



**Auditor of State
Betty Montgomery**

VANDALIA-BUTLER CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

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

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2003**

| Federal Grantor/ Pass Through Grantor Program Title | Federal CFDA Number | Pass Through Entity Number | Receipts | Non-Cash Receipts | Disbursements | Non-Cash Disbursements |
|--|---------------------------|-------------------------------------|--------------------|----------------------|--------------------|---------------------------|
| UNITED STATES DEPARTMENT OF AGRICULTURE | | | | | | |
| <i>Passed Through Ohio Department of Education:</i> | | | | | | |
| Nutrition Cluster: | | | | | | |
| Food Distribution Program | 10.550 | N/A | | \$22,082 | | \$22,082 |
| National School Lunch Program | 10.555 | LL-P4-02 LL-P4-03 | 48,671 119,263 | | 48,671 119,263 | |
| Total National School Lunch Program | | | <u>167,934</u> | | <u>167,934</u> | |
| Total United States Department of Agriculture - Nutrition Cluster | | | 167,934 | 22,082 | 167,934 | 22,082 |
| UNITED STATES DEPARTMENT OF EDUCATION | | | | | | |
| <i>Passed Through Ohio Department of Education</i> | | | | | | |
| Grants to Local Educational Agencies (ESEA Title I) | 84.010 | C1-S1-02 C1-S1-03 | 126,555 115,559 | | 74,636 106,849 | |
| Total ESEA Title I Grant | | | <u>242,114</u> | | <u>181,485</u> | |
| Special Education Cluster: | | | | | | |
| Special Education Grants to States (IDEA part B) | 84.027 | 6B-SF-02-P 6B-SF-03-P | 193,404 357,271 | | 196,725 357,271 | |
| Total Title VI-B | | | <u>550,675</u> | | <u>553,996</u> | |
| Special Education Preschool Grant | 84.173 | PG-S1-02-P PG-S1-03-P | 1,567 | | 8,648 | |
| Total Special Education Preschool Grant | | | <u>1,567</u> | | <u>8,648</u> | |
| Total Special Education Cluster | | | 552,242 | | 562,644 | |
| Drug Free Schools Grant | 84.186 | DR-S1-02 DR-S1-03 | 10,764 12,629 | | 13,800 12,629 | |
| Total Drug Free Schools Grant | | | <u>23,393</u> | | <u>26,429</u> | |
| Eisenhower Professional Development Grant | 84.281 | MS-S1-02 | (5,965) | | | |
| Innovative Educational Program Strategies | 84.298 | C2-S1-02 C2-S1-03 | 14,277 12,029 | | 11,864 10,000 | |
| Total Innovated Educational Program Strategies | | | <u>26,306</u> | | <u>21,864</u> | |
| Technology Literacy Challenge Fund Grant | 84.318 | TJ-S1-03 | 3,475 | | 3,175 | |
| Class Size Reduction Subsidy | 84.340 | CR-S1-02 | | | 562 | |
| School Renovation IDEA and Technology | 84.352A | AT-S3-02 | 2,294 | | 300 | |
| Title II-A Teacher Quality Enhancement | 84.367 | TR-S1-03 | 48,462 | | 28,802 | |
| Total United States Department of Education | | | 898,286 | | 825,261 | |
| UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | | |
| <i>Passed through Montgomery County Education Service Center</i> | | | | | | |
| Medical Assistance Program | 93.778 | N/A | 6,455 | | 6,455 | |
| Total Federal Assistance | | | <u>\$1,072,675</u> | <u>\$22,082</u> | <u>\$999,650</u> | <u>\$22,082</u> |

See accompanying notes to the Schedule of Federal Awards Expenditures

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

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2003**

NOTE A—SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B—CHILD NUTRITION CLUSTER

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C— MATCHING REQUIREMENTS

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

NOTE D—TRANSFER OF FEDERAL FUNDS

The Eisenhower Professional Development Grant (CFDA #84.281) and the Class Size Reduction Subsidy (CFDA #84.340) were eliminated during the fiscal year. Such funds were transferred to Title II-A Teacher Quality Enhancement (CFDA #84.367).

| <u>CFDA</u> | <u>Transfer-In</u> | <u>Transfer-Out</u> |
|-------------|--------------------|---------------------|
| 84.281 | | (5,965) |
| 84.340 | | (27,327) |
| 84.367 | 33,292 | |



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Vandalia-Butler City School District
Montgomery County
306 South Dixie Drive
Vandalia, Ohio 45377-2189

To the Board of Education:

We have audited the financial statements of Vandalia-Butler City School District, Montgomery County (the District), as of and for the year ended June 30, 2003, and have issued our report thereon dated December 15, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2003-001 through 2003-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 15, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 15, 2003.

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

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

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

Betty Montgomery
Auditor of State

December 15, 2003



Auditor of State Betty Montgomery

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

Vandalia-Butler City School District
Montgomery County
306 South Dixie Drive
Vandalia, Ohio 45377-2189

To the Board of Education:

Compliance

We have audited the compliance of Vandalia-Butler City School District, Montgomery County (the District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2003. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 15, 2003. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2003-002 through 2003-004.

Internal Control Over Compliance

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

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

Schedule of Federal Awards Expenditures

We have audited the basic financial statements of the District as of and for the year ended June 30, 2003, and have issued our report thereon dated December 15, 2003. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Betty Montgomery
Auditor of State

December 15, 2003

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2003-001

Ohio Rev. Code Section 5705.41 (D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificates: This exception provides that, if the fiscal officer can certify that at both the time that the contract or order was made, and at the time he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$3,000 may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate an otherwise applicable requirement for approval of expenditures by the taxing authority.

The District inflated the reserve for encumbrances figure by \$1,167,548 in various funds by creating encumbrances to the District itself at year-end. This practice resulted in decreased unreserved fund balances on the annual report and required adjustment to the financial statements. The District should only create encumbrances for actual obligations incurred/to be incurred.

See federal findings # 2003-002 through 2003-004 below; these findings are also required to be reported in accordance with GAGAS.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

| | |
|------------------------------------|---|
| Finding Number | 2003-002 |
| CFDA Title and Number | Special Education Grants to States (IDEA Part B) #84.027 Special Education Preschool Grant #84.173 |
| Federal Award Number / Year | 6B-SF-03-P / 2003 PG-S1-03-P / 2003 |
| Federal Agency | United States Department of Education |
| Pass-Through Agency | Ohio Department of Education |

QUESTIONED COST

Ohio Department of Education Funding Application for Fiscal Year 2003 projects included a Budget for the Special Education Grants to States (IDEA Part B) and the Special Education Preschool Grant. **Consistent with 34 C.F.R. Sections 76-85**, Vandalia-Butler City School District assured that the District will accept funds in accordance with applicable Federal and State statutes, regulations, program plans, and applications, and administer the programs in compliance with all provisions of such statutes, regulations, applications, policies and amendments thereto.

Purchase service expenditures exceeded the amount in the budget approved by the Ohio Department of Education by \$228,310 for the Special Education Grants to States (IDEA Part B) and the Special Education Preschool Grant, fiscal year 2003 project, thereby resulting in questioned costs of \$228,310. The District should review all grant agreements and budgets, and monitor expenditures to avoid disbursing grant monies above the budgeted amounts to avoid the loss of federal funding, and file amended budgets for approval by the Ohio Department of Education in a timely manner.

| | |
|------------------------------------|---|
| Finding Number | 2003-003 |
| CFDA Title and Number | Special Education Grants to States (IDEA Part B) #84.027 Special Education Preschool Grant #84.173 |
| Federal Award Number / Year | 6B-SF-03-P / 2003 PG-S1-03-P / 2003 |
| Federal Agency | United States Department of Education |
| Pass-Through Agency | Ohio Department of Education |

NONCOMPLIANCE FINDING

Ohio Department of Education Federal Fiscal Report Procedures #1 states that the final expenditure report is to be submitted for each project immediately after all financial obligations have been liquidated. The report is due no later than 90 days after the end of the project period. Failure to submit the report in a timely manner may result in a temporary suspension of the flow of federal funds until the project is closed. Vandalia-Butler City School District failed to file a final expenditure report for Special Education Grants to States (IDEA Part B) and Special Education Preschool Grant for the fiscal year ended June 30, 2003 project, by the September 30, 2003 deadline. The District should review all grant agreements and Ohio Department of Education Federal Fiscal Report Procedures to monitor compliance with reporting deadlines to avoid the suspension of federal funding.

FINDING NUMBER 2003-004

SOP 98-3, Section .320(a), indicates “the audit shall be completed and the data collection form shall be submitted within the earlier of 30 days after receipt of the auditor’s report or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.” The prior year audit report was dated March 10, 2003 and released by the Auditor of State on April 8, 2003. However, the District did not complete this requirement until October 17, 2003 and no agreement was provided to delay filing. Not filing this document in a timely manner could jeopardize future funding or delay receipt of current grant funding.

The District should develop policies and implement procedures to provide that all required reports are filed in a timely manner to prevent difficulties with future federal funding.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 §.315 (b)**

| <u>Finding Number</u> | <u>Finding Summary</u> | <u>Fully Corrected?</u> | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <i>Explain:</i> |
|-----------------------|---|-------------------------|---|
| 2002-10357-001 | ORC 5705.39 – Appropriations exceeding estimated resources. | No | Partially corrected. Citation included in Management Letter. |
| 2002-10357-002 | ORC 5705.41 (D) – Failure to properly certify funds. | No | Not Corrected. Citation repeated as Finding # 2003-001. |

**VANDALIA-BUTLER CITY SCHOOL DISTRICT
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
for the fiscal year ended June 30, 2003**



306 South Dixie Drive, Vandalia, Ohio 45377

VANDALIA-BUTLER CITY SCHOOL DISTRICT
VANDALIA, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

Issued by:
Steven Hinshaw, Ph.D.
Treasurer

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Introductory Section

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Vandalia-Butler City School District
Vandalia, Ohio
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2003

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December 15, 2003

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

We are pleased to present the second Comprehensive Annual Financial Report (CAFR) for the Vandalia-Butler City School District. This report, for the fiscal year ended June 30, 2003, contains the financial statements and other financial and statistical data that provide complete and full disclosure of all material financial aspects of the Vandalia-Butler City School District (District). The responsibility for the accuracy and completeness of all data presented, and the fairness of the presentation, rests with the District, specifically with the District Treasurer's office.

This CAFR is divided into three sections as follows:

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

DISTRICT OVERVIEW

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

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

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

The current charter as the Vandalia-Butler City School District was adopted in 1956. Today, the District operates six school buildings: 3 elementary schools serving grades Kindergarten through grade 4; 2 middle schools serving grades 5 through 8; and, 1 high school serving grades 9-12.



DISTRICT ORGANIZATION AND REPORTING ENTITY

The District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code. Under a locally elected five member Board form of government, the District provides educational services as authorized by its charter or further mandated by state and/or federal agencies. The Board of Education serves as the taxing authority, contracting body, and policy maker for the District. In addition, the Board adopts the annual operating budget and approves all expenditures of District monies. The Board appoints the Superintendent and Treasurer. As the chief administrative officer, the Superintendent is responsible for the development, supervision, and operation of the school programs and facilities and appoints all other personnel in the District. As the chief financial officer, the Treasurer is responsible for maintaining financial records, acting as the custodian of all District funds, and investing idle funds as specified by law.

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

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

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

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

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

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

ECONOMIC CONDITION AND OUTLOOK

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

Butler Township continues to experience residential and commercial growth. With the redesign of the Interstate 70 and Interstate 75 exchange that began in 2002, the township is preparing for new exit ramps at the Benchwood Road and Wyse Road interchange and the closing of 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. The property is master-planned to include over 700,000 square feet of retail space.

In addition, Singing Ridge is a 75-acre master-planned community located at the southwest quadrant of I-75 and I-70 within minutes of Miller Lane restaurants and shopping and 6 miles from downtown Dayton. Singing Ridge began construction at the beginning of April 2003 and is approved for mixture of housing and business uses and will include over 300 homes and townhomes. The first phase of construction will include approximately 100 residences. Singing Ridge is a deed-restricted community that includes period lighting, classical mailboxes, heavy landscape, masonry elevations and several other features to enhance home values. The Community Association at Singing Ridge will be responsible for all common area landscaping plus the lawn maintenance for all residential units. Residential subdivisions in Butler Township continue to be developed with the opening of another phase in the Meeker Creek subdivision, the Villas of Little York subdivision, and Singing Woods development. In addition, the City of Union approved an additional 140 acres for residential development in areas of Butler Township bringing their total to 740 acres.

