,493
Intergovernmental - federal	417,514	-	-	-
Total revenues	<u>1,087,869</u>	<u>40,952</u>	<u>184,162</u>	<u>226,593</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	-	-	40,668
Special	-	-	-	31,170
Other	-	-	-	-
Support services:				
Pupil	-	91,900	-	-
Instructional staff	-	-	-	21,614
Administration	-	-	-	7,800
Operations and maintenance	-	-	-	-
Central	-	7,798	-	-
Operation of non-instructional services:				
Other non-instructional services	-	-	-	168,711
Food service operations	1,162,459	-	-	-
Extracurricular activities	-	-	193,604	-
Total expenditures	<u>1,162,459</u>	<u>99,698</u>	<u>193,604</u>	<u>269,963</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(74,590)</u>	<u>(58,746)</u>	<u>(9,442)</u>	<u>(43,370)</u>
Other financing sources:				
Transfers in	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balances	(74,590)	(58,746)	(9,442)	(43,370)
Fund balances (deficits) at beginning of year	<u>305,080</u>	<u>64,827</u>	<u>39,555</u>	<u>59,313</u>
Fund balances (deficits) at end of year	<u>\$ 230,490</u>	<u>\$ 6,081</u>	<u>\$ 30,113</u>	<u>\$ 15,943</u>

Management Information Systems	Entry Year Program	Ohio Educational Computer Network	Education Jobs	Special Education	State Fiscal Stabilization	Title I
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,000	-	13,650	-	-	-	-
-	-	-	71,011	1,354,582	311,402	505,233
<u>5,000</u>	<u>-</u>	<u>13,650</u>	<u>71,011</u>	<u>1,354,582</u>	<u>311,402</u>	<u>505,233</u>
-	-	-	-	-	-	87,422
-	-	-	-	542,822	-	334,035
-	-	-	-	-	34,838	-
-	-	-	109,111	219,709	-	-
-	-	-	76,216	86,385	-	93,928
-	-	-	-	20,488	-	22,028
-	-	-	-	-	276,564	-
4,998	-	13,650	-	-	-	-
-	-	-	-	46,112	-	25,164
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>4,998</u>	<u>-</u>	<u>13,650</u>	<u>185,327</u>	<u>915,516</u>	<u>311,402</u>	<u>562,577</u>
<u>2</u>	<u>-</u>	<u>-</u>	<u>(114,316)</u>	<u>439,066</u>	<u>-</u>	<u>(57,344)</u>
-	14,000	-	-	-	-	-
-	14,000	-	-	-	-	-
2	14,000	-	(114,316)	439,066	-	(57,344)
(2)	(14,000)	-	-	(647,365)	-	(197,477)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (114,316)</u>	<u>\$ (208,299)</u>	<u>\$ -</u>	<u>\$ (254,821)</u>

-- (Continued)

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES / (DEFICITS)
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Title V	Drug Fee Schools	Preschool Handicapped Grant	Title II-A
Revenues:				
From local sources:				
Earnings on investments	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Extracurricular	-	-	-	-
Contributions and donations	-	-	-	-
Contract services	-	-	-	-
Other local revenues	-	-	-	-
Intergovernmental - state	-	-	-	-
Intergovernmental - federal	-	843	8,211	101,019
Total revenues	<u>-</u>	<u>843</u>	<u>8,211</u>	<u>101,019</u>
Expenditures:				
Current:				
Instruction:				
Regular	1	-	-	56,238
Special	-	-	8,255	-
Other	-	-	-	-
Support services:				
Pupil	-	-	-	-
Instructional staff	-	-	-	43,860
Administration	-	-	-	-
Operations and maintenance	-	-	-	-
Central	-	-	-	-
Operation of non-instructional services:				
Other non-instructional services	-	-	-	-
Food service operations	-	-	-	-
Extracurricular activities	-	-	-	-
Total expenditures	<u>1</u>	<u>-</u>	<u>8,255</u>	<u>100,098</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1)</u>	<u>843</u>	<u>(44)</u>	<u>921</u>
Other financing sources:				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1)	843	(44)	921
Fund balances (deficits) at beginning of year	<u>1</u>	<u>(843)</u>	<u>(781)</u>	<u>(8,527)</u>
Fund balances (deficits) at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (825)</u>	<u>\$ (7,606)</u>

<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ 523
-	654,254
-	184,162
-	32,148
-	5,922
-	9,551
-	254,152
384	2,770,199
384	3,910,911
-	184,329
-	916,282
-	34,838
-	420,720
1,185	323,188
-	50,316
-	276,564
-	26,446
100	240,087
-	1,162,459
-	193,604
1,285	3,828,833
(901)	82,078
-	14,000
-	14,000
(901)	96,078
(253)	(400,472)
\$ (1,154)	\$ (304,394)

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>	<u>Actual</u>	
Food Service			
Total Revenues and Other Sources	\$ 1,000,000	\$ 1,052,391	\$ 52,391
Total Expenditures and Other Uses	<u>1,281,000</u>	<u>1,259,701</u>	<u>21,299</u>
Net Change in Fund Balances	(281,000)	(207,310)	73,690
Fund Balance at Beginning of Year	417,976	417,976	-
Prior Year Encumbrances Appropriated	<u>23,899</u>	<u>23,899</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 160,875</u>	<u>\$ 234,565</u>	<u>\$ 73,690</u>
Special Trust			
Total Revenues and Other Sources	\$ 40,000	\$ 40,952	\$ 952
Total Expenditures and Other Uses	<u>105,000</u>	<u>103,710</u>	<u>1,290</u>
Net Change in Fund Balances	(65,000)	(62,758)	2,242
Fund Balance at Beginning of Year	66,213	66,213	-
Prior Year Encumbrances Appropriated	<u>1,773</u>	<u>1,773</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 2,986</u>	<u>\$ 5,228</u>	<u>\$ 2,242</u>
Athletics			
Total Revenues and Other Sources	\$ 218,500	\$ 183,582	\$ (34,918)
Total Expenditures and Other Uses	<u>250,000</u>	<u>232,637</u>	<u>17,363</u>
Net Change in Fund Balances	(31,500)	(49,055)	(17,555)
Fund Balance at Beginning of Year	14,632	14,632	-
Prior Year Encumbrances Appropriated	<u>34,828</u>	<u>34,828</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 17,960</u>	<u>\$ 405</u>	<u>\$ (17,555)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>	<u>Actual</u>	
Auxiliary Services			
Total Revenues and Other Sources	\$ 248,364	\$ 248,375	\$ 11
Total Expenditures and Other Uses	<u>303,670</u>	<u>292,102</u>	<u>11,568</u>
Net Change in Fund Balances	(55,306)	(43,727)	11,579
Fund Balance at Beginning of Year	49,579	49,579	-
Prior Year Encumbrances Appropriated	<u>5,730</u>	<u>5,730</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 3</u>	<u>\$ 11,582</u>	<u>\$ 11,579</u>
Management Information Systems			
Total Revenues and Other Sources	\$ 5,016	\$ 5,000	\$ (16)
Total Expenditures and Other Uses	<u>5,016</u>	<u>5,016</u>	<u>-</u>
Net Change in Fund Balances	-	(16)	(16)
Fund Balance at Beginning of Year	-	-	-
Prior Year Encumbrances Appropriated	<u>16</u>	<u>16</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ (16)</u>
Ohio Educational Computer Network			
Total Revenues and Other Sources	\$ 13,650	\$ 13,650	\$ -
Total Expenditures and Other Uses	<u>13,650</u>	<u>13,650</u>	<u>-</u>
Net Change in Fund Balances	-	-	-
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>	<u>Actual</u>	
Education Jobs			
Total Revenues and Other Sources	\$ 184,203	\$ 184,203	\$ -
Total Expenditures and Other Uses	<u>184,203</u>	<u>184,203</u>	<u>-</u>
Net Change in Fund Balances	-	-	-
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Special Education			
Total Revenues and Other Sources	\$ 1,000,464	\$ 1,593,939	\$ 593,475
Total Expenditures and Other Uses	<u>1,816,734</u>	<u>1,816,734</u>	<u>-</u>
Net Change in Fund Balances	(816,270)	(222,795)	593,475
Fund Balance at Beginning of Year	1	1	-
Prior Year Encumbrances Appropriated	<u>222,794</u>	<u>222,794</u>	<u>-</u>
Fund Balance (Deficit) at End of Year	<u>\$ (593,475)</u>	<u>\$ -</u>	<u>\$ 593,475</u>
State Fiscal Stabilization			
Total Revenues and Other Sources	\$ 293,443	\$ 311,402	\$ 17,959
Total Expenditures and Other Uses	<u>293,443</u>	<u>311,402</u>	<u>(17,959)</u>
Net Change in Fund Balances	-	-	-
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>	<u>Actual</u>	
Title I			
Total Revenues and Other Sources	\$ 572,142	\$ 707,080	\$ 134,938
Total Expenditures and Other Uses	<u>752,802</u>	<u>718,405</u>	<u>34,397</u>
Net Change in Fund Balances	(180,660)	(11,325)	169,335
Fund Balance at Beginning of Year	-	-	-
Prior Year Encumbrances Appropriated	<u>11,325</u>	<u>11,325</u>	<u>-</u>
Fund Balance (Deficit) at End of Year	<u>\$ (169,335)</u>	<u>\$ -</u>	<u>\$ 169,335</u>
Drug Free Schools			
Total Revenues and Other Sources	\$ -	\$ 842	\$ 842
Total Expenditures and Other Uses	<u>843</u>	<u>843</u>	<u>-</u>
Net Change in Fund Balances	(843)	(1)	842
Fund Balance at Beginning of Year	<u>1</u>	<u>1</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ (842)</u>	<u>\$ -</u>	<u>\$ 842</u>
Preschool Handicapped Grant			
Total Revenues and Other Sources	\$ 8,255	\$ 33,727	\$ 25,472
Total Expenditures and Other Uses	<u>33,727</u>	<u>33,727</u>	<u>-</u>
Net Change in Fund Balances	(25,472)	-	25,472
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit) at End of Year	<u>\$ (25,472)</u>	<u>\$ -</u>	<u>\$ 25,472</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>	<u>Actual</u>	
Title II-A			
Total Revenues and Other Sources	\$ 96,724	\$ 104,678	\$ 7,954
Total Expenditures and Other Uses	<u>105,259</u>	<u>105,209</u>	<u>50</u>
Net Change in Fund Balances	(8,535)	(531)	8,004
Fund Balance at Beginning of Year	1	1	-
Prior Year Encumbrances Appropriated	<u>530</u>	<u>530</u>	<u>-</u>
Fund Balance (Deficit) at End of Year	<u>\$ (8,004)</u>	<u>\$ -</u>	<u>\$ 8,004</u>
Miscellaneous Federal Grants			
Total Revenues and Other Sources	\$ 1,571	\$ 1,538	\$ (33)
Total Expenditures and Other Uses	<u>1,571</u>	<u>1,571</u>	<u>-</u>
Net Change in Fund Balances	-	(33)	(33)
Fund Balance at Beginning of Year	<u>33</u>	<u>33</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 33</u>	<u>\$ -</u>	<u>\$ (33)</u>

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

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Beginning Balance July 1, 2010	Additions	Deletions	Ending Balance June 30, 2011
Student Managed Activities				
Assets:				
Equity in pooled cash and investments	\$ 104,324	\$ 113,004	\$ 130,576	\$ 86,752
Cash in segregated accounts	-	7,532	-	7,532
Total assets	<u>\$ 104,324</u>	<u>\$ 120,536</u>	<u>\$ 130,576</u>	<u>\$ 94,284</u>
Liabilities:				
Accounts payable	-	146	-	146
Due to others	-	7,532	-	7,532
Due to students	104,324	112,858	130,576	86,606
Total liabilities	<u>\$ 104,324</u>	<u>\$ 120,536</u>	<u>\$ 130,576</u>	<u>\$ 94,284</u>



STATISTICAL SECTION



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

STATISTICAL SECTION

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

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.	80-89
Revenue Capacity These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax.	90-95
Debt Capacity 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.	96-102
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place.	103
Operating Information 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.	104-110

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The School District implemented GASB Statement No. 34 during fiscal year 2002. Fiscal year 2006 was the School District's first year implementation of the GASB 44 statistical tables. Fiscal year 2011 was the School District's first year implementation of GASB 54.

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

*NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
GOVERNMENTAL ACTIVITIES*

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 4,728,917	\$ 4,600,733	\$ 4,058,741	\$ 3,911,791
Restricted for:				
Capital projects	-	218	-	-
Debt service	-	-	37,476	954,666
Other purposes	1,017,219	494,550	467,944	473,601
Unrestricted	<u>11,657,834</u>	<u>10,140,744</u>	<u>7,313,663</u>	<u>7,749,776</u>
Total Net Assets	<u>\$ 17,403,970</u>	<u>\$ 15,236,245</u>	<u>\$ 11,877,824</u>	<u>\$ 13,089,834</u>

Source: School District financial records.

*Amount restated due to revaluation of District capital assets.

** Amount restated to correctly reflect net asset classifications.

*** Amount restated to correctly reflect long-term obligations related to accreted interest on capital appreciation bonds.

2006*	2007	2008	2009**	2010***	2011
\$ 5,809,079	\$ 5,824,345	\$ 6,349,688	\$ 6,673,756	\$ 4,724,275	\$ 3,621,319
-	-	-	-	-	-
643,080	355,688	92,852	553,078	2,845,942	3,301,165
788,260	880,038	874,087	655,543	867,851	190,180
<u>6,990,405</u>	<u>9,655,411</u>	<u>11,812,661</u>	<u>11,227,150</u>	<u>7,324,258</u>	<u>6,829,611</u>
<u>\$ 14,230,824</u>	<u>\$ 16,715,482</u>	<u>\$ 19,129,288</u>	<u>\$ 19,109,527</u>	<u>\$ 15,762,326</u>	<u>\$ 13,942,275</u>