The City of Vandalia experienced a slight economic upswing during 2002 and continuing into 2003. The Northwoods Business Park experienced growth during 2002. Dayton Trane, which employs over 50 workers, expanded its operations with the construction of a new 6,000 square-foot building for its parts and supply department. This marks Dayton Trane's third expansion project in Vandalia in less than a decade. Also during 2002, the A.F. Leis company relocated its corporate offices and manufacturing facilities into a new 57,000 square-foot facility and created 135 new jobs. A.F. Leis is a manufacturer of medical and orthopedic devices. Kroger grocery relocated, expanded and began operations in July 2002 to become the anchor tenant for a new shopping center on Northwoods Boulevard called the Shoppes at Northwoods. This move and expansion by Kroger created approximately 120 new jobs in Vandalia. Also joining Kroger was Quizno's Subs, Great Clips, Blockbuster, Coppertan, and Dollar Store – all bringing new job opportunities and quick, easy, and convenient services to the area.

MAJOR INITIATIVES

Increasing student achievement served as the lens to focus all educational and financial decisions through the 2002-2003 school year. We continued our implementation of the strategic plan, examined weaknesses in student achievement and designed targeted interventions to better align our instruction and our financial resources to support these improvement efforts. We improved from 14 to 16 indicators, increased test scores in 12 or 20 academic proficiency areas and increased our graduation rate from 87.9% to 93% on the Ohio Department of Education Local Report Card.

Pillar five of the strategic plan is to enhance facilities and technology access. We have completed the Facilities Master Plan and shared the long-term vision with the community. The summarized benefits of this plan include:

- Resources for all
- Technology flexibility
- Collaborative opportunities
- Relationship building
- Safety and security
- Environmental control

Many more meetings will take place during the 2003-2004 school year to further communicate the vision and the details of that plan.

FINANCIAL INFORMATION

The District's accounting system is organized on a fund basis. Each fund is a distinct, self-balancing entity. Records for general governmental operations are maintained on a budgetary basis system of accounting as prescribed by State statute. Cash basis accounting differs from generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB).

Internal Controls

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

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

Federal and State Assistance

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

Budgetary Controls

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

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

Financial Condition

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

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

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

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

As part of this new reporting model, management is responsible for preparing a Management Discussion and Analysis for the District. This discussion is located in the financial section of this report following the audit opinion and provides an assessment of the District finances for 2003 and the outlook for the future.

Cash Management

In 2001, the District adopted an investment policy and has used Multi-Bank Services, Ltd. as an investment consultant. With the guidance of Multi-Bank Services, the District pursues an aggressive cash management program by expediting the receipt of revenues and prudently investing available cash pursuant to the District's investment policy. The total interest earned by the District's governmental funds was \$277,791 for the fiscal year ended June 30, 2003, which represents an annual interest yield of one percent of the total receipts for the year. A majority of the District's deposits are collateralized by pooled collateral. By law, financial institutions may establish a collateral pool to cover all public deposits. The collateral is held by trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions. The District regularly reviews the market value of the pool to ensure that adequate collateral is provided. A more detailed description of District's investments is presented in Note 6.

Risk Management

The District maintains protection for its assets and employees through a comprehensive insurance program. Insurance policies for vehicle fleet liability, general liability, property loss, and boiler and machinery coverage are purchased from insurance companies licensed to do business in the State of Ohio.

For fiscal year 2003, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating Districts is calculated as one experience and a common premium rate is applied to all Districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to Districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

OTHER INFORMATION

Independent Audit

An audit team from Auditor of State Betty Montgomery's Office 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, 2002. The District is especially proud of this accomplishment since 2002 was the first year the District issued statements in conformity with GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments."

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

Acknowledgements

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

Steven Hinshaw, Ph.D.
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, 2002

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.



President

Executive Director

Vandalia-Butler City School District
Vandalia, Ohio
List of Principal Officials
June 30, 2003

ELECTED OFFICIALS

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

Mr. Denny Dyer
Mrs. Judy Abromowitz
Mrs. Susie Betts
Dr. Mark Forte
Mr. Doug Mangen

ADMINISTRATIVE OFFICIALS

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

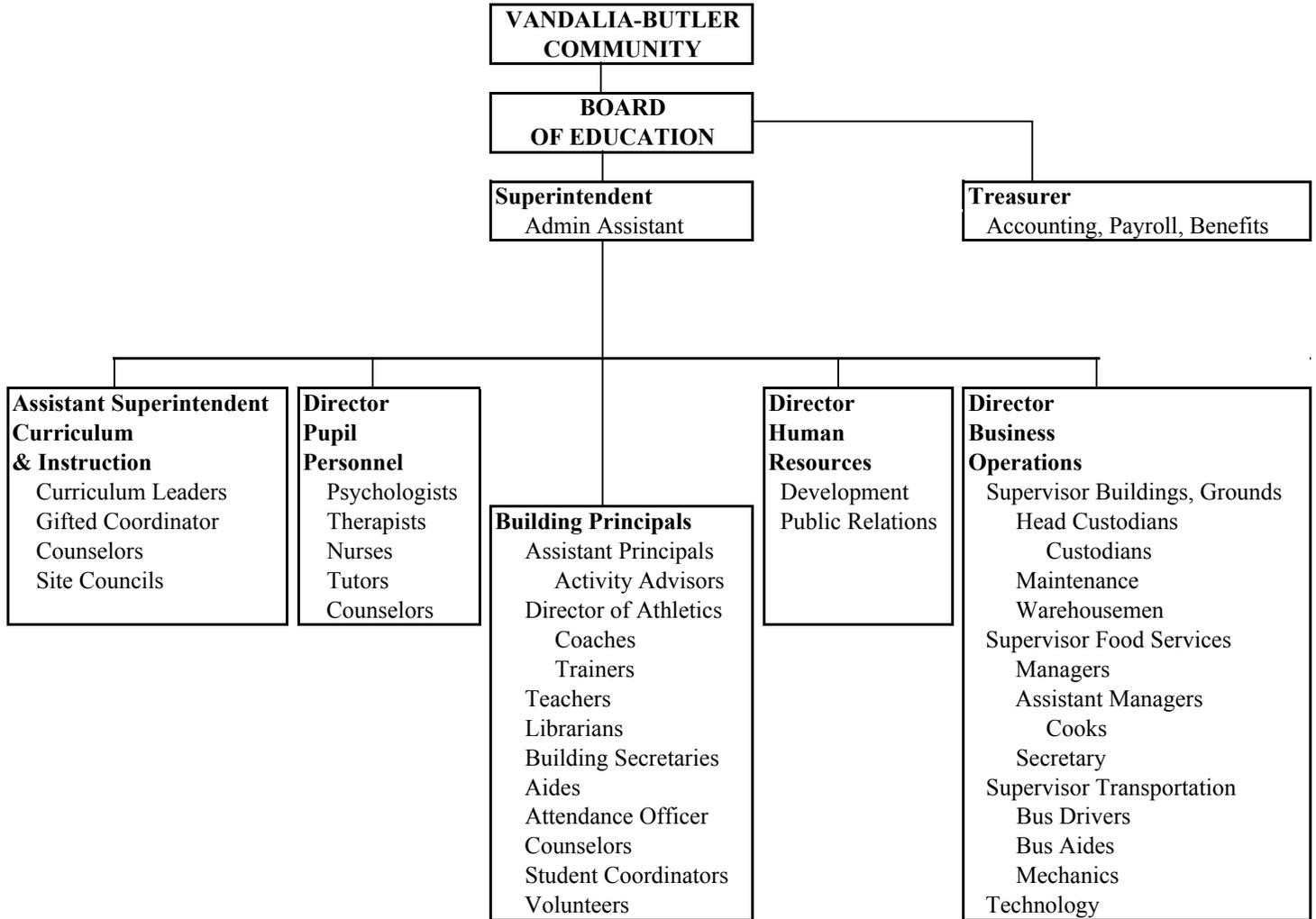
Dr. Christy Donnelly
Dr. Steven Hinshaw
Dr. Yasmin Sharif
Mr. Chuck Stewart
Mr. Steven Martin
Mr. James Sicnolf

OFFICE OF THE TREASURER

Treasurer
Assistant to Treasurer
Payroll Supervisor
Accounting Clerk
Accounting Clerk

Dr. Steven Hinshaw
Mrs. Sharon Harrison
Mrs. Betty Spencer
Mrs. Sheri Zugelder
Mrs. Sharon Elliott

Vandalia-Butler City School District
 Vandalia, Ohio
 Organizational Chart
 June 30, 2003



Financial Section

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS REPORT

Vandalia-Butler City School District
Montgomery County
306 South Dixie Drive
Vandalia, Ohio 45377-2189

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, major fund, and the aggregate remaining fund information of Vandalia-Butler City School District, Montgomery County, Ohio (the District), as of and for the year ended June 30, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund, and the aggregate remaining fund information of Vandalia-Butler City School District, Montgomery County, Ohio, as of June 30, 2003, and the respective changes in financial position, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2003, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Betty Montgomery
Auditor of State

December 15, 2003

Vandalia-Butler City School District
Vandalia, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Vandalia-Butler City School District's (the District) discussion and analysis of the annual financial reports provides a review of the financial performance for the fiscal year ended June 30, 2003. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

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

FINANCIAL HIGHLIGHTS

- The District's assets exceeded its liabilities at June 30, 2003 by \$15,236,245.
- The District's net assets of governmental activities decreased \$2,183,409 which represents a 13 percent decrease from 2002.
- General revenues accounted for \$24,774,516 in revenue or 89 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,243,379 or 11 percent of total revenues of \$28,017,895.
- The District had \$30,201,304 in expenses related to governmental activities; only \$3,243,379 of these expenses was offset by program specific charges for services, grants, or contributions.

USING THIS ANNUAL FINANCIAL REPORT

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

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

Vandalia-Butler City School District
Vandalia, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003

REPORTING THE DISTRICT AS A WHOLE

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

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

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

Vandalia-Butler City School District
Vandalia, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003

THE DISTRICT AS A WHOLE

As stated previously, the Statement of Net Assets provides the perspective of the District as a whole. Table 1 provides a summary of the District's net assets for 2003 compared to 2002.

Table 1
Net Assets

| | 2003 | 2002 |
|---|--------------|--------------|
| Assets: | | |
| Current Assets | \$35,537,738 | \$36,202,525 |
| Capital Assets, Net | 5,981,711 | 6,396,649 |
| Total Assets | 41,519,449 | 42,599,174 |
| Liabilities: | | |
| Current and Other Liabilities | 23,007,348 | 21,814,624 |
| Long-Term Liabilities | 3,275,856 | 3,364,896 |
| Total Liabilities | 26,283,204 | 25,179,520 |
| Net Assets: | | |
| Invested in Capital Assets, Net of Related Debt | 4,600,733 | 4,590,607 |
| Restricted | 494,768 | 1,017,219 |
| Unrestricted | 10,140,744 | 11,811,828 |
| Total Net Assets | \$15,236,245 | \$17,419,654 |

Total net assets of the District as a whole decreased \$2,183,409.

Vandalia-Butler City School District
Vandalia, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003

Table 2 shows the changes in net assets for fiscal years ended June 30, 2003 and June 30, 2002.

Table 2
Change in Net Assets

| | <u>2003</u> | <u>2002</u> |
|---|---------------------|---------------------|
| Revenues | | |
| Program Revenues: | | |
| Charges for Services and Sales | \$1,546,638 | \$1,717,195 |
| Operating Grants and Contributions | 1,644,053 | 1,261,655 |
| Capital Grants and Contributions | 52,688 | 0 |
| Total Program Revenues | <u>3,243,379</u> | <u>2,978,850</u> |
| General Revenues: | | |
| Property Taxes | 18,582,329 | 18,818,568 |
| Grants and Entitlements | 5,535,238 | 5,749,985 |
| Investment Earnings | 277,791 | 608,935 |
| Other | 379,158 | 1,413,146 |
| Total General Revenues | <u>24,774,516</u> | <u>26,590,634</u> |
| Total Revenues | <u>28,017,895</u> | <u>29,569,484</u> |
| Program Expenses | | |
| Instruction | | |
| Regular | 12,878,701 | 12,757,015 |
| Special | 2,322,417 | 1,977,119 |
| Vocational | 373,908 | 337,788 |
| Other | 1,353,734 | 1,424,730 |
| Support Services | | |
| Pupil | 1,972,949 | 1,282,535 |
| Instructional | 1,581,473 | 969,693 |
| Administration | 1,985,350 | 1,747,480 |
| Business & Fiscal | 851,519 | 859,390 |
| Maintenance | 2,503,379 | 2,070,661 |
| Pupil Transportation | 1,098,435 | 1,079,505 |
| Other | 1,058,763 | 732,740 |
| Operation of Non-Instructional Services | 1,360,262 | 1,209,458 |
| Extracurricular Activities | 713,987 | 662,700 |
| Interest & Fiscal Charges | 146,427 | 165,532 |
| Total Expenses | <u>30,201,304</u> | <u>27,276,346</u> |
| Net Assets at Beginning of Year | 17,419,654 | 15,126,516 |
| Increase (Decrease) in Net Assets | <u>(2,183,409)</u> | <u>2,293,138</u> |
| Net Assets at End of Year | <u>\$15,236,245</u> | <u>\$17,419,654</u> |

Vandalia-Butler City School District
Vandalia, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003

Governmental Activities

Property taxes comprised 66 percent of revenue for governmental activities of the Vandalia-Butler City School District for fiscal year 2003 and represents the largest source of revenue. Since 1993, property tax revenue has increased 13.05%.