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

*CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
GOVERNMENTAL ACTIVITIES*

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Expenses				
Governmental activities:				
Instruction				
Regular	\$ 12,774,549	\$ 12,878,701	\$ 13,262,778	\$ 13,225,486
Special	1,977,119	2,322,417	2,629,998	2,835,810
Vocational	337,788	373,908	370,998	361,120
Other	1,424,730	1,353,734	1,496,692	1,951,924
Support services:				
Pupil	1,282,535	1,972,949	1,924,211	2,022,213
Instructional staff	969,693	1,581,473	2,072,071	1,719,059
Board of education	-	-	-	48,587
Administration	1,747,480	1,985,350	1,731,639	1,752,783
Business and Fiscal	859,390	851,519	918,560	827,939
Operations and maintenance of plant	2,070,661	2,503,379	2,542,499	2,479,785
Pupil transportation	1,079,505	1,098,435	1,251,468	1,212,371
Central	-	-	-	559,962
Other	732,740	1,058,763	724,605	-
Operation of non-instructional services	1,209,458	1,360,262	1,410,629	1,235,849
Extracurricular activities	662,700	713,987	642,708	647,621
Interest and fiscal charges	165,532	146,427	122,668	95,214
Total expenses	<u>27,293,880</u>	<u>30,201,304</u>	<u>31,101,524</u>	<u>30,975,723</u>
Program Revenues				
Charges for services:				
Instruction:				
Regular	178,908	18,626	23,901	267,746
Special	4,225	2,477	1,813	18,221
Vocational	794	446	294	2,803
Other instructional	3,331	1,611	1,177	14,617
Support services:				
Pupil	2,702	1,792	1,264	17,383
Instructional staff	278,186	254,965	279,114	292,404
Board of education	-	-	-	400
Administration	3,886	2,273	1,322	12,815
Business and fiscal	2,019	1,017	729	6,207
Operations and maintenance of plant	10,581	7,848	8,492	731,162
Pupil transportation	2,536	1,312	993	8,610
Central	-	-	-	3,404
Other	1,968	5,567	560	-
Operation of non-instructional services	920,229	947,062	994,008	213,902
Extracurricular activities	307,825	301,642	300,286	306,588
Interest and fiscal charges	5	-	-	-
Total charges for services	<u>1,717,195</u>	<u>1,546,638</u>	<u>1,613,953</u>	<u>1,896,262</u>

	2006	2007	2008*	2009	2010	2011
\$	14,432,299	\$ 15,229,451	\$ 17,039,496	\$ 15,730,676	\$ 17,703,515	\$ 16,444,712
	3,124,624	3,236,123	3,034,996	3,890,156	4,378,332	4,775,357
	433,138	386,732	354,079	350,555	571,985	359,027
	2,015,458	1,998,815	2,220,027	2,426,088	1,667,234	1,815,093
	2,081,843	2,424,073	1,918,595	2,380,064	2,760,487	2,803,360
	1,682,870	1,650,892	2,016,335	2,214,753	2,413,756	2,442,475
	29,154	52,233	33,985	84,508	104,129	41,511
	1,869,063	1,959,594	2,158,771	2,271,269	2,502,717	2,616,962
	1,082,477	1,272,569	969,903	1,156,290	1,112,230	1,228,794
	2,696,638	2,872,016	3,426,603	2,668,596	2,644,333	1,003,893
	1,375,441	1,416,041	1,330,428	1,516,657	1,616,443	1,619,405
	464,177	792,962	514,061	616,236	1,526,642	779,088
	-	-	-	-	-	-
	1,289,241	1,293,966	1,340,845	1,563,537	1,855,888	1,724,481
	636,916	552,196	527,892	544,252	522,064	548,283
	68,052	40,863	11,280	1,082,807	1,973,933	2,426,901
	<u>33,281,391</u>	<u>35,178,526</u>	<u>36,897,296</u>	<u>38,496,444</u>	<u>43,353,688</u>	<u>40,629,342</u>
	338,195	384,061	517,617	483,746	572,286	471,470
	33,210	39,924	57,384	59,287	80,051	186,588
	5,415	5,521	7,605	6,375	12,938	-
	24,546	28,032	36,643	45,900	38,004	-
	75,448	24,634	31,803	40,800	59,836	-
	274,315	217,609	289,707	243,268	252,167	198,366
	-	849	691	1,912	2,426	-
	22,742	27,672	50,812	42,075	56,602	-
	12,995	18,263	20,742	23,587	25,875	-
	36,376	41,329	76,317	49,182	51,777	25,757
	15,883	22,510	33,186	27,412	33,961	154,333
	5,054	10,193	9,679	10,837	16,980	-
	-	-	-	-	-	-
	983,582	999,650	1,058,346	1,017,294	964,501	918,380
	320,686	287,597	283,983	191,867	194,304	191,473
	-	-	-	-	809	-
	<u>2,148,447</u>	<u>2,107,844</u>	<u>2,474,515</u>	<u>2,243,542</u>	<u>2,362,517</u>	<u>2,146,367</u>

- Continued

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

*CHANGES IN NET ASSETS - (Continued)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
GOVERNMENTAL ACTIVITIES*

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Operating grants and contributions:				
Instruction:				
Regular	229,107	115,008	158,653	148,382
Special	237,057	329,619	579,785	563,911
Vocational	1,938	-	-	-
Other instructional	23,453	12,883	9,886	6,000
Support services:				
Pupil	167,716	299,770	319,430	590,800
Instructional staff	150,341	34,474	168,759	199,740
Administration	132,280	52,412	64,518	42,248
Business and fiscal	4,931	-	-	-
Operations and maintenance of plant	15,840	22,992	3,186	211,956
Pupil transportation	6,194	505,659	571,617	564,197
Central	-	-	-	31,147
Other	22,794	33,772	10,093	-
Operation of non-instructional services	271,301	237,464	268,458	145,482
Extracurricular activities	540	-	-	11,526
Interest and fiscal charges	13	-	54,447	28,567
Total operating grants and contributions	<u>1,263,505</u>	<u>1,644,053</u>	<u>2,208,832</u>	<u>2,543,956</u>
Capital grants and contributions:				
Instruction:				
Regular	-	-	-	-
Support services:				
Operations and maintenance of plant	-	-	-	-
Pupil transportation	-	-	-	-
Central	-	-	-	29,820
Other	-	52,688	-	-
Operation of non-instructional services	-	-	-	-
Total capital grants and contributions	<u>-</u>	<u>52,688</u>	<u>-</u>	<u>29,820</u>
Total program revenues	<u>2,980,700</u>	<u>3,243,379</u>	<u>3,822,785</u>	<u>4,470,038</u>
Net (Expense)/Revenue				
Governmental activities	<u>\$ (24,313,180)</u>	<u>\$ (26,957,925)</u>	<u>\$ (27,278,739)</u>	<u>\$ (26,505,685)</u>
General Revenues				
Property taxes levied for:				
General purposes	\$ 18,354,537	\$ 18,114,703	\$ 17,528,902	\$ 21,538,766
Debt service	464,031	467,626	471,793	218,398
Grants and entitlements not restricted to specific programs	5,749,985	5,535,238	5,953,345	5,559,312
Investment earnings	608,935	277,791	152,253	285,612
Gain on the disposal of capital assets	-	-	-	-
Payment in lieu of taxes	-	-	-	-
Miscellaneous	1,413,146	379,158	124,591	115,575
Total governmental activities	<u>26,590,634</u>	<u>24,774,516</u>	<u>24,230,884</u>	<u>27,717,663</u>
Change in Net Assets				
Governmental activities	<u>\$ 2,277,454</u>	<u>\$ (2,183,409)</u>	<u>\$ (3,047,855)</u>	<u>\$ 1,211,978</u>

Source: School District financial records.

* Amounts reclassified from program revenue to general revenue in fiscal year 2009.

2006	2007	2008*	2009	2010	2011
92,447	59,200	87,484	103,868	95,496	172,678
592,802	609,594	523,771	1,017,565	925,413	1,184,703
-	-	-	-	-	16,829
4,000	6,000	386,081	4,562	-	34,838
715,842	660,531	337,222	213,635	182,621	370,791
131,569	121,112	216,747	164,960	762,977	506,002
16,349	76,998	44,467	43,887	60,057	48,690
-	-	-	-	-	-
-	274,787	143,610	7,900	281,617	276,564
584,698	592,384	32,010	39,627	43,542	50,494
35,890	42,999	54,327	29,590	71,324	21,853
-	-	-	-	-	-
322,005	181,928	317,083	518,587	480,692	640,755
-	-	3,900	-	-	-
-	-	-	-	-	-
<u>2,495,602</u>	<u>2,625,533</u>	<u>2,146,702</u>	<u>2,144,181</u>	<u>2,903,739</u>	<u>3,324,197</u>
-	-	-	-	-	12,301
-	-	-	-	-	17,748
-	-	-	-	-	16
-	-	-	-	-	12,640
-	-	-	-	-	-
-	-	-	-	-	1,885
-	-	-	-	-	44,590
<u>4,644,049</u>	<u>4,733,377</u>	<u>4,621,217</u>	<u>4,387,723</u>	<u>5,266,256</u>	<u>5,515,154</u>
<u>\$ (28,637,342)</u>	<u>\$ (30,445,149)</u>	<u>\$ (32,276,079)</u>	<u>\$ (34,108,721)</u>	<u>\$ (38,087,432)</u>	<u>\$ (35,114,188)</u>
\$ 21,635,454	\$ 24,426,863	\$ 22,977,944	\$ 22,083,111	\$ 19,070,956	\$ 19,236,044
-	-	-	-	1,880,300	2,994,457
5,682,030	7,598,194	10,614,335	10,842,857	11,453,032	10,478,849
582,104	698,845	955,637	854,137	1,924,940	104,608
-	-	-	5,593	475	-
-	-	-	-	-	437,386
34,531	205,905	144,969	300,262	106,219	42,793
<u>27,934,119</u>	<u>32,929,807</u>	<u>34,692,885</u>	<u>34,085,960</u>	<u>34,435,922</u>	<u>33,294,137</u>
<u>\$ (703,223)</u>	<u>\$ 2,484,658</u>	<u>\$ 2,416,806</u>	<u>\$ (22,761)</u>	<u>\$ (3,651,510)</u>	<u>\$ (1,820,051)</u>

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

*FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)*

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Fund:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	2,060,494	978,071	624,920	1,506,744
Unreserved	<u>9,796,859</u>	<u>9,373,573</u>	<u>6,876,628</u>	<u>7,664,158</u>
Total general fund	<u>\$ 11,857,353</u>	<u>\$ 10,351,644</u>	<u>\$ 7,501,548</u>	<u>\$ 9,170,902</u>
All Other Governmental Funds:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned (deficit)	-	-	-	-
Reserved	128,316	130,678	18,070	-
Unreserved (deficit), undesignated				
Reported in:				
Special revenue funds	593,279	484,585	400,103	620,760
Debt service funds	702,810	833,068	999,523	954,666
Capital projects funds	<u>(33,000)</u>	<u>218</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 1,391,405</u>	<u>\$ 1,448,549</u>	<u>\$ 1,417,696</u>	<u>\$ 1,575,426</u>
Total governmental funds	<u>\$ 13,248,758</u>	<u>\$ 11,800,193</u>	<u>\$ 8,919,244</u>	<u>\$ 10,746,328</u>

Source: School District financial records.

(1) Amounts have been reclassified to conform to 2011's presentation

Note: The District implemented GASB 54 in fiscal year 2011.

2006	2007	2008	2009	2010 (1)	2011
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,661
-	-	-	-	-	290,362
-	-	-	-	-	856,719
-	-	-	-	-	7,045,032
1,585,879	1,696,523	2,368,466	1,928,918	1,360,253	-
6,340,288	8,900,584	10,430,489	11,996,144	9,931,060	-
<u>\$ 7,926,167</u>	<u>\$ 10,597,107</u>	<u>\$ 12,798,955</u>	<u>\$ 13,925,062</u>	<u>\$ 11,291,313</u>	<u>\$ 8,246,774</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,318
-	-	-	-	-	23,010,472
-	-	-	-	-	6,081
-	-	-	-	-	(650,271)
306,865	150,736	142,803	233,905	18,472,864	-
598,047	864,887	537,780	382,958	(638,939)	-
643,080	355,688	92,852	553,078	2,348,353	-
-	-	-	25,067,719	25,118,861	-
<u>\$ 1,547,992</u>	<u>\$ 1,371,311</u>	<u>\$ 773,435</u>	<u>\$ 26,237,660</u>	<u>\$ 45,301,139</u>	<u>\$ 22,458,600</u>
<u>\$ 9,474,159</u>	<u>\$ 11,968,418</u>	<u>\$ 13,572,390</u>	<u>\$ 40,162,722</u>	<u>\$ 56,592,452</u>	<u>\$ 30,705,374</u>

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

*CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)*

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Revenues				
Taxes	\$ 18,846,306	\$ 18,532,796	\$ 18,134,688	\$ 21,446,972
Payment in lieu of taxes	-	-	-	-
Intergovernmental	6,489,797	7,614,235	8,040,567	8,231,051
Earnings on investments	608,935	277,791	152,253	285,612
Tuition and fees	455,701	181,301	165,048	316,955
Extracurricular	592,232	559,850	587,461	627,802
Gifts and donations	140,109	-	-	2,426
Charges for services	669,262	583,383	861,444	951,505
Classroom materials and fees	-	-	-	-
Contract services	-	-	-	-
Rentals	111,741	-	-	-
Other	1,299,270	601,262	124,591	115,575
Total revenues	<u>29,213,353</u>	<u>28,350,618</u>	<u>28,066,052</u>	<u>31,977,898</u>
Expenditures				
Current:				
Instructional:				
Regular	12,066,082	12,403,628	12,981,494	12,515,638
Special	1,946,958	2,336,062	2,594,420	2,758,507
Vocational	319,744	371,467	386,614	360,607
Other	1,424,618	1,354,125	1,496,058	1,952,356
Support services:				
Pupil	1,273,013	1,979,374	1,919,710	1,951,995
Instructional staff	977,486	1,507,538	2,084,466	1,714,441
Board of education	-	-	-	48,587
Administration	1,835,365	1,947,451	1,711,274	1,630,201
Business and fiscal	878,034	863,719	881,534	821,296
Operations and maintenance and plant	2,409,906	2,463,836	2,549,713	2,447,864
Pupil transportation	954,944	1,050,390	1,123,948	1,142,790
Central	-	-	-	556,416
Other	678,103	1,083,981	765,825	-
Enterprise operations	-	-	19,985	-
Operation of non-instructional services	1,196,624	1,345,178	1,388,839	1,202,039
Extracurricular activities	628,362	682,719	612,437	606,651
Facilities acquisition and construction	-	-	-	-
Capital outlay	408,278	-	221,940	-
Debt service:				
Principal retirement	439,755	269,220	306,013	344,240
Interest and fiscal charges	167,535	148,431	124,671	97,218
Issuance costs	-	-	-	-
Total expenditures	<u>27,604,807</u>	<u>29,807,119</u>	<u>31,168,941</u>	<u>30,150,846</u>
Excess of revenues over (under) expenditures	1,608,546	(1,456,501)	(3,102,889)	1,827,052
Other Financing Sources (Uses)				
Sale of capital assets	2,135	2,406	-	-
General obligation bonds issued	-	-	-	-
Premiums on bonds issued	-	-	-	-
Inception of capital lease	339,953	-	221,940	-
Transfers in	249,468	298,127	302,709	250,000
Transfers (out)	(249,468)	(298,127)	(302,709)	(250,000)
Total other financing sources (uses)	<u>342,088</u>	<u>2,406</u>	<u>221,940</u>	<u>-</u>
Net change in fund balances	<u>\$ 1,950,634</u>	<u>\$ (1,454,095)</u>	<u>\$ (2,880,949)</u>	<u>\$ 1,827,052</u>
Capital expenditures	\$ 558,897	\$ 243,276	\$ 309,933	\$ -
Debt service as a percentage of noncapital expenditures	2.25%	1.41%	1.40%	1.46%

Source: School District financial records.