Grants and entitlements comprised 20 percent of revenue for governmental activities during 2003. Since 1993, grants and entitlements revenue has increased 36%.

As indicated by governmental program expenses, total instruction is emphasized. Total instruction comprised 56 percent of governmental program expenses with support services comprising 36 percent of governmental expenses. The Board of Education relies on taxes to support increased student achievement within the school district.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2003 as compared to 2002. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Total and Net Cost of Program Services
Governmental Activities

| | 2003 | | 2002 | |
|--|---------------------------|-------------------------|---------------------------|-------------------------|
| | Total Cost of Services | Net Cost Of Services | Total Cost of Services | Net Cost of Services |
| Instruction | \$16,928,760 | \$(16,448,090) | \$16,496,652 | \$(15,851,057) |
| Support Services | 11,051,868 | (9,775,327) | 8,742,004 | (7,940,030) |
| Operation of Non-instructional Services | 1,360,262 | (175,736) | 1,209,458 | (17,928) |
| Extracurricular Activities | 713,987 | (412,345) | 662,700 | (354,335) |
| Interest and Fiscal Charges | 146,427 | (146,427) | 165,532 | (165,514) |
| Total Expenses | \$30,201,304 | \$(26,957,925) | \$27,276,346 | \$(24,328,864) |

THE DISTRICT'S FUNDS

Information about the District's major governmental fund begins on page 12. This fund is accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$28,651,151 and expenditures and other financial uses of \$30,105,246. The net change in fund balance for the year was most significant in the General fund.

The fund balance of the General Fund decreased by \$1,505,709. This decrease was primarily due to the District's continued implementation of the Strategic Plan that calls for increasing student achievement through increased support services and instruction. The District increased expenditures for programs and services in these areas during the 2002-2003 fiscal year.

Vandalia-Butler City School District
Vandalia, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003

General Fund Budgeting Highlights

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

During 2003, revisions were made to the General Fund revenue budgeted amounts. The revisions added \$5,204,250 to the revenues to the original revenue estimate to account for state foundation revenues and other local revenue not known at the time the revenue budget was established. The 2003-2004 General Fund budget was designed and prepared with an established capacity for the school district to track and provide data on specific program and building spending per students. The Program Budget was prepared according to the state Board Policy regarding fiscal management goals and budget planning. The Board believes budget planning is an integral part of program planning so that the annual operating budget may effectively express and implement all programs and activities of the district. Budget planning is a year-round process involving broad participation by administrators, teachers, and other personnel through the district. The District's ending unobligated cash balance was \$2,062,039 above the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2003, the District had \$5,981,711 invested in land, buildings, equipment, and vehicles. Table 4 shows the fiscal year 2003 balances compared to 2002.

Table 4
Capital Assets
(Net of Accumulated Depreciation)

| | 2003 | 2002 |
|----------------------------|--------------------|--------------------|
| Land | \$577,379 | \$577,379 |
| Buildings and Improvements | 4,371,560 | 4,749,035 |
| Furniture and Equipment | 691,619 | 690,201 |
| Vehicles | 341,153 | 380,034 |
| Totals | \$5,981,711 | \$6,396,649 |

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

Vandalia-Butler City School District
Vandalia, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003

Debt

At June 30, 2003, the District had \$1,250,000 in bonds outstanding with \$250,000 due within one year. Table 5 summarizes the bonds outstanding:

Table 5
Outstanding Debt at Year End

Governmental Activities

| | 2003 | 2002 |
|-------------------------------|--------------------|--------------------|
| 1984 General Obligation Bonds | <u>\$1,250,000</u> | <u>\$1,500,000</u> |

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

At June 30, 2003 the District's overall legal debt margin was \$60,420,907 with an unvoted debt margin of \$675,972.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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



Basic Financial Statements

Vandalia-Butler City School District
Statement of Net Assets
as of June 30, 2003

| | Governmental Activities |
|---|------------------------------------|
| ASSETS | |
| Equity in Pooled Cash and Cash Equivalents | \$12,983,737 |
| Investments | 2,688,465 |
| Receivables | |
| Taxes | 19,865,536 |
| Capital Assets, Net | 5,981,711 |
| <i>Total Assets</i> | 41,519,449 |
| Liabilities | |
| Accounts Payable | 693,057 |
| Accrued Wages and Benefits | 3,657,438 |
| Accrued Interest Payable | 10,017 |
| Deferred Revenue | 17,806,573 |
| Intergovernmental Payable | 840,263 |
| Long-Term Liabilities: | |
| Due Within One Year | 460,347 |
| Due In More Than One Year | 2,815,509 |
| <i>Total Liabilities</i> | 26,283,204 |
| Net Assets | |
| Invested in Capital Assets, Net of Related Debt | 4,600,733 |
| Restricted for: | |
| Capital Projects | 218 |
| Other Purposes | 494,550 |
| Unrestricted (Deficit) | 10,140,744 |
| <i>Total Net Assets</i> | \$15,236,245 |

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

Vandalia-Butler City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2003

| | <u>Program Revenues</u> | | | | <u>Total</u> |
|--------------------------------------|-------------------------|---|---|---|---------------------|
| | <u>Expenses</u> | <u>Charges for Services and Sales</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | |
| Governmental Activities | | | | | |
| Instruction: | | | | | |
| Regular | \$12,878,701 | \$18,626 | \$115,008 | \$0 | (\$12,745,067) |
| Special | 2,322,417 | 2,477 | 329,619 | 0 | (1,990,321) |
| Vocational | 373,908 | 446 | 0 | 0 | (373,462) |
| Other | 1,353,734 | 1,611 | 12,883 | 0 | (1,339,240) |
| Support Services: | | | | | |
| Pupil | 1,972,949 | 1,792 | 299,770 | 0 | (1,671,387) |
| Instructional Staff | 1,581,473 | 254,965 | 34,474 | 0 | (1,292,034) |
| Administration | 1,985,350 | 2,273 | 52,412 | 0 | (1,930,665) |
| Business and Fiscal | 851,519 | 1,017 | 0 | 0 | (850,502) |
| Operation and Maintenance of Plant | 2,503,379 | 7,848 | 22,992 | 0 | (2,472,539) |
| Pupil Transportation | 1,098,435 | 1,312 | 505,659 | 0 | (591,464) |
| Other | 1,058,763 | 5,567 | 33,772 | 52,688 | (966,736) |
| Non-Instructional Services | 1,360,262 | 947,062 | 237,464 | 0 | (175,736) |
| Extracurricular Activities | 713,987 | 301,642 | 0 | 0 | (412,345) |
| Interest and Fiscal Charges | 146,427 | 0 | 0 | 0 | (146,427) |
| <i>Total Governmental Activities</i> | <u>30,201,304</u> | <u>1,546,638</u> | <u>1,644,053</u> | <u>52,688</u> | <u>(26,957,925)</u> |

General Revenues

Property Taxes Levied for:

| | |
|---|------------|
| General Purposes | 18,114,703 |
| Debt Service | 467,626 |
| Grants and Entitlements not Restricted to Specific Programs | 5,535,238 |
| Investment Earnings | 277,791 |
| Miscellaneous | 379,158 |

Total General Revenues 24,774,516

Change in Net Assets (2,183,409)

Net Assets Beginning of Year - Restated See Note 3 17,419,654

Net Assets End of Year \$15,236,245

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

Vandalia-Butler City School District
Balance Sheet
Governmental Funds

as of June 30, 2003

| | General | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|---|---|
| ASSETS | | | |
| Equity in Pooled Cash and Cash Equivalents | \$11,331,796 | \$1,651,941 | \$12,983,737 |
| Investments | 2,688,465 | 0 | 2,688,465 |
| Receivables : | | | |
| Taxes | 19,360,199 | 505,337 | 19,865,536 |
| Interfund Loans Receivable | 5,000 | 0 | 5,000 |
| Total Assets and Other Debits | <u>33,385,460</u> | <u>2,157,278</u> | <u>35,542,738</u> |
| LIABILITIES | | | |
| Accounts Payable | 626,289 | 66,768 | 693,057 |
| Accrued Wages and Benefits | 3,516,142 | 141,296 | 3,657,438 |
| Deferred Revenues | 18,429,466 | 477,760 | 18,907,226 |
| Interfund Loans Payable | 0 | 5,000 | 5,000 |
| Intergovernmental Payable | 461,919 | 17,905 | 479,824 |
| Total Liabilities | <u>23,033,816</u> | <u>708,729</u> | <u>23,742,545</u> |
| FUND BALANCES | | | |
| Reserved for Encumbrances | 47,338 | 103,101 | 150,439 |
| Reserved for Property Taxes | 930,733 | 27,577 | 958,310 |
| Unreserved | | | |
| Undesignated - Reported In | | | |
| General Fund | 9,373,573 | 0 | 9,373,573 |
| Special Revenue Funds | 0 | 484,585 | 484,585 |
| Debt Service Fund | 0 | 833,068 | 833,068 |
| Capital Projects Fund | 0 | 218 | 218 |
| Total Fund Balances | <u>10,351,644</u> | <u>1,448,549</u> | <u>11,800,193</u> |
| Total Liabilities and Fund Balances | <u>\$33,385,460</u> | <u>\$2,157,278</u> | <u>\$35,542,738</u> |

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

Vandalia-Butler City School District
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2003

| | | |
|---|--------------------|-----------------------------|
| Total Governmental Fund Balances | | \$ 11,800,193 |
| Amounts reported for governmental activities in the statement of net assets are different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | 5,981,711 |
| Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. | | |
| Taxes | | 1,100,653 |
| Intergovernmental payable includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds | | (360,439) |
| Long-Term Liabilities, including bonds, capital lease obligations, long-term portion of compensated absences are not due and payable in the current period and therefore are not reported in the funds. | | |
| Compensated Absences | (1,894,878) | |
| Interest Payable | (10,017) | |
| Capital Lease Obligations | (130,978) | |
| General Obligation Bonds | <u>(1,250,000)</u> | |
| Total | | <u>(3,285,873)</u> |
| Net Assets of Governmental Activities | | \$ <u>15,236,245</u> |

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

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

For the Fiscal Year Ended June 30, 2003

| | General | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|--------------------------------|--------------------------------|
| Revenues | | | |
| Taxes | \$18,066,766 | \$466,030 | \$18,532,796 |
| Tuition and Fees | 31,892 | 149,409 | 181,301 |
| Earnings on Investments | 276,451 | 1,340 | 277,791 |
| Intergovernmental | 6,162,496 | 1,451,739 | 7,614,235 |
| Charges for Services | 0 | 583,383 | 583,383 |
| Extracurricular | 0 | 559,850 | 559,850 |
| Other | 322,383 | 278,879 | 601,262 |
| Total Revenues | <u>24,859,988</u> | <u>3,490,630</u> | <u>28,350,618</u> |
| Expenditures | | | |
| Current Operating | | | |
| Instruction | | | |
| Regular | 12,257,162 | 146,466 | 12,403,628 |
| Special | 2,107,915 | 228,147 | 2,336,062 |
| Vocational | 371,467 | 0 | 371,467 |
| Other Instruction | 1,349,592 | 4,533 | 1,354,125 |
| Pupil Support Services | 1,507,177 | 472,197 | 1,979,374 |
| Instructional Support Services | 1,169,910 | 337,628 | 1,507,538 |
| Administration | 1,865,009 | 82,442 | 1,947,451 |
| Business and Fiscal Services | 863,719 | 0 | 863,719 |
| Operation and Maintenance of | | | |
| Plant Services | 2,424,174 | 39,662 | 2,463,836 |
| Transportation Services-Pupils | 1,050,390 | 0 | 1,050,390 |
| Other Support Services | 983,425 | 100,556 | 1,083,981 |
| Extracurricular Activities | 93,710 | 589,009 | 682,719 |
| Non-Instructional Services | 0 | 1,345,178 | 1,345,178 |
| Debt Service | | | |
| Principal | 19,220 | 250,000 | 269,220 |
| Interest | 7,106 | 141,325 | 148,431 |
| Total Expenditures | <u>26,069,976</u> | <u>3,737,143</u> | <u>29,807,119</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,209,988) | (246,513) | (1,456,501) |
| Other Financing Sources (Uses) | | | |
| Transfers In | 0 | 298,127 | 298,127 |
| Transfers Out | (298,127) | 0 | (298,127) |
| Proceeds from the Sale of Assets | 2,406 | 0 | 2,406 |
| Total Other Financing Sources (Uses) | <u>(295,721)</u> | <u>298,127</u> | <u>2,406</u> |
| Net Change in Fund Balances | (1,505,709) | 51,614 | (1,454,095) |
| Fund Balances at Beginning of Year - (See Note 3) | <u>11,857,353</u> | <u>1,396,935</u> | <u>13,254,288</u> |
| Fund Balances at End of Year | <u>\$10,351,644</u> | <u>\$1,448,549</u> | <u>\$11,800,193</u> |