	2006	2007	2008	2009	2010	2011
\$	22,050,412	\$ 24,221,096	\$ 23,059,926	\$ 21,910,877	\$ 20,531,459	\$ 22,660,821
	-	-	-	-	722,946	437,386
	8,191,569	10,224,675	12,357,720	13,047,494	12,925,192	13,844,448
	582,104	698,845	955,637	854,137	1,924,940	120,913
	480,625	561,959	829,998	796,844	974,007	647,343
	638,961	506,251	552,173	396,386	401,670	388,489
	2,617	3,719	52,242	52,268	188,406	157,148
	1,028,861	1,039,634	1,092,344	1,050,312	986,840	654,254
	-	-	-	-	-	166,398
	-	-	-	-	-	279,553
	-	-	-	-	-	10,464
	34,531	205,905	144,969	300,262	106,219	52,341
	33,009,680	37,462,084	39,045,009	38,408,580	38,761,679	39,419,558
	14,828,961	14,775,783	17,086,953	15,620,976	17,596,664	16,700,879
	3,226,990	3,215,832	3,065,502	3,855,994	4,383,819	4,748,449
	434,558	385,444	333,872	325,696	567,326	350,118
	2,015,751	2,052,903	2,220,027	2,426,088	1,667,234	1,815,093
	2,152,792	2,386,619	1,932,553	2,377,913	2,778,659	2,800,822
	1,725,202	1,522,694	1,922,243	2,144,165	2,328,229	2,381,820
	29,154	52,233	33,985	81,358	104,125	44,665
	1,872,581	1,978,425	2,116,008	2,232,250	2,429,147	2,562,957
	1,121,730	1,245,643	968,032	1,247,597	1,097,731	1,327,498
	2,774,847	2,794,547	3,427,665	2,716,408	2,611,089	3,147,375
	1,347,666	1,589,850	1,585,204	1,430,948	1,457,709	1,490,673
	459,922	760,045	534,389	602,677	1,495,083	1,400,496
	-	-	-	-	-	-
	-	-	-	-	-	-
	1,269,391	1,297,968	1,369,880	1,552,635	1,836,996	1,801,985
	607,050	546,820	544,462	539,360	517,071	543,071
	-	-	-	-	-	25,427,970
	50,644	-	-	805,946	4,353,245	349,038
	347,202	320,854	284,275	51,954	146,259	162,314
	68,052	42,165	15,988	467,481	1,758,916	2,616,768
	-	-	-	295,700	287,685	90,849
	34,332,493	34,967,825	37,441,038	38,775,146	47,416,987	69,762,840
	(1,322,813)	2,494,259	1,603,971	(366,566)	(8,655,308)	(30,343,282)
	-	-	-	5,593	1,819	18,319
	-	-	-	25,949,991	23,999,318	3,997,998
	-	-	-	755,926	568,242	90,849
	50,644	-	-	245,388	515,659	349,038
	-	374,046	153,630	-	65,525	28,714
	-	(374,046)	(153,630)	-	(65,525)	(28,714)
	50,644	-	-	26,956,898	25,085,038	4,456,204
\$	(1,272,169)	\$ 2,494,259	\$ 1,603,971	\$ 26,590,332	\$ 16,429,730	\$ (25,887,078)
\$	187,363	\$ 251,311	\$ 855,078	\$ 1,409,895	\$ 4,771,604	\$ 29,805,295
	1.22%	1.05%	0.82%	1.39%	4.47%	6.96%

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

*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
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
2008	454,070,050	181,147,250	1,814,906,571	10,958,200	43,832,800
2009	446,871,220	185,827,790	1,807,711,457	10,904,770	43,619,080
2010	443,985,460	182,940,760	1,791,217,771	10,654,960	42,619,840
2011	445,175,230	177,802,380	1,779,936,029	11,106,770	44,427,080

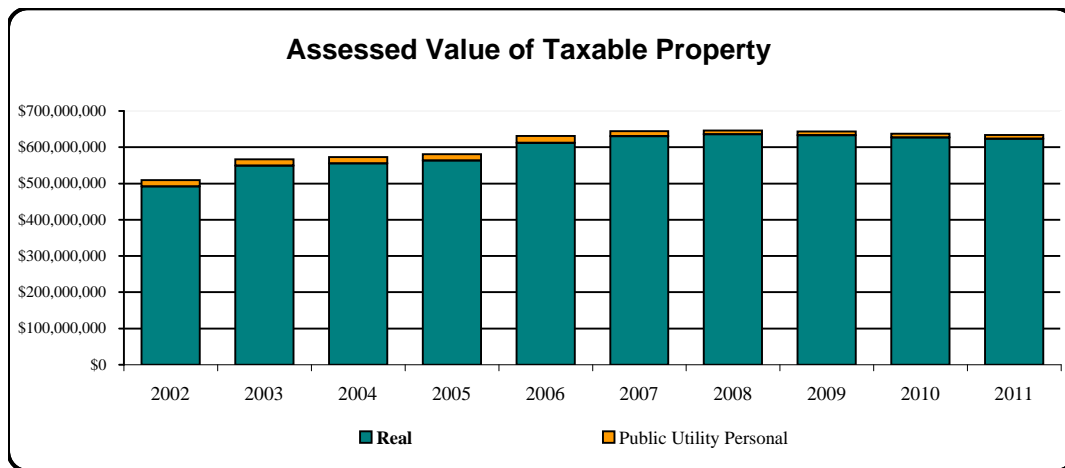
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal. The assessed value of real property (including public utility real property) is 35 percent of estimated true value.

Personal property tax prior to 2006 was assessed on all tangible personal property used in business in Ohio. Prior to 2006 machinery and equipment were taxed at 25 percent and inventories at 23 percent. Beginning in 2006, the general business tangible personal property tax is being phased out. 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 \$10,000 exemption 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		Assessed Value	Estimated Actual Value		
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
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
35,462,720	141,850,880	681,638,220	2,000,590,251	34.07%	36.44
2,342,340	9,369,360	645,946,120	1,860,699,897	34.72%	37.39
527,300	2,109,200	638,108,480	1,835,946,811	34.76%	37.48
-	-	634,084,380	1,824,363,109	34.76%	38.40



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

*PRINCIPAL PROPERTY TAXPAYERS
REAL ESTATE TAX
CURRENT YEAR AND FIVE YEARS AGO (1)*

Name of Taxpayer	2011	
	Assessed Value	Percent of Real Property Assessed Value
Dayton City of	\$ 14,095,810	2.26%
Wal-Mart Stores, Inc.	3,630,770	0.58%
Northwoods Shoppes LLC	3,129,420	0.50%
Garrett-Ryan LLC	2,765,000	0.44%
Moor Partners LLP	2,362,700	0.38%
Sand Lake Plaza LLC	2,310,910	0.37%
A Ray Brown Family Investment Limited Partnership	1,958,900	0.31%
Timberlake Limited Partnership	1,941,950	0.31%
Floriday LLC	1,894,490	0.30%
W2005/Fargo Hotels (PoolC) Realty LP	1,890,000	0.30%
Totals	<u>\$ 35,979,950</u>	<u>5.78%</u>
Total Assessed Valuation	<u>\$ 622,977,610</u>	