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

Vandalia-Butler City School District
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2003

Net Change in Fund Balances - Total Governmental Funds \$ (1,454,095)

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

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

| | | |
|---------------------------|-----------|-----------|
| Capital Asset Additions | 243,276 | |
| Current Year Depreciation | (648,137) | |
| Total | (404,861) | (404,861) |

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

| | | |
|--------------------------------------|---------|---------|
| Proceeds from Sale of Capital Assets | (2,406) | |
| Loss on Disposal of Capital Assets | (7,149) | |
| Total | (9,555) | (9,555) |

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

| | | |
|-------------------|-----------|-----------|
| Taxes | 49,533 | |
| Intergovernmental | (376,726) | |
| Total | (327,193) | (327,193) |

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

Repayment of capital leases obligations are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net assets and does not result in an expense in the statement of activities. 19,220

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

| | | |
|---------------------------------------|-----------|-----------|
| Increase in Compensated Absences | (180,180) | |
| Decrease in Interest Payable | 2,004 | |
| Increase in Intergovernmental Payable | (78,749) | |
| Total | (256,925) | (256,925) |

Net Change in Net Assets of Governmental Activities \$ (2,183,409)

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

Vandalia-Butler City School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2003

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget: Positive (Negative)</u> |
|-----------------------------------|-------------------------|---------------------|---------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Total Revenues and Other Sources | \$19,791,076 | \$24,995,326 | \$24,977,461 | (\$17,865) |
| Total Expenditures and Other Uses | <u>28,611,099</u> | <u>28,611,099</u> | <u>26,531,195</u> | <u>2,079,904</u> |
| Net Change in Fund Balance | (8,820,023) | (3,615,773) | (1,553,734) | 2,062,039 |
| Fund Balance, July 1 | <u>14,885,609</u> | <u>14,885,609</u> | <u>14,885,609</u> | <u>0</u> |
| Fund Balance, June 30 | <u>\$6,065,586</u> | <u>\$11,269,836</u> | <u>\$13,331,875</u> | <u>\$2,062,039</u> |

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

Vandalia-Butler City School District

Statement of Fiduciary Net Assets

Agency Fund

As of June 30, 2003

| | <u>Agency</u> |
|---|-------------------------|
| ASSETS | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$100,212</u> |
| Total Assets | <u><u>100,212</u></u> |
| LIABILITIES | |
| Due to Students | <u>100,212</u> |
| Total Liabilities | <u><u>\$100,212</u></u> |

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

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

1. DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

The School District

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. This Board of Education controls the School District's nine instructional/support facilities staffed by 182 non-certified and 266 certificated full time teaching personnel who provide services to 3,471 students and other community members.

Reporting Entity

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

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

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

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

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

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

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

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Fund Accounting

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

Governmental Funds

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

General Fund

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

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

Fiduciary Funds

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

Basis of Presentation

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

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

Fund Financial Statements – During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Measurement Focus

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

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

Basis of Accounting

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

VANDALIA-BUTLER CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, and "available" means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) principal and interest on general long-term debt and capital lease obligations, which is recorded when due, (2) the costs of accumulated unpaid vacation, personal leave and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees, (3) the costs related to the workers compensation retrospective rating program are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period the costs were incurred. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

VANDALIA-BUTLER CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2003.

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

Encumbrances

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

Cash and Investments

Cash received by the School District is deposited into one of several bank accounts with individual fund balance integrity maintained. Balances of all funds are maintained in these accounts or are temporarily used to purchase certificates of deposit or investments. All investment earnings accrue to the General Fund except those specifically related to those funds deemed appropriate according to Board of Education policy. Interest earned amounted to \$277,791 in which \$276,451 was recorded in the General Fund and \$1,340 was recorded in the Food Service Special Revenue Fund.

The School District records all its investments at fair value. For presentation on the balance sheet, investments of the cash management pool are considered to be cash equivalents. The School District has invested in the State Treasury Asset Reserve of Ohio (STAR Ohio), Federal Home Loan Bank Bonds, Fifth Third Bank's Liquid Asset Management Account and repurchase agreements during fiscal year 2002. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2003.

VANDALIA-BUTLER CITY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments (Continued)

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

Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. Inventory consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure when purchased.

Capital Assets and Depreciation:

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$1,000. The School District does not possess any infrastructure.

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

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

| <u>Description</u> | <u>Estimated Lives</u> |
|---------------------------|------------------------|
| Land Improvements | 10-25 years |
| Building and Improvements | 10-50 years |
| Furniture and Equipment | 5-20 years |
| Vehicles | 7-15 years |

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

Interfund Balances

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

VANDALIA-BUTLER CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

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

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Net Assets

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

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

Fund Balance Reserves

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

VANDALIA-BUTLER CITY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions

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

Estimates

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

3. RESTATEMENT OF FUND BALANCE

The fund balance and net assets balance at June 30, 2002 were restated from amounts previously reported due to intergovernmental receivables not received and errors noted in the school district's fixed asset system. These restatements had the following effect on fund balance/net assets as they were previously restated as of June 30, 2002:

| | Fund Balance Nonmajor | Net Assets |
|---------------------------------|--------------------------|--------------|
| Balances, June 30, 2002 | \$1,391,405 | \$17,403,970 |
| Restatement Amount | 5,530 | 15,684 |
| Restated Balances, July 1, 2002 | \$1,396,935 | \$17,419,654 |

4. COMPLIANCE AND ACCOUNTABILITY

Accountability

The Title VI-B Fund, Title I Fund, and Latchkey Fund special revenue funds had deficit fund balances of \$6,581, \$20,729, and \$15,903, respectively which were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however this is done when cash is needed rather than when accruals occur.

Compliance

The District inflated year-end reserve for encumbrances by purchase orders written to the District itself. Additionally, the District did not file the reporting package and final expenditure report in a timely manner and did not spend federal funds in accordance with the approved budget.

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

4. COMPLIANCE AND ACCOUNTABILITY (Continued)

The District did not comply with Ohio Revised Code Section 5705.41(D). The following funds had expenditures plus encumbrances in excess of appropriations:

Nonmajor Special Revenue Funds:

| | |
|------------------------------------|----------|
| Athletics | \$51,659 |
| School Improvement Models | 243 |
| Schoolnet Professional Development | 3,676 |
| Interactive Video Learning | 4,089 |
| Ohio Reads | 447 |
| ESEA Title II | 2,964 |
| Drug Free Schools | 10,800 |
| Preschool Handicapped Grant | 5,648 |

The following funds had appropriations in excess of estimated resources for the original budget:

Nonmajor Special Revenue Funds:

| | |
|--------------------|----------|
| Auxiliary Services | \$99,393 |
| Ohio Reads | 33,034 |
| Misc. State Grant | 6,051 |
| Title VI-B | 306,059 |
| Title I | 73,478 |
| Title V | 29,905 |
| Drug Free Schools | 12,593 |
| Title VI-R | 83,715 |

Nonmajor Capital Project Fund:

| | |
|---------------------|--------|
| SchoolNet Equipment | 52,688 |
|---------------------|--------|

The following funds had appropriations in excess of estimated resources for the final budget:

Nonmajor Special Revenue Funds:

| | |
|-----------------------------|----------|
| Miscellaneous Federal Funds | \$30,000 |
| Title VI-B | 5,384 |
| Auxiliary Services | 43,030 |

5. BUDGETARY BASIS OF ACCOUNTING

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

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

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

VANDALIA-BUTLER CITY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

5. BUDGETARY BASIS OF ACCOUNTING (Continued)

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

| Net Change in Fund Balance | |
|----------------------------|---------------|
| | General |
| GAAP Basis | (\$1,505,709) |
| Adjustments: | |
| Revenue Accruals | 110,067 |
| Expenditure Accruals | 515,534 |
| Encumbrances | (673,626) |
| Budget Basis | (\$1,553,734) |

6. DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

6. DEPOSITS AND INVESTMENTS (Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

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

Cash on Hand

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

Deposits

At fiscal year end, the carrying amount of the School District's deposits was \$112,629 and the bank balance was \$1,330,630. Of the bank balance \$505,296 was covered by federal depository insurance. The remaining balance was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

6. DEPOSITS AND INVESTMENTS (Continued)

Investments

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

| | Uncategorized | Category 2 | Category 3 | Carrying/Fair Value |
|---------------------------------|--------------------|---------------|--------------------|------------------------|
| STAR Ohio | \$6,541,208 | | | \$6,541,208 |
| Repurchase Agreements | | | \$6,427,362 | 6,427,362 |
| Liquid Asset Management Account | | | 2,688,465 | 2,688,465 |
| Total | \$6,541,208 | \$0 | \$9,115,827 | \$15,657,035 |

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

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

| | Cash and Cash Equivalents/Deposits | Investments |
|-------------------------|---------------------------------------|---------------------|
| GASB Statement 9 | \$13,083,949 | \$2,688,465 |
| Cash on Hand | (2,750) | 0 |
| Investments: | | |
| STAROhio | (6,541,208) | 6,541,208 |
| Repurchase Agreement | (6,427,362) | 6,427,362 |
| GASB Statement 3 | \$112,629 | \$15,657,035 |

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

7. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2003 for real and public utility property taxes represents collections of calendar 2002 taxes. Property tax payments received during calendar 2003 for tangible personal property (other than public utility property) are for calendar 2003 taxes.

2003 real property taxes are levied after April 1, 2003, on the assessed value as of January 1, 2003, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. First half 2003 real property taxes are collected in and intended to finance fiscal year 2004.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2003 public utility property taxes became a lien December 31, 2002, are levied after April 1, 2003 and are collected in 2004 with real property taxes.

2003 tangible personal property taxes are levied after April 1, 2002, on the value as of December 31, 2002. Collections are made in 2003. Tangible personal property assessments are twenty-five percent of true value.

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

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

The assessed values upon which fiscal year 2003 taxes were collected are:

| | 2002 Second-Half Collections | | 2003 First-Half Collections | |
|--|------------------------------|----------------|-----------------------------|----------------|
| | Amount | Percent | Amount | Percent |
| Agricultural/Residential and Other Real Estate | \$491,429,860 | 78% | \$548,740,850 | 82% |
| Public Utility | 17,621,590 | 3% | 18,220,030 | 2% |
| Tangible Personal Property | 123,069,976 | 19% | 109,011,441 | 16% |
| Total Assessed Value | <u>\$632,121,426</u> | <u>100.00%</u> | <u>\$675,972,321</u> | <u>100.00%</u> |
| Tax rate per \$1,000 of assessed valuation | \$44.66 | | \$44.36 | |

The School District receives property taxes from Montgomery County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2003 are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

7. PROPERTY TAXES (Continued)

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2003, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations.

At June 30, 2003, \$930,733 was available as an advance to the general fund and \$27,577 was available in the non-major governmental funds. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis, the revenue is deferred.

8. RECEIVABLES

Receivables at June 30, 2003, consisted of property taxes. All receivables are considered collectible in full and will be received within one year. The District did not record any intergovernmental receivables due to the District not filing their final expenditure report.

9. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2003, was as follows:

| | **Ending Balance 06/30/02 | Additions | Deletions | Ending Balance 06/30/03 |
|---|---------------------------------|--------------------|-------------------|-------------------------------|
| Governmental Activities | | | | |
| Capital Assets, Not Being Depreciated | | | | |
| Land | \$577,379 | 0 | 0 | \$577,379 |
| Total Capital Assets, Not Being Depreciated | <u>577,379</u> | <u>0</u> | <u>0</u> | <u>577,379</u> |
| Capital Assets Being Depreciated | | | | |
| Buildings and Improvements | 13,437,065 | 1,178 | 0 | 13,438,243 |
| Furniture and Equipment | 2,981,164 | 164,987 | (10,077) | 3,136,074 |
| Vehicles | 1,840,951 | 77,111 | 0 | 1,918,062 |
| Total Capital Assets, Being Depreciated | <u>18,259,180</u> | <u>243,276</u> | <u>(10,077)</u> | <u>18,492,379</u> |
| Less Accumulated Depreciation: | | | | |
| Buildings and Improvements | (8,688,030) | (378,653) | 0 | (9,066,683) |
| Furniture and Equipment | (2,290,963) | (153,492) | 0 | (2,444,455) |
| Vehicles | (1,460,917) | (115,992) | 0 | (1,576,909) |
| Total Accumulated Depreciation | <u>(12,439,910)</u> | <u>(648,137)</u> | <u>0</u> | <u>(13,088,047)</u> |
| Total Capital Assets Being Depreciated, Net | <u>5,819,270</u> | <u>(404,861)</u> | <u>(10,077)</u> | <u>5,404,332</u> |
| Governmental Activities Capital Assets, Net | <u>\$6,396,649</u> | <u>\$(404,861)</u> | <u>\$(10,077)</u> | <u>\$5,981,711</u> |

** Restated – See Note 3

VANDALIA-BUTLER CITY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

9. CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental functions as follows:

| | |
|------------------------------------|-----------|
| Instruction: | |
| Regular | \$389,499 |
| Special | 817 |
| Support Services: | |
| Pupil | 2,860 |
| Instructional Staff | 28,365 |
| Administration | 24,080 |
| Fiscal & Business | 1,210 |
| Operation and Maintenance of Plant | 21,131 |
| Pupil Transportation | 130,656 |
| Central | 6,133 |
| Non-Instructional Services | 9,810 |
| Extracurricular Activities | 33,576 |
| Total Depreciation Expense | \$648,137 |

10. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. For fiscal year 2003 the School District contracted with Utica National Insurance Group for general liability insurance. There is a \$5,000 deductible with a one hundred percent blanket, all risk policy. Utica National Insurance Group covers the building, boiler and machinery with \$5,000 deductible and a \$63,654,861 limit.

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

For fiscal year 2003, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating Districts is calculated as one experience and a common premium rate is applied to all Districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

VANDALIA-BUTLER CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

11. DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

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

Plan members are required to contribute 9% of their annual covered salary and the Vandalia-Butler City School District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. A portion of the school district's contributions is used to fund pension obligations, with the remainder being used to fund healthcare benefits; for fiscal year 2003, 5.46% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by SERS's Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$669,264, \$523,376, and \$479,616, respectively; 83% has been contributed for fiscal year 2003 and 100% for the fiscal years 2002 and 2001. \$115,831 representing the unpaid contribution for fiscal year 2003.

State Teachers Retirement System

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

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

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

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

11. DEFINED BENEFIT PENSION PLANS (Continued)

For fiscal year 2003 plan members were required to contribute 9.3% of their annual covered salary and the Vandalia-Butler City School District was required to contribute 14%; 13% was the portion allocated to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$2,267,492, \$1,648,307, and \$1,715,808, respectively; 86% has been contributed for fiscal year 2003 and 100 percent for the fiscal years 2002 and 2001. \$315,628 represents the unpaid portion for fiscal year 2003.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2003, four members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

12. POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For the fiscal year ended June 30, 2003, the STRS Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$127,488 for fiscal year 2003.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2002, (the latest information available) the balance in the Fund was \$3.011 billion. For the year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000 and STRS had 105,300 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2003, employer contributions to fund health care benefits were 5.83% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay was established at \$14,500. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2003 fiscal year equaled \$286,463.

The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150% of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2003, were \$204,930,737 and the target level was \$307.4 million. At June 30, 2003, SERS had net assets available for payment of health care benefits of \$303.6 million. SERS has approximately 50,000 participants currently receiving health care benefits.

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

13. EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn five to twenty-five days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who are not on a twelve month contract do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to and not to exceed 255 days. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum accumulation of 56.5 paid days for certified employees. Classified employees receive twenty-five percent of accrued sick with no maximum paid days.

B. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through the Educational Employees Life Insurance Trust. Administrators receive coverage in the amount of their salary rounded to the nearest \$1,000. The Treasurer and Superintendent receive 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.

14. CAPITALIZED LEASES – LESSEE DISCLOSURE

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

The capital asset acquired by the lease has been capitalized in the statement of net assets for governmental activities in the amount of \$339,953 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 2003 totaled \$19,220 in the general fund.

The asset acquired through the capital lease is as follows:

| | <u>Asset Value</u> | <u>Accumulated Depreciation</u> | <u>Net Book Value</u> |
|------------------|------------------------|-------------------------------------|---------------------------|
| Asset: | | | |
| Telephone System | \$339,953 | \$19,824 | \$320,129 |

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2003:

| <u>Fiscal Year Ending June 30,</u> | <u>Total Payments</u> |
|---|-----------------------|
| 2004 | \$26,327 |
| 2005 | 26,327 |
| 2006 | 26,327 |
| 2007 | 26,327 |
| 2008 | 26,327 |
| 2009 | 19,745 |
| Total Minimum Lease Payments | 151,380 |
| Less: Amount Representing Interest | (20,402) |
| Present Value of Minimum Lease Payments | <u>\$130,978</u> |

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

15. LONG-TERM DEBT AND OTHER OBLIGATIONS

Long-term debt and other obligations at June 30, 2003 and the related transactions for the year then ended are summarized below:

| | Balance July 1, 2002 | Additions | Deductions | Balance June 30, 2003 | Amounts Due Within One Year |
|----------------------------------|----------------------------|-------------------|-------------------|-----------------------------|-----------------------------------|
| <u>Governmental Activities:</u> | | | | | |
| General Obligation Bonds: | | | | | |
| School Improvement Bonds 9.75% | \$ 1,500,000 | \$ - | \$ 250,000 | \$ 1,250,000 | \$ 250,000 |
| Compensated Absences Payable | 1,714,698 | 180,180 | - | 1,894,878 | 190,154 |
| Obligations Under Capital Leases | 150,198 | - | 19,220 | 130,978 | 20,193 |
| Total Governmental Activities | <u>\$ 3,364,896</u> | <u>\$ 180,180</u> | <u>\$ 269,220</u> | <u>\$ 3,275,856</u> | <u>\$ 460,347</u> |

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

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

Future Long-term Debt

A summary of the School District's future long-term debt funding requirements as of June 30, 2003 follows:

| Fiscal Year Ending June 30, | Principal | Interest |
|--|---------------------|-------------------|
| 2004 | \$ 250,000 | \$ 109,687 |
| 2005 | 250,000 | 85,313 |
| 2006 | 250,000 | 60,938 |
| 2007 | 250,000 | 36,563 |
| 2008 | <u>250,000</u> | <u>12,187</u> |
| Totals | <u>\$ 1,250,000</u> | <u>\$ 304,688</u> |

VANDALIA-BUTLER CITY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

16. INTERFUND ACTIVITY

Interfund Transfers

Transfers made during the year ended June 30, 2003, were as follows:

| Fund | Transfer From | Transfer To |
|-----------|---------------|-------------|
| General | \$298,127 | \$0 |
| Athletics | 0 | 298,127 |
| Total | \$298,127 | \$298,127 |

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

Interfund balances at June 30, 2003, consist of the following individual fund receivables and payables, which are expected to be repaid during the 2004 fiscal year:

| Interfund Loans | Receivable | Payable |
|--------------------------------------|-------------------|----------------|
| General fund | \$ 5,000 | \$ - |
| Nonmajor Special Revenue Funds | | |
| Latchkey | - | 5,000 |
| Total Nonmajor Special Revenue Funds | - | 5,000 |
| Total Interfund Receivables/Payables | \$ 5,000 | \$ 5,000 |

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

17. JOINTLY GOVERNED ORGANIZATIONS

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

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

During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund. During fiscal year 2003, the School District paid \$208,887 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Robert Brown, who serves as Director, 1831 Harshman Road, Dayton, Ohio 45424.

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

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

17. JOINTLY GOVERNED ORGANIZATIONS (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 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 2003, the School District paid \$76,223 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, 150 East Sixth Street, Franklin, Ohio 45005.

Miami Valley Career Technology Center – The Miami Valley Career Technology Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the fifteen participating school districts' elected boards, which possesses its own budgeting and taxing authority. One member is appointed from the following city and/or exempted village school districts: Carlisle, Miamisburg, Milton-Union, Northmont, Vandalia-Butler, Versailles, Huber Heights, Eaton, Trotwood, Tipp City, and West Carrollton. Three members are appointed from the Montgomery County Educational Service Center, one is appointed from the Miami County Educational Service Center, one from the Darke County Educational Service Center, and one from the Preble County Educational Service Center. During fiscal year 2003, the School District paid no monies to the organization. To obtain financial information write to the Miami Valley Career Technology Center, Debbie Gossett, who serves as Treasurer, at 6800 Hoke Road, Clayton, Ohio 45315.

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

18. INSURANCE PURCHASING POOL

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

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

19. SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

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

| | <u>Textbooks</u> | <u>Capital Acquisition</u> |
|---|---------------------|--------------------------------|
| Set-aside cash balance as of June 30, 2002 | \$ - | \$ - |
| Current year set-aside requirements | 472,789 | 472,789 |
| Prior year carryover | (552,114) | (1,847,699) |
| Qualifying disbursements | <u>(743,487)</u> | <u>(628,805)</u> |
| Set-aside reserve balance as of June 30, 2003 | <u>\$ -</u> | <u>\$ -</u> |
| Required set-aside balances carried forward to FY2004 | <u>\$ (822,812)</u> | <u>\$ (2,003,715)</u> |

The School District had qualifying disbursements and prior year carryover balances that reduced the textbooks and capital acquisition set-aside amounts below zero. These negative amounts may be used to reduce the set-aside requirements of future years.

20. CONTINGENT LIABILITIES

Grants

The School District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the School District at June 30, 2003.

Litigation

The School District is not currently party to any legal proceedings.

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

21. STATE SCHOOL FUNDING DECISION

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

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations

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



**Vandalia-Butler City Schools
Fund Descriptions**

Special Revenue Funds

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

Nonmajor Special Revenue Funds

Food Service

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

Special Trust Fund

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

Uniform Supply Fund

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

Adult Education

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

Rotary - Special Services

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

Public School Support

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

Other Grants

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

Latchkey

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

School Improvement Models

A fund established to account for venture capital grants.

Athletics

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

Auxiliary Services

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

Vandalia-Butler City Schools
Fund Descriptions

Nonmajor Special Revenue Funds (Continued)

Career Education

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

Teacher Development

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

Management Information Systems

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

Ohio Educational Computer Network

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

School Net Professional Development

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

Textbook/Instructional Materials Subsidy

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

Interactive Video Learning

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

Ohio Reads

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

Summer Intervention

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

Miscellaneous State Grants

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

ESEA Title II Fund

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

Vandalia-Butler City Schools
Fund Descriptions

Nonmajor Special Revenue Funds (Continued)

Title VI-B Fund

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

Title I

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

Education Career Incentive Act (ECIA) - Title VI

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

Drug-Free Schools Grant

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

Preschool Handicapped Grant

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

Telecommunications Act Grant (E-Rate)

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

Title VI-R

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

Miscellaneous Federal Grants

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

**Vandalia-Butler City Schools
Fund Descriptions**

Nonmajor Debt Service Fund

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

Capital Project Fund

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

Nonmajor Capital Project Fund

SchoolNet

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



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

June 30, 2003

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Fund | Nonmajor Capital Projects Fund | Total Non-major Governmental Funds |
|--|---|---|---|---|
| ASSETS | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$818,325 | \$833,398 | \$218 | \$1,651,941 |
| Receivables | | | | |
| Taxes | 0 | 505,337 | 0 | 505,337 |
| Total Assets and Other Debits | <u>818,325</u> | <u>1,338,735</u> | <u>218</u> | <u>2,157,278</u> |
| LIABILITIES | | | | |
| Accounts Payable | 66,438 | 330 | 0 | 66,768 |
| Accrued Wages and Benefits | 141,296 | 0 | 0 | 141,296 |
| Interfund Payable | 5,000 | 0 | 0 | 5,000 |
| Deferred Revenues | 0 | 477,760 | 0 | 477,760 |
| Intergovernmental Payable | 17,905 | 0 | 0 | 17,905 |
| Total Liabilities | <u>230,639</u> | <u>478,090</u> | <u>0</u> | <u>708,729</u> |
| FUND BALANCES | | | | |
| Reserved for Encumbrances | 103,101 | 0 | 0 | 103,101 |
| Reserved for Property Taxes | 0 | 27,577 | 0 | 27,577 |
| Unreserved | | | | |
| Undesignated - Reported In | | | | |
| Special Revenue Funds | 484,585 | 0 | 0 | 484,585 |
| Capital Projects Fund | 0 | 0 | 218 | 218 |
| Debt Service Fund | 0 | 833,068 | 0 | 833,068 |
| Total Fund Balances | <u>587,686</u> | <u>860,645</u> | <u>218</u> | <u>1,448,549</u> |
| Total Liabilities and Fund Balances | <u>\$818,325</u> | <u>\$1,338,735</u> | <u>\$218</u> | <u>\$2,157,278</u> |