Name of Taxpayer	2006 (1)	
	Assessed Value	Percent of Real Property Assessed Value
Delphi Automotive System	\$ 4,657,770	0.76%
Drury Inns Inc.	3,322,250	0.54%
The IAMS Company	3,038,100	0.50%
B-W Limited Partnership	2,311,430	0.38%
SAM'S Real Estate Business	2,101,410	0.34%
Northwoods Shoppes LLC	2,044,630	0.33%
Mid-States Development	1,658,110	0.27%
Orchard Hospitality Corp.	1,651,400	0.27%
Timberlake Limited Partnership	1,596,670	0.26%
ABMD LTD	1,488,920	0.24%
Totals	<u>\$ 23,870,690</u>	<u>3.90%</u>
Total Assessed Valuation	<u>\$ 611,752,130</u>	

Source: Montgomery County Auditor

(1) Information prior to 2006 was unavailable

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

*PRINCIPAL PROPERTY TAXPAYERS
PUBLIC UTILITY TAX
CURRENT YEAR AND FIVE YEARS AGO (1)*

Name of Taxpayer	2011	
	Assessed Value	Percent of Public Utility Assessed Value
Dayton Power and Light, Co.	\$ 10,228,590	92.09%
Vectren Energy Delivery	795,360	7.16%
Total	\$ 11,023,950	99.25%
Total Assessed Valuation	\$ 11,106,770	

Name of Taxpayer	2006 (1)	
	Assessed Value	Percent of Public Utility Assessed Value
Dayton Power and Light	\$ 8,317,510	42.33%
Ohio Bell Telephone	3,577,860	18.21%
Total	\$ 11,895,370	60.54%
Total Assessed Valuation	\$ 19,648,530	

Source: Montgomery County Auditor

(1) Information prior to 2006 was unavailable

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

*PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATION)
LAST TEN COLLECTION (CALENDAR) YEARS (1)
2001-2010*

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
2010	20.94	1.75	16.94	4.14	17.13	2.58	54.61
2009	20.94	1.75	16.94	4.14	17.13	2.58	53.69
2008	20.94	1.25	16.94	4.14	17.13	2.58	53.69
2007	18.24	1.25	16.94	4.14	17.13	2.58	53.30
2006	18.24	1.25	16.94	4.14	15.67	2.58	53.30
2005	18.24	1.25	16.94	4.14	15.67	2.58	48.86
2004	17.24	0.26	16.94	4.14	15.67	2.58	43.46
2003	17.24	0.26	16.94	4.14	15.67	2.58	44.36
2002	17.24	0.26	16.94	4.14	15.67	2.58	44.66
2001	17.24	0.26	16.94	4.14	15.67	2.58	44.86

Source: Montgomery County Auditor.

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

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

*PROPERTY TAX LEVIES AND COLLECTIONS - REAL, PERSONAL, AND PUBLIC UTILITY PROPERTY
LAST TEN COLLECTION (CALENDAR) YEARS
2001-2010*

Collection Year	Current Levy (1)	Current Collection (2)	Percent of Current Levy Collected	Delinquent Collection (5)	Total Collection (2)	Percent of Total Tax Collections to Current Levy (5)	Outstanding Delinquent Taxes (3)	Total Collection As a Percent of Current Levy
2010	23,904,272	23,027,122	96.33%	676,669	23,703,791	99.16%	1,322,018	5.53%
2009	24,161,467	22,980,834	95.11%	492,965	23,473,799	97.15%	1,420,253	5.88%
2008	25,583,060	24,455,231	95.59%	538,071	24,993,302	97.69%	1,151,419	4.50%
2007	27,008,398	25,765,307	95.40%	997,537	26,762,844	99.09%	1,429,944	5.29%
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%

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.

(5) Delinquent Tax Collections are only available by collection year; therefore the percentage of total tax collections to the current levy may exceed 100 percent in some years. The School District will continue to work to get this information in the future.

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

*RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
LAST TEN YEARS
2002-2011*

Collection Year	Population (1)	Total Assessed Value (2)	Gross Bonded Debt (3)(4)	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita	Percentage of Personal Income (5)
2011	23,140	634,084,380	55,409,097	3,356,092	52,053,005	8.21%	\$2,249	9.30%
2010	22,985	638,108,480	51,621,060	2,348,353	49,272,707	7.72%	2,144	8.86%
2009	22,985	645,946,120	26,905,448	553,078	26,352,370	4.08%	1,147	4.74%
2008	22,985	681,638,220	-	92,852	(92,852)	-0.01%	0	-0.02%
2007	22,985	703,687,405	250,000	355,687	(105,687)	-0.02%	0	-0.02%
2006	22,985	732,408,544	500,000	643,080	(143,080)	-0.02%	0	-0.03%
2005	22,985	681,247,505	750,000	954,665	(204,665)	-0.03%	0	-0.04%
2004	22,985	665,134,112	1,000,000	999,523	477	0.00%	0	0.00%
2003	22,985	675,972,321	1,250,000	833,398	416,602	0.06%	18	0.07%
2002	22,985	632,121,426	1,500,000	703,144	796,856	0.13%	35	0.14%

Sources:

- (1) Census data for 2010, 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.
- (4) Gross Bonded Debt includes premiums and accreted debt associated with the general obligation bonds.
- (5) Personal Income reported as \$24,199 in 2010 Census data multiplied times the population to yield total personal income.



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

*COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN YEARS*

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Tax Valuation	<u>\$ 632,121,426</u>	<u>\$ 675,972,321</u>	<u>\$ 665,134,112</u>	<u>\$ 681,247,505</u>
Debt Limit - 9% of Taxable Valuation	<u>56,890,928</u>	<u>60,837,509</u>	<u>59,862,070</u>	<u>61,312,275</u>
Amount of Debt Applicable to Debt Limit				
General obligation bonds	1,500,000	1,250,000	1,000,000	750,000
Less: amount available in debt service	<u>(703,144)</u>	<u>(833,398)</u>	<u>(999,523)</u>	<u>(954,666)</u>
Amount of Debt Subject to Limit	<u>796,856</u>	<u>416,602</u>	<u>477</u>	<u>(204,666)</u>
Legal debt margin	<u>\$ 56,094,072</u>	<u>\$ 60,420,907</u>	<u>\$ 59,861,593</u>	<u>\$ 61,516,941</u>
Legal debt margin as a percentage of the debt limit	98.60%	99.32%	100.00%	100.33%
Energy conservation debt limit - 0.90% of assessed value (1)	5,689,093	6,083,751	5,986,207	6,131,228
Amount of Debt Subject to Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unvoted legal debt margin	<u>\$ 5,689,093</u>	<u>\$ 6,083,751</u>	<u>\$ 5,986,207</u>	<u>\$ 6,131,228</u>
Unvoted legal debt margin as a percentage of the debt limit	100.00%	100.00%	100.00%	100.00%
Unvoted debt limit - 0.10% of taxable valuation (1)	632,121	675,972	665,134	681,248
Amount of Debt Subject to Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unvoted legal debt margin	<u>\$ 632,121</u>	<u>\$ 675,972</u>	<u>\$ 665,134</u>	<u>\$ 681,248</u>
Unvoted legal debt margin as a percentage of the debt limit	100.00%	100.00%	100.00%	100.00%

Source: Montgomery County Auditor and 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.