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

Year Ended June 30, 2003

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Fund | Nonmajor Capital Projects Fund | Total Non-major Governmental Funds |
|---|---|---|---|---|
| Revenues | | | | |
| Tuition and Fees | \$149,409 | \$0 | \$0 | \$149,409 |
| Taxes | 0 | 466,030 | 0 | 466,030 |
| Earnings on Investments | 1,340 | 0 | 0 | 1,340 |
| Intergovernmental | 1,346,989 | 52,062 | 52,688 | 1,451,739 |
| Extracurricular | 559,850 | 0 | 0 | 559,850 |
| Charges for Services | 583,383 | 0 | 0 | 583,383 |
| Other | 278,879 | 0 | 0 | 278,879 |
| Total Revenues | 2,919,850 | 518,092 | 52,688 | 3,490,630 |
| Expenditures | | | | |
| Current Operating | | | | |
| Instruction | | | | |
| Regular | 146,466 | 0 | 0 | 146,466 |
| Special | 228,147 | 0 | 0 | 228,147 |
| Other Instruction | 4,533 | 0 | 0 | 4,533 |
| Pupil Support Services | 472,197 | 0 | 0 | 472,197 |
| Instructional Support Services | 337,628 | 0 | 0 | 337,628 |
| Administration | 82,442 | 0 | 0 | 82,442 |
| Operation and Maintenance of | | | | |
| Plant Services | 39,662 | 0 | 0 | 39,662 |
| Other Support Services | 48,086 | 0 | 52,470 | 100,556 |
| Extracurricular Activities | 589,009 | 0 | 0 | 589,009 |
| Non-Instructional Services | 1,345,178 | 0 | 0 | 1,345,178 |
| Debt Service | | | | |
| Principal | 0 | 250,000 | 0 | 250,000 |
| Interest | 0 | 141,325 | 0 | 141,325 |
| Total Expenditures | 3,293,348 | 391,325 | 52,470 | 3,737,143 |
| Excess of Revenues Over (Under) Expenditures | (373,498) | 126,767 | 218 | (246,513) |
| Other Financing Sources | | | | |
| Transfers In | 298,127 | 0 | 0 | 298,127 |
| Total Other Financing Sources | 298,127 | 0 | 0 | 298,127 |
| Net Change in Fund Balances | (75,371) | 126,767 | 218 | 51,614 |
| Fund Balances at Beginning of Year | 663,057 | 733,878 | 0 | 1,396,935 |
| Fund Balances at End of Year | <u>\$587,686</u> | <u>\$860,645</u> | <u>\$218</u> | <u>\$1,448,549</u> |

Vandalia-Butler City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2003

| | Food Service | Special Trust | Uniform Supply | Adult Education | Rotary |
|--|------------------|------------------|-------------------|--------------------|--------------|
| <u>Assets:</u> | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$136,844 | \$14,681 | \$143,494 | \$5,153 | \$442 |
| <i>Total Assets</i> | <u>\$136,844</u> | <u>\$14,681</u> | <u>\$143,494</u> | <u>\$5,153</u> | <u>\$442</u> |
| <u>Liabilities and Fund Balances:</u> | | | | | |
| <u>Liabilities</u> | | | | | |
| Accounts Payable | \$452 | \$3,442 | \$4,743 | \$0 | \$0 |
| Accrued Wages and Benefits | 81,312 | 0 | 0 | 0 | 0 |
| Intergovernmental Payable | 9,249 | 0 | 0 | 0 | 0 |
| Interfund Loans Payable | 0 | 0 | 0 | 0 | 0 |
| <i>Total Liabilities</i> | 91,013 | 3,442 | 4,743 | 0 | 0 |
| <u>Fund Balances:</u> | | | | | |
| Reserved for Encumbrances | 13,995 | 354 | 10,666 | 0 | 0 |
| Unreserved, undesignated | 31,836 | 10,885 | 128,085 | 5,153 | 442 |
| <i>Total Fund Balances</i> | 45,831 | 11,239 | 138,751 | 5,153 | 442 |
| <i>Total Liabilities and Fund Balances</i> | <u>\$136,844</u> | <u>\$14,681</u> | <u>\$143,494</u> | <u>\$5,153</u> | <u>\$442</u> |

| Public School Support | Other Grants | Latchkey | School Improvement Models | Athletics | Auxilliary Services |
|-----------------------------|-----------------|-----------------|---------------------------------|-----------------|------------------------|
| \$229,250 | \$3 | \$4,164 | \$0 | \$96,769 | \$71,983 |
| <u>\$229,250</u> | <u>\$3</u> | <u>\$4,164</u> | <u>\$0</u> | <u>\$96,769</u> | <u>\$71,983</u> |
| \$6,357 | \$0 | \$485 | \$0 | \$4,530 | \$34,591 |
| 0 | 0 | 8,939 | 0 | 6,200 | 9,341 |
| 0 | 0 | 5,643 | 0 | 761 | 1,737 |
| 0 | 0 | 5,000 | 0 | 0 | 0 |
| <u>6,357</u> | <u>0</u> | <u>20,067</u> | <u>0</u> | <u>11,491</u> | <u>45,669</u> |
| 29,615 | 0 | 2,690 | 0 | 3,098 | 35,134 |
| 193,278 | 3 | (18,593) | 0 | 82,180 | (8,820) |
| <u>222,893</u> | <u>3</u> | <u>(15,903)</u> | <u>0</u> | <u>85,278</u> | <u>26,314</u> |
| <u>\$229,250</u> | <u>\$3</u> | <u>\$4,164</u> | <u>\$0</u> | <u>\$96,769</u> | <u>\$71,983</u> |

(Continued)

Vandalia-Butler City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2003

| | Career Education | Teacher Development | Management Information Systems | Ohio Educational Computer Network | School Net Professional Development |
|--|---------------------|------------------------|--------------------------------------|--|---|
| <u>Assets:</u> | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$805 | \$9,492 | \$22,647 | \$21,006 | \$4,360 |
| <i>Total Assets</i> | \$805 | \$9,492 | \$22,647 | \$21,006 | \$4,360 |
| <u>Liabilities and Fund Balances:</u> | | | | | |
| <u>Liabilities</u> | | | | | |
| Accounts Payable | \$527 | \$0 | \$0 | \$0 | \$0 |
| Accrued Wages and Benefits | 0 | 0 | 0 | 0 | 0 |
| Intergovernmental Payable | 0 | 0 | 0 | 0 | 0 |
| Interfund Loans Payable | 0 | 0 | 0 | 0 | 0 |
| <i>Total Liabilities</i> | 527 | 0 | 0 | 0 | 0 |
| <u>Fund Balances:</u> | | | | | |
| Reserved for Encumbrances | 0 | 0 | 50 | 0 | 240 |
| Unreserved, undesignated | 278 | 9,492 | 22,597 | 21,006 | 4,120 |
| <i>Total Fund Balances</i> | 278 | 9,492 | 22,647 | 21,006 | 4,360 |
| <i>Total Liabilities and Fund Balances</i> | \$805 | \$9,492 | \$22,647 | \$21,006 | \$4,360 |

| <u>Textbook/ Instructional Materials Subsidy</u> | <u>Interactive Video Learning</u> | <u>Ohio Reads</u> | <u>Summer Intervention</u> | <u>Miscellaneous State Grants</u> | <u>ESEA Title II</u> |
|--|---|-----------------------|--------------------------------|---|--------------------------|
| <u>\$73</u> | <u>\$3,576</u> | <u>\$18,523</u> | <u>\$5,807</u> | <u>\$7,367</u> | <u>\$34</u> |
| <u>\$73</u> | <u>\$3,576</u> | <u>\$18,523</u> | <u>\$5,807</u> | <u>\$7,367</u> | <u>\$34</u> |
| \$0 | \$565 | \$10,746 | \$0 | \$0 | \$0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>0</u> | <u>565</u> | <u>10,746</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 0 | 0 | 7,259 | 0 | 0 | 0 |
| <u>73</u> | <u>3,011</u> | <u>518</u> | <u>5,807</u> | <u>7,367</u> | <u>34</u> |
| <u>73</u> | <u>3,011</u> | <u>7,777</u> | <u>5,807</u> | <u>7,367</u> | <u>34</u> |
| <u>\$73</u> | <u>\$3,576</u> | <u>\$18,523</u> | <u>\$5,807</u> | <u>\$7,367</u> | <u>\$34</u> |

(Continued)

Vandalia-Butler City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2003

| | Title VI-B | Title I | Title VI | Drug Free Schools | Preschool Handicapped Grant |
|--|----------------|-----------------|----------------|----------------------|-----------------------------------|
| <u>Assets:</u> | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$0 | \$8,709 | \$2,100 | \$0 | \$1,567 |
| <i>Total Assets</i> | <u>\$0</u> | <u>\$8,709</u> | <u>\$2,100</u> | <u>\$0</u> | <u>\$1,567</u> |
| <u>Liabilities and Fund Balances:</u> | | | | | |
| <u>Liabilities</u> | | | | | |
| Accounts Payable | \$0 | \$0 | \$0 | \$0 | \$0 |
| Accrued Wages and Benefits | 6,487 | 29,017 | 0 | 0 | 0 |
| Intergovernmental Payable | 94 | 421 | 0 | 0 | 0 |
| Interfund Loans Payable | 0 | 0 | 0 | 0 | 0 |
| <i>Total Liabilities</i> | <u>6,581</u> | <u>29,438</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <u>Fund Balances:</u> | | | | | |
| Reserved for Encumbrances | 0 | 0 | 0 | 0 | 0 |
| Unreserved, undesignated | (6,581) | (20,729) | 2,100 | 0 | 1,567 |
| <i>Total Fund Balances</i> | <u>(6,581)</u> | <u>(20,729)</u> | <u>2,100</u> | <u>0</u> | <u>1,567</u> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$0</u> | <u>\$8,709</u> | <u>\$2,100</u> | <u>\$0</u> | <u>\$1,567</u> |

| <u>E-Rate</u> | <u>Title VI-R</u> | <u>Miscellaneous Federal Grants</u> | <u>Total Nonmajor Special Revenue Funds</u> |
|----------------|-------------------|---|---|
| <u>\$6,489</u> | <u>\$693</u> | <u>\$2,294</u> | <u>\$818,325</u> |
| <u>\$6,489</u> | <u>\$693</u> | <u>\$2,294</u> | <u>\$818,325</u> |
| \$0 | \$0 | \$0 | \$66,438 |
| 0 | 0 | 0 | 141,296 |
| 0 | 0 | 0 | 17,905 |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>5,000</u> |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>230,639</u> |
| 0 | 0 | 0 | 103,101 |
| <u>6,489</u> | <u>693</u> | <u>2,294</u> | <u>484,585</u> |
| <u>6,489</u> | <u>693</u> | <u>2,294</u> | <u>587,686</u> |
| <u>\$6,489</u> | <u>\$693</u> | <u>\$2,294</u> | <u>\$818,325</u> |

Vandalia-Butler City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003

| | Food Service | Special Trust | Uniform Supply | Adult Education |
|---|------------------------|------------------------|-------------------------|-----------------------|
| Revenues: | | | | |
| Intergovernmental | \$140,984 | \$0 | \$0 | \$0 |
| Interest | 1,340 | 0 | 0 | 0 |
| Tuition and Fees | 0 | 0 | 144,809 | 0 |
| Extracurricular | 0 | 0 | 0 | 0 |
| Charges for Services | 583,383 | 0 | 0 | 0 |
| Miscellaneous | 35,063 | 17,781 | 3,701 | 0 |
| <i>Total Revenues</i> | <u>760,770</u> | <u>17,781</u> | <u>148,510</u> | <u>0</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 0 | 0 | 3,372 | 0 |
| Special | 0 | 0 | 0 | 0 |
| Other Instruction | 0 | 0 | 0 | 0 |
| Support Services: | | | | |
| Pupil | 0 | 2,526 | 0 | 0 |
| Instructional Staff | 0 | 0 | 0 | 0 |
| Administration | 0 | 0 | 0 | 0 |
| Other Support Services | 0 | 17,587 | 0 | 0 |
| Non-Instructional Services | 800,782 | 0 | 147,261 | 0 |
| Operation and Maintenance of Plant Services | 0 | 0 | 0 | 0 |
| Extracurricular Activities | 0 | 0 | 0 | 0 |
| <i>Total Expenditures</i> | <u>800,782</u> | <u>20,113</u> | <u>150,633</u> | <u>0</u> |
| Excess of Revenues Over/(Under) Expenditures | (40,012) | (2,332) | (2,123) | 0 |
| Other Financing Sources: | | | | |
| Transfers In | 0 | 0 | 0 | 0 |
| <i>Total Other Financing Sources</i> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>Net Change in Fund Balances</i> | (40,012) | (2,332) | (2,123) | 0 |
| <i>Fund Balances (Deficit) at Beginning of Year</i> | <u>85,843</u> | <u>13,571</u> | <u>140,874</u> | <u>5,153</u> |
| <i>Fund Balances (Deficit) at End of Year</i> | <u><u>\$45,831</u></u> | <u><u>\$11,239</u></u> | <u><u>\$138,751</u></u> | <u><u>\$5,153</u></u> |

| <u>Rotary</u> | <u>Public School Support</u> | <u>Other Grants</u> | <u>Latchkey</u> | <u>School Improvement Models</u> |
|---------------|------------------------------|---------------------|-------------------|----------------------------------|
| \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 330,614 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 230 | 0 | 222,104 | 0 |
| <u>0</u> | <u>330,844</u> | <u>0</u> | <u>222,104</u> | <u>0</u> |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 250,906 | 0 | 0 | 243 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 296,913 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 76,402 | 0 | 0 | 0 |
| <u>0</u> | <u>327,308</u> | <u>0</u> | <u>296,913</u> | <u>243</u> |
| 0 | 3,536 | 0 | (74,809) | (243) |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 0 | 3,536 | 0 | (74,809) | (243) |
| <u>442</u> | <u>219,357</u> | <u>3</u> | <u>58,906</u> | <u>243</u> |
| <u>\$442</u> | <u>\$222,893</u> | <u>\$3</u> | <u>(\$15,903)</u> | <u>\$0</u> |