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>\$ 732,408,544</u>	<u>\$ 703,687,405</u>	<u>\$ 681,638,220</u>	<u>\$ 645,946,120</u>	<u>\$ 638,108,480</u>	<u>\$ 634,084,380</u>
<u>65,916,769</u>	<u>63,331,866</u>	<u>61,347,440</u>	<u>58,135,151</u>	<u>57,429,763</u>	<u>57,067,594</u>
500,000	250,000	-	25,949,991	49,949,309	50,924,187
-	-	-	(553,078)	(2,348,353)	(3,356,092)
<u>500,000</u>	<u>250,000</u>	<u>-</u>	<u>25,396,913</u>	<u>47,600,956</u>	<u>47,568,095</u>
<u>\$ 65,416,769</u>	<u>\$ 63,081,866</u>	<u>\$ 61,347,440</u>	<u>\$ 32,738,238</u>	<u>\$ 9,828,807</u>	<u>\$ 9,499,499</u>
99.24%	99.61%	100.00%	56.31%	17.11%	16.65%
6,591,677	6,333,187	6,134,744	5,813,515	5,742,976	5,706,759
-	-	-	-	-	2,998,120
<u>\$ 6,591,677</u>	<u>\$ 6,333,187</u>	<u>\$ 6,134,744</u>	<u>\$ 5,813,515</u>	<u>\$ 5,742,976</u>	<u>\$ 2,708,639</u>
100.00%	100.00%	100.00%	100.00%	100.00%	47.46%
732,409	703,687	681,638	645,946	638,108	634,084
-	-	-	-	-	-
<u>\$ 732,409</u>	<u>\$ 703,687</u>	<u>\$ 681,638</u>	<u>\$ 645,946</u>	<u>\$ 638,108</u>	<u>\$ 634,084</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

*RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS*

Fiscal Year	Governmental Activities			Total Primary Government	Per Capita (2)	Ratio of Total Debt Outstanding to Personal Income (2)
	General Obligation Bonds (1)	Notes Payable	Capital Leases			
2002	1,500,000	-	150,198	1,650,198	71.79	0.30%
2003	1,250,000	-	130,978	1,380,978	60.08	0.25%
2004	1,000,000	-	296,905	1,296,905	56.42	0.23%
2005	750,000	-	202,665	952,665	41.45	0.17%
2006	500,000	-	156,107	656,107	28.53	0.12%
2007	250,000	-	85,253	335,253	14.58	0.06%
2008	-	-	50,978	50,978	2.22	0.01%
2009	26,905,448	24,000,000	244,412	51,149,860	2,225.36	9.20%
2010	51,621,060	-	613,812	52,234,872	2,272.56	9.39%
2011	55,409,097	-	658,261	56,067,358	2,422.96	10.01%

SOURCE: School District Records

- (1) General obligation bonds include any premiums and accreted debt associated with the general obligation bond.
(2) Personal Income reported at \$24,199 in 2010 Census data multiplied times the population of 23,140 to yield total personal income.

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

*COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2011*

Governmental Unit	Gross General Obligation	Percent Applicable to District	Amount Applicable to District
Direct:			
Vandalia-Butler City School District	\$ 55,409,097 **	100.00%	\$ 55,409,097
Overlapping:			
Montgomery County	37,111,573	6.25%	2,319,473
Butler Township (1)	341,000	100.00%	341,000
City of Dayton (2)	52,818,927	8.06%	4,257,206
City of Union (3)	1,230,000	0.25% *	3,075
City of Vandalia (4)	16,985,000	100.00%	16,985,000
Total overlapping	<u>\$ 108,486,500</u>		<u>\$ 23,905,754</u>
Total direct and overlapping debt	<u>\$ 163,895,597</u>		<u>\$ 79,314,851</u>

Source: Montgomery County Auditor

(1) 2007/2008 Audit Report. Information as of June 30, 2011 was not available.

(2) City of Dayton 2010 CAFR

(3) City of Union 12/31/10 Debt and Bond Worksheet

(4) City of Vandalia 2010 Audit Report

* Percent applicable to School District is estimated based on prior year

** Amount includes premiums and accreted debt associated with the general obligation bond

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

*Ratio of Annual Debt Service Expenditures for
General Obligation Bonded Debt to Total General Fund Expenditures
Last Ten Fiscal Years
2002-2011*

Fiscal Year	Principal	Interest and Issuance Costs	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures
2011	25,000	2,596,382	2,621,382	35,446,786	7.40%
2010	-	2,034,700	2,034,700	35,406,721	5.75%
2009	-	755,377	755,377	33,682,084	2.24%
2008	250,000	12,836	262,836	33,310,714	0.79%
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%

Source: Vandalia-Butler City School District Financial Records.

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

*DEMOGRAPHIC STATISTICS
LAST TEN YEARS
2002-2011*

Year	Population (1)	Per Capita Income (1)	Personal Income	School Enrollment (2)	Average Federal Income (3)	Unemployment Rate Montgomery County (4)
2011	23,140	\$24,199	\$559,964,860	3,331	\$41,611	10.7%
2010	22,985	24,199	556,214,015	3,351	\$45,237	11.6%
2009	22,985	24,199	556,214,015	3,422	Information not available	11.8%
2008	22,985	24,199	556,214,015	3,411	Information not available	7.8%
2007	22,985	24,199	556,214,015	3,440	Information not available	NA
2006	22,985	24,199	556,214,015	3,434	\$50,174	6.0%
2005	22,985	24,199	556,214,015	3,382	Information not available	6.3%
2004	22,985	24,199	556,214,015	3,518	\$41,846	6.4%
2003	22,985	24,199	556,214,015	3,471	Information not available	4.7%
2002	22,985	24,199	556,214,015	3,466	Information not available	5.3%

Sources:

- (1) Based on 2010 data - Ohio Department of Development.
- (2) Vandalia-Butler City School District Financial Records.
- (3) U.S. Census Bureau - Montgomery County, 2009 information most recent available.
- (4) Ohio Department of Jobs and Family Services - August 2010.

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

*PRINCIPAL EMPLOYERS (1)
CURRENT YEAR AND FIVE YEARS AGO*

Employer	Nature of Business	2010			2005		
		Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Vandalia-Butler Schools	School	638	1	1.20%	396	3	1.22%
City of Vandalia	Local Government	533	2	1.00%	325	6	1.00%
GE Aviation (formerly Smiths Aerospace)	Aerospace Engineering & Manufacturing	420	3	0.79%	466	2	1.43%
Delphi Automotive System	Automotive Manufacturing & Engineering	359	4	0.67%	1,557	1	4.79%
Leis Medical	Medical Device Design & Manufacturing	286	5	0.54%	346	5	1.06%
SAIA Burgess, Inc. (formerly Johnson Controls)	Electronics Manufacturing	249	6	0.47%	365	4	1.12%
Eurand	Pharmaceutical and biopharmaceutical products	187	7	0.35%	-		0.00%
Beua Townsend Ford, Inc.	Automotive Sales & Service	183	8	0.34%	-		0.00%
Dayton Freight Lines, Inc.	Transportation	145	9	0.27%	-		0.00%
Inteva Products LLC	Transportation Equipment Manufacturing	133	10	0.25%	-		0.00%
P&G Pet Care (formerly Iams)	Headquarters - Cat & Dog Food	-		0.00%	282	7	0.87%
Cintas Corporation	Work Uniforms & Custom Corporate Apparel	-		0.00%	229	8	0.70%
Mazer Corporation	Headquarters - Services to Educational Publishers	-		0.00%	215	9	0.66%
Evenflo	Headquarters - Juvenile Products Manufacturer	-		0.00%	209	10	0.64%
Total		<u>3,133</u>		<u>5.88%</u>	<u>4,390</u>		<u>13.51%</u>
Total Employment within the School District		<u>53,282</u>			<u>32,505</u>		

Source: City of Vandalia CAFR as of December 31, 2010. Will be reported for current year and nine years before when enough information is available.

Number of employees are based on W-2's filed within the City income tax department without direct contact or confirmation from the employers.

The totals may not include part-time and temporary employees.

(1) - Information not available for Butler Township

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

*FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS*

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instruction										
Classroom Teachers	194.55	194.35	197.53	188.86	193.22	188.48	188.27	194.01	191.60	186.40
Special Education Teachers and Tutors	19.5	21.58	24.98	26.4	45.65	42.64	42.39	42.28	43.86	41.8
Educational/Media Aides	36.9	38	33.5	35.5	31.17	30.18	32	30	32	31
Counselor	5	5	5	5	5	6.37	6	6	6	6
Total Instruction	255.95	258.93	261.01	255.76	275.04	267.67	268.66	272.29	273.46	265.20
Support and Administration										
Central Office Support/Administrators	23.43	27.95	26	22	25.12	27	25	29.7	29	31.6
Principals	8	9	9	8	10	11	10	10	10	10
Clerical Support	27	27	25	25	14	16	16	18.5	18	17
Professional Support	8	8	8	8	10.37	10.1	8.05	6.05	6	6
Transportation	26	25	27	27	32.5	34	32	34	33	33
Food Service	25.8	30.1	16.8	17.4	17.3	37	39	38	38	39
Custodial	22	22	23	22	19	20	20	20	20	20
Maintenance and Mechanics	15.9	17.4	11.5	10.5	5.5	5	5	5	5	5
Total Support and Administration	156.13	166.45	146.3	139.9	133.79	160.1	155.05	161.25	159	161.6
Total Employees	412.08	425.38	407.31	395.66	408.83	427.77	423.71	433.54	432.46	426.80

Source: Fiscal Year October EMIS Reports

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

*BUILDING STATISTICS
LAST TEN FISCAL YEARS*

	2002	2003	2004	2005	2006	2007
Demmitt Elementary School						
Constructed in 1957						
Total Building Square Footage 43,977						
Total Acres 11						
Enrollment Grades K-4	402	373	372	397	405	402
Student Capacity	368	368	368	368	368	368
Regular Instruction Classrooms 15	N/A	N/A	N/A	N/A	22	22
Regular Instruction Teachers	N/A	N/A	N/A	N/A	26	26
Special Instruction Classrooms	N/A	N/A	N/A	N/A	3	3
Special Instruction Teachers	N/A	N/A	N/A	N/A	4	4
Helke Elementary School						
Constructed in 1969						
Total Building Square Footage 42,456						
Total Acres 10.5						
Enrollment Grades K-4	354	375	405	391	399	446
Student Capacity	350	350	350	350	350	350
Regular Instruction Classrooms	N/A	N/A	N/A	N/A	16	16
Regular Instruction Teachers	N/A	N/A	N/A	N/A	24	24
Special Instruction Classrooms	N/A	N/A	N/A	N/A	1	1
Special Instruction Teachers	N/A	N/A	N/A	N/A	2	2
Murlin Heights Elementary School						
Constructed in 1952						
Total Building Square Footage 40,930						
Total Acres 15						
Enrollment Grades K-4	390	389	406	365	366	385
Student Capacity	335	335	335	335	335	335
Regular Instruction Classrooms	N/A	N/A	N/A	N/A	25	25
Regular Instruction Teachers	N/A	N/A	N/A	N/A	23	23
Special Instruction Classrooms	N/A	N/A	N/A	N/A	3	3
Special Instruction Teachers	N/A	N/A	N/A	N/A	3	3
Morton Middle School						
Constructed in 1922						
Total Building Square Footage 59,027						
Total Acres 9.5						
Enrollment Grades 5-8	514	518	513	533	516	495
Student Capacity	444	444	444	444	444	444
Regular Instruction Classrooms	N/A	N/A	N/A	N/A	32	32
Regular Instruction Teachers	N/A	N/A	N/A	N/A	32	32
Special Instruction Classrooms	N/A	N/A	N/A	N/A	3	3
Special Instruction Teachers	N/A	N/A	N/A	N/A	8	8

2008	2009	2010	2011
402	418	366	361
368	368	368	368
22	22	22	22
26	26	26	26
3	3	3	3
4	4	4	4
455	445	419	401
350	350	350	350
16	16	16	16
24	24	24	24
1	1	1	1
2	2	2	2
379	389	403	401
335	335	335	350
25	25	25	16
23	23	23	24
3	3	3	1
3	3	3	2
487	483	505	498
444	444	444	444
32	32	32	32
32	32	32	32
3	3	3	3
8	8	8	8

- Continued

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

*BUILDING STATISTICS (CONTINUED)
LAST TEN FISCAL YEARS*

	2002	2003	2004	2005	2006	2007
Smith Middle School						
Constructed in 1969						
Total Building Square Footage 66,113						
Total Acres 84.5						
Enrollment Grades 5-8	553	562	549	529	528	504
Student Capacity	406	406	406	406	406	406
Regular Instruction Classrooms	N/A	N/A	N/A	N/A	32	32
Regular Instruction Teachers	N/A	N/A	N/A	N/A	32	32
Special Instruction Classrooms	N/A	N/A	N/A	N/A	5	5
Special Instruction Teachers	N/A	N/A	N/A	N/A	7	7
 Butler High School						
Constructed in 1956						
Total Building Square Footage 218,934						
Total Acres 23.8						
Enrollment Grades 9-12	1,211	1,199	1,218	1,202	1,224	1,234
Student Capacity	1,375	1,375	1,375	1,375	1,375	1,375
Regular Instruction Classrooms	N/A	N/A	N/A	N/A	64	64
Regular Instruction Teachers	N/A	N/A	N/A	N/A	62	62
Special Instruction Classrooms	N/A	N/A	N/A	N/A	4	4
Special Instruction Teachers	N/A	N/A	N/A	N/A	10	10

Source: Enrollment Oct Fiscal Year EMIS Report

N/A - Information not available

2008	2009	2010	2011
489	507	530	546
406	406	406	406
32	32	32	32
32	32	32	32
5	5	5	5
7	7	7	7
1,175	1,180	1,128	1,125
1,375	1,375	1,375	1,375
64	64	64	64
62	62	62	62
4	4	4	4
10	10	10	10

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

*OPERATING STATISTICS
LAST NINE FISCAL YEARS*

Fiscal Year	Expenses	Enrollment	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/ Teacher Ratio
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
2008*	36,897,296	3,259	11,322	12.74%	210	15.5
2009	38,496,444	3,422	11,250	-0.64%	233	14.7
2010	43,353,688	3,351	12,938	15.00%	231	14.5
2011	40,629,342	3,331	12,197	-5.72%	228	14.6

Source: School District Records.

*Included severance plan in 2007 and 2008

Information prior to 2003 not available.



Dave Yost • 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
JANUARY 17, 2012**