(Continued)

Vandalia-Butler City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003

| | Athletics | Auxilliary Services | Career Education |
|---|------------------------|------------------------|---------------------|
| Revenues: | | | |
| Intergovernmental | \$0 | \$220,633 | \$3,600 |
| Interest | 0 | 0 | 0 |
| Tuition and Fees | 0 | 0 | 0 |
| Extracurricular | 229,236 | 0 | 0 |
| Charges for Services | 0 | 0 | 0 |
| Miscellaneous | 0 | 0 | 0 |
| | <u>229,236</u> | <u>220,633</u> | <u>3,600</u> |
| <i>Total Revenues</i> | | | |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 0 | 86,279 | 0 |
| Special | 0 | 32,620 | 0 |
| Other Instruction | 0 | 0 | 0 |
| Support Services: | | | |
| Pupil | 0 | 2,458 | 3,322 |
| Instructional Staff | 0 | 6,215 | 0 |
| Administration | 0 | 0 | 0 |
| Other Support Services | 0 | 0 | 0 |
| Non-Instructional Services | 0 | 97,768 | 0 |
| Operation and Maintenance of Plant Services | 11,261 | 0 | 0 |
| Extracurricular Activities | 512,607 | 0 | 0 |
| | <u>523,868</u> | <u>225,340</u> | <u>3,322</u> |
| <i>Total Expenditures</i> | | | |
| Excess of Revenues Over/(Under) Expenditure: | (294,632) | (4,707) | 278 |
| Other Financing Sources: | | | |
| Transfers In | 298,127 | 0 | 0 |
| | <u>298,127</u> | <u>0</u> | <u>0</u> |
| <i>Total Other Financing Sources</i> | | | |
| <i>Net Change in Fund Balances</i> | 3,495 | (4,707) | 278 |
| <i>Fund Balances (Deficit) at Beginning of Year</i> | <u>81,783</u> | <u>31,021</u> | <u>0</u> |
| <i>Fund Balances (Deficit) at End of Year</i> | <u><u>\$85,278</u></u> | <u><u>\$26,314</u></u> | <u><u>\$278</u></u> |

| <u>Teacher Development</u> | <u>Management Information Systems</u> | <u>Ohio Educational Computer Network</u> | <u>School Net Professional Development</u> | <u>Textbook/ Instructional Materials Subsidy</u> | <u>Interactive Video Learning</u> |
|--------------------------------|---|--|--|--|---|
| \$0 | \$12,772 | \$21,000 | \$0 | \$0 | \$0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 4,600 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>0</u> | <u>12,772</u> | <u>21,000</u> | <u>4,600</u> | <u>0</u> | <u>0</u> |
| 0 | 0 | 0 | 240 | 7,646 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 4,262 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 18,782 | 5,749 | 5,741 | 0 | 227 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>0</u> | <u>18,782</u> | <u>5,749</u> | <u>5,981</u> | <u>7,646</u> | <u>4,489</u> |
| 0 | (6,010) | 15,251 | (1,381) | (7,646) | (4,489) |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 0 | (6,010) | 15,251 | (1,381) | (7,646) | (4,489) |
| <u>9,492</u> | <u>28,657</u> | <u>5,755</u> | <u>5,741</u> | <u>7,719</u> | <u>7,500</u> |
| <u>\$9,492</u> | <u>\$22,647</u> | <u>\$21,006</u> | <u>\$4,360</u> | <u>\$73</u> | <u>\$3,011</u> |

(Continued)

Vandalia-Butler City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003

| | <u>Ohio Reads</u> | <u>Summer Intervention</u> | <u>Miscellaneous State Grants</u> |
|---|-----------------------|--------------------------------|---|
| <u>Revenues:</u> | | | |
| Intergovernmental | \$36,000 | \$0 | \$14,000 |
| Interest | 0 | 0 | 0 |
| Tuition and Fees | 0 | 0 | 0 |
| Extracurricular | 0 | 0 | 0 |
| Charges for Services | 0 | 0 | 0 |
| Miscellaneous | 0 | 0 | 0 |
| <i>Total Revenues</i> | <u>36,000</u> | <u>0</u> | <u>14,000</u> |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 36,406 | 0 | 0 |
| Special | 0 | 0 | 0 |
| Other Instruction | 4,533 | 0 | 0 |
| Support Services: | | | |
| Pupil | 0 | 0 | 684 |
| Instructional Staff | 6,566 | 0 | 14,000 |
| Administration | 0 | 0 | 0 |
| Other Support Services | 0 | 0 | 0 |
| Non-Instructional Services | 0 | 0 | 0 |
| Operation and Maintenance of Plant Services | 0 | 0 | 3,073 |
| Extracurricular Activities | 0 | 0 | 0 |
| <i>Total Expenditures</i> | <u>47,505</u> | <u>0</u> | <u>17,757</u> |
| Excess of Revenues Over/(Under) Expenditures | (11,505) | 0 | (3,757) |
| <u>Other Financing Sources:</u> | | | |
| Transfers In | 0 | 0 | 0 |
| <i>Total Other Financing Sources</i> | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>Net Change in Fund Balances</i> | (11,505) | 0 | (3,757) |
| <i>Fund Balances (Deficit) at Beginning of Year</i> | <u>19,282</u> | <u>5,807</u> | <u>11,124</u> |
| <i>Fund Balances (Deficit) at End of Year</i> | <u><u>\$7,777</u></u> | <u><u>\$5,807</u></u> | <u><u>\$7,367</u></u> |

| <u>ESEA Title II</u> | <u>Title VI-B</u> | <u>Title I</u> | <u>Title VI</u> | <u>Drug Free Schools</u> | <u>Preschool Handicapped Grant</u> |
|--------------------------|-------------------|-------------------|-----------------|------------------------------|--|
| \$0 | \$550,675 | \$242,113 | \$26,306 | \$23,393 | \$1,567 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>0</u> | <u>550,675</u> | <u>242,113</u> | <u>26,306</u> | <u>23,393</u> | <u>1,567</u> |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 14,278 | 181,249 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 436,856 | 0 | 0 | 26,351 | 0 |
| 5,964 | 0 | 3,385 | 19,788 | 0 | 8,648 |
| 0 | 82,442 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 2,076 | 78 | 0 |
| 0 | 23,203 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>5,964</u> | <u>556,779</u> | <u>184,634</u> | <u>21,864</u> | <u>26,429</u> | <u>8,648</u> |
| (5,964) | (6,104) | 57,479 | 4,442 | (3,036) | (7,081) |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| (5,964) | (6,104) | 57,479 | 4,442 | (3,036) | (7,081) |
| <u>5,998</u> | <u>(477)</u> | <u>(78,208)</u> | <u>(2,342)</u> | <u>3,036</u> | <u>8,648</u> |
| <u>\$34</u> | <u>(\$6,581)</u> | <u>(\$20,729)</u> | <u>\$2,100</u> | <u>\$0</u> | <u>\$1,567</u> |

(Continued)

Vandalia-Butler City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003

| | E-Rate | Title VI-R | Miscellaneous Federal Grants | Total Nonmajor Special Revenue Funds |
|---|-----------------------|---------------------|------------------------------------|---|
| <u>Revenues:</u> | | | | |
| Intergovernmental | \$5,680 | \$42,497 | \$5,769 | \$1,346,989 |
| Interest | 0 | 0 | 0 | 1,340 |
| Tuition and Fees | 0 | 0 | 0 | 149,409 |
| Extracurricular | 0 | 0 | 0 | 559,850 |
| Charges for Services | 0 | 0 | 0 | 583,383 |
| Miscellaneous | 0 | 0 | 0 | 278,879 |
| <i>Total Revenues</i> | <u>5,680</u> | <u>42,497</u> | <u>5,769</u> | <u>2,919,850</u> |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 0 | 12,523 | 0 | 146,466 |
| Special | 0 | 0 | 0 | 228,147 |
| Other Instruction | 0 | 0 | 0 | 4,533 |
| Support Services: | | | | |
| Pupil | 0 | 0 | 0 | 472,197 |
| Instructional Staff | 0 | 14,476 | 3,175 | 337,628 |
| Administration | 0 | 0 | 0 | 82,442 |
| Other Support Services | 0 | 0 | 0 | 48,086 |
| Non-Instructional Services | 0 | 0 | 300 | 1,345,178 |
| Operation and Maintenance of Plant Services | 2,125 | 0 | 0 | 39,662 |
| Extracurricular Activities | 0 | 0 | 0 | 589,009 |
| <i>Total Expenditures</i> | <u>2,125</u> | <u>26,999</u> | <u>3,475</u> | <u>3,293,348</u> |
| Excess of Revenues Over/(Under) Expenditures | 3,555 | 15,498 | 2,294 | (373,498) |
| <u>Other Financing Sources:</u> | | | | |
| Transfers In | 0 | 0 | 0 | 298,127 |
| <i>Total Other Financing Sources</i> | <u>0</u> | <u>0</u> | <u>0</u> | <u>298,127</u> |
| <i>Net Change in Fund Balances</i> | 3,555 | 15,498 | 2,294 | (75,371) |
| <i>Fund Balances (Deficit) at Beginning of Year</i> | <u>2,934</u> | <u>(14,805)</u> | <u>0</u> | <u>663,057</u> |
| <i>Fund Balances (Deficit) at End of Year</i> | <u><u>\$6,489</u></u> | <u><u>\$693</u></u> | <u><u>\$2,294</u></u> | <u><u>\$587,686</u></u> |



Vandalia-Butler City School District
Balance Sheet
Nonmajor Debt Service Fund
June 30, 2003

| | <u>Bond Retirement</u> |
|--|----------------------------|
| <u>Assets:</u> | |
| Equity in Pooled Cash and Cash Equivalents | \$833,398 |
| Taxes Receivable | <u>505,337</u> |
| <i>Total Assets</i> | <u><u>\$1,338,735</u></u> |
| <u>Liabilities and Fund Balances:</u> | |
| <u>Liabilities</u> | |
| Accounts Payable | \$330 |
| Deferred Revenues | <u>477,760</u> |
| <i>Total Liabilities</i> | <u>478,090</u> |
| <u>Fund Balances:</u> | |
| Reserved for Property Taxes | 27,577 |
| Unreserved, undesignated | <u>833,068</u> |
| <i>Total Fund Balances</i> | <u>860,645</u> |
| <i>Total Liabilities and Fund Balances</i> | <u><u>\$1,338,735</u></u> |

Vandalia-Butler City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Fund
For the Fiscal Year Ended June 30, 2003

| | Bond Retirement |
|---|--------------------|
| <u>Revenues:</u> | |
| Property Taxes | \$466,030 |
| Intergovernmental | 52,062 |
| <i>Total Revenues</i> | 518,092 |
| <u>Expenditures:</u> | |
| Current: | |
| Debt Service: | |
| Principal Retirement | 250,000 |
| Interest and Fiscal Charges | 141,325 |
| <i>Total Expenditures</i> | 391,325 |
| <i>Net Change in Fund Balances</i> | 126,767 |
| <i>Fund Balances at Beginning of Year</i> | 733,878 |
| <i>Fund Balances at End of Year</i> | \$860,645 |

Vandalia-Butler City School District
Balance Sheet
Nonmajor Capital Project Fund
June 30, 2003

| | <u>Schoolnet Equipment</u> |
|--|--------------------------------|
| <u>Assets:</u> | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$218</u> |
| <i>Total Assets</i> | <u><u>\$218</u></u> |
| <u>Fund Balances:</u> | |
| Unreserved, undesignated | <u>218</u> |
| <i>Total Fund Balances</i> | <u>218</u> |
| <i>Total Liabilities and Fund Balances</i> | <u><u>\$218</u></u> |

Vandalia-Butler City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Fund
For the Fiscal Year Ended June 30, 2003

| | Schoolnet Equipment |
|---|------------------------|
| <u>Revenues:</u> | |
| Intergovernmental | \$52,688 |
| <i>Total Revenues</i> | 52,688 |
| <u>Expenditures:</u> | |
| Other Support Services | 52,470 |
| <i>Total Expenditures</i> | 52,470 |
| <i>Net Change in Fund Balances</i> | 218 |
| <i>Fund Balances at Beginning of Year</i> | 0 |
| <i>Fund Balances at End of Year</i> | \$218 |

Vandalia-Bulter City School District

Statement of Changes in
Assets and Liabilities
Agency Fund

Year Ended June 30, 2003

| | <u>Balance</u> <u>07/01/02</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>06/30/03</u> |
|--|-----------------------------------|-------------------|-------------------|-----------------------------------|
| STUDENT MANAGED ACTIVITIES | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$89,372</u> | <u>\$147,345</u> | <u>\$136,505</u> | <u>\$100,212</u> |
| Total Assets | <u>\$ 89,372</u> | <u>\$ 147,345</u> | <u>\$ 136,505</u> | <u>\$ 100,212</u> |
| Liabilities | | | | |
| Due to Students | <u>89,372</u> | <u>147,345</u> | <u>136,505</u> | <u>100,212</u> |
| Total Liabilities | <u>\$ 89,372</u> | <u>\$ 147,345</u> | <u>\$ 136,505</u> | <u>\$ 100,212</u> |

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



Vandalia-Butler City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2003

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget: Positive (Negative) |
|-----------------------------------|---------------------------|----------------------------|----------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| General Fund | | | | |
| Total Revenues and Other Sources | \$19,791,076 | \$24,995,326 | \$24,977,461 | (\$17,865) |
| Total Expenditures and Other Uses | <u>28,611,099</u> | <u>28,611,099</u> | <u>26,531,195</u> | <u>2,079,904</u> |
| Net Change in Fund Balance | (8,820,023) | (3,615,773) | (1,553,734) | 2,062,039 |
| Fund Balance, July 1 | <u>14,885,609</u> | <u>14,885,609</u> | <u>14,885,609</u> | <u>0</u> |
| Fund Balance, June 30 | <u><u>\$6,065,586</u></u> | <u><u>\$11,269,836</u></u> | <u><u>\$13,331,875</u></u> | <u><u>\$2,062,039</u></u> |

Vandalia-Butler City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2003

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget: Positive (Negative)</u> |
|-----------------------------------|-------------------------|------------------------|-------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Food Service | | | | |
| Total Revenues and Other Sources | \$800,000 | \$800,000 | \$793,030 | (\$6,970) |
| Total Expenditures and Other Uses | <u>864,949</u> | <u>864,949</u> | <u>799,797</u> | <u>65,152</u> |
| Net Change in Fund Balance | (64,949) | (64,949) | (6,767) | 58,182 |
| Fund Balance, July 1 | <u>129,165</u> | <u>129,165</u> | <u>129,165</u> | <u>0</u> |
| Fund Balance, June 30 | <u><u>\$64,216</u></u> | <u><u>\$64,216</u></u> | <u><u>\$122,398</u></u> | <u><u>\$58,182</u></u> |
| | | | | |
| Special Trust Fund | | | | |
| Total Revenues and Other Sources | \$18,000 | \$18,000 | \$17,781 | (\$219) |
| Total Expenditures and Other Uses | <u>30,323</u> | <u>30,323</u> | <u>20,651</u> | <u>9,672</u> |
| Net Change in Fund Balance | (12,323) | (12,323) | (2,870) | 9,453 |
| Fund Balance, July 1 | <u>13,755</u> | <u>13,755</u> | <u>13,755</u> | <u>0</u> |
| Fund Balance, June 30 | <u><u>\$1,432</u></u> | <u><u>\$1,432</u></u> | <u><u>\$10,885</u></u> | <u><u>\$9,453</u></u> |
| | | | | |
| Uniform Supply Fund | | | | |
| Total Revenues and Other Sources | \$146,000 | \$148,509 | \$148,510 | \$1 |
| Total Expenditures and Other Uses | <u>239,098</u> | <u>239,098</u> | <u>162,670</u> | <u>76,428</u> |
| Net Change in Fund Balance | (93,098) | (90,589) | (14,160) | 76,429 |
| Fund Balance, July 1 | <u>142,245</u> | <u>142,245</u> | <u>142,245</u> | <u>0</u> |
| Fund Balance, June 30 | <u><u>\$49,147</u></u> | <u><u>\$51,656</u></u> | <u><u>\$128,085</u></u> | <u><u>\$76,429</u></u> |

Vandalia-Butler City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2003

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget: Positive (Negative) |
|-----------------------------------|-------------------------|-----------------------|-------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Adult Education | | | | |
| Total Revenues and Other Sources | \$0 | \$0 | \$0 | \$0 |
| Total Expenditures and Other Uses | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Change in Fund Balance | 0 | 0 | 0 | 0 |
| Fund Balance, July 1 | <u>5,153</u> | <u>5,153</u> | <u>5,153</u> | <u>0</u> |
| Fund Balance, June 30 | <u><u>\$5,153</u></u> | <u><u>\$5,153</u></u> | <u><u>\$5,153</u></u> | <u><u>\$0</u></u> |
| Rotary Fund | | | | |
| Total Revenues and Other Sources | \$0 | \$0 | \$0 | \$0 |
| Total Expenditures and Other Uses | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Change in Fund Balance | 0 | 0 | 0 | 0 |
| Fund Balance, July 1 | <u>442</u> | <u>442</u> | <u>442</u> | <u>0</u> |
| Fund Balance, June 30 | <u><u>\$442</u></u> | <u><u>\$442</u></u> | <u><u>\$442</u></u> | <u><u>\$0</u></u> |
| Public School Support | | | | |
| Total Revenues and Other Sources | \$360,000 | \$360,000 | \$330,844 | (\$29,156) |
| Total Expenditures and Other Uses | <u>583,423</u> | <u>583,423</u> | <u>370,622</u> | <u>212,801</u> |
| Net Change in Fund Balance | (223,423) | (223,423) | (39,778) | 183,645 |
| Fund Balance, July 1 | <u>233,056</u> | <u>233,056</u> | <u>233,056</u> | <u>0</u> |
| Fund Balance, June 30 | <u><u>\$9,633</u></u> | <u><u>\$9,633</u></u> | <u><u>\$193,278</u></u> | <u><u>\$183,645</u></u> |

(Continued)

Vandalia-Butler City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2003

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with |
|-----------------------------------|-------------------------|------------------------|---------------------|--|
| | <u>Original</u> | <u>Final</u> | | Final Budget Positive (Negative) |
| Other Grants | | | | |
| Total Revenues and Other Sources | \$0 | \$0 | \$0 | \$0 |
| Total Expenditures and Other Uses | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Change in Fund Balance | 0 | 0 | 0 | 0 |
| Fund Balance, July 1 | <u>3</u> | <u>3</u> | <u>3</u> | <u>0</u> |
| Fund Balance, June 30 | <u><u>\$3</u></u> | <u><u>\$3</u></u> | <u><u>\$3</u></u> | <u><u>\$0</u></u> |
| Latchkey Fund | | | | |
| Total Revenues and Other Sources | \$275,000 | \$275,000 | \$227,104 | (\$47,896) |
| Total Expenditures and Other Uses | <u>309,082</u> | <u>309,082</u> | <u>299,181</u> | <u>9,901</u> |
| Net Change in Fund Balance | (34,082) | (34,082) | (72,077) | (37,995) |
| Fund Balance, July 1 | <u>73,066</u> | <u>73,066</u> | <u>73,066</u> | <u>0</u> |
| Fund Balance, June 30 | <u><u>\$38,984</u></u> | <u><u>\$38,984</u></u> | <u><u>\$989</u></u> | <u><u>(\$37,995)</u></u> |
| School Improvement Models | | | | |
| Total Revenues and Other Sources | \$0 | \$0 | \$0 | \$0 |
| Total Expenditures and Other Uses | <u>0</u> | <u>0</u> | <u>243</u> | <u>(243)</u> |
| Net Change in Fund Balance | 0 | 0 | (243) | (243) |
| Fund Balance, July 1 | <u>243</u> | <u>243</u> | <u>243</u> | <u>0</u> |
| Fund Balance, June 30 | <u><u>\$243</u></u> | <u><u>\$243</u></u> | <u><u>\$0</u></u> | <u><u>(\$243)</u></u> |

Vandalia-Butler City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2003

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget: Positive (Negative)</u> |
|-----------------------------------|--------------------------|--------------------------|------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Athletics Fund | | | | |
| Total Revenues and Other Sources | \$450,000 | \$450,000 | \$527,363 | \$77,363 |
| Total Expenditures and Other Uses | <u>478,937</u> | <u>478,937</u> | <u>530,596</u> | <u>(51,659)</u> |
| Net Change in Fund Balance | (28,937) | (28,937) | (3,233) | 25,704 |
| Fund Balance, July 1 | <u>92,374</u> | <u>92,374</u> | <u>92,374</u> | <u>0</u> |
| Fund Balance, June 30 | <u><u>\$63,437</u></u> | <u><u>\$63,437</u></u> | <u><u>\$89,141</u></u> | <u><u>\$25,704</u></u> |
| | | | | |
| Auxiliary Services | | | | |
| Total Revenues and Other Sources | \$170,000 | \$226,363 | \$220,633 | (\$5,730) |
| Total Expenditures and Other Uses | <u>344,474</u> | <u>344,474</u> | <u>293,456</u> | <u>51,018</u> |
| Net Change in Fund Balance | (174,474) | (118,111) | (72,823) | 45,288 |
| Fund Balance, July 1 | <u>75,081</u> | <u>75,081</u> | <u>75,081</u> | <u>0</u> |
| Fund Balance, June 30 | <u><u>(\$99,393)</u></u> | <u><u>(\$43,030)</u></u> | <u><u>\$2,258</u></u> | <u><u>\$45,288</u></u> |
| | | | | |
| Career Education | | | | |
| Total Revenues and Other Sources | \$3,600 | \$3,600 | \$3,600 | \$0 |
| Total Expenditures and Other Uses | <u>3,600</u> | <u>3,600</u> | <u>3,322</u> | <u>278</u> |
| Net Change in Fund Balance | 0 | 0 | 278 | 278 |
| Fund Balance, July 1 | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund Balance, June 30 | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$278</u></u> | <u><u>\$278</u></u> |

(Continued)

Vandalia-Butler City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2003

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget: Positive (Negative) |
|--|-------------------------|------------------------|------------------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Teacher Development | | | | |
| Total Revenues and Other Sources | \$15,000 | \$0 | \$0 | \$0 |
| Total Expenditures and Other Uses | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Change in Fund Balance | 15,000 | 0 | 0 | 0 |
| Fund Balance, July 1 | <u>9,492</u> | <u>9,492</u> | <u>9,492</u> | <u>0</u> |
| Fund Balance, June 30 | <u><u>\$24,492</u></u> | <u><u>\$9,492</u></u> | <u><u>\$9,492</u></u> | <u><u>\$0</u></u> |
| | | | | |
| Management Information Systems | | | | |
| Total Revenues and Other Sources | \$9,000 | \$12,771 | \$12,772 | \$1 |
| Total Expenditures and Other Uses | <u>28,656</u> | <u>28,656</u> | <u>18,832</u> | <u>9,824</u> |
| Net Change in Fund Balance | (19,656) | (15,885) | (6,060) | 9,825 |
| Fund Balance, July 1 | <u>28,657</u> | <u>28,657</u> | <u>28,657</u> | <u>0</u> |
| Fund Balance, June 30 | <u><u>\$9,001</u></u> | <u><u>\$12,772</u></u> | <u><u>\$22,597</u></u> | <u><u>\$9,825</u></u> |
| | | | | |
| Ohio Educational Computer Network | | | | |
| Total Revenues and Other Sources | \$0 | \$21,000 | \$21,000 | \$0 |
| Total Expenditures and Other Uses | <u>5,755</u> | <u>5,755</u> | <u>5,749</u> | <u>6</u> |
| Net Change in Fund Balance | (5,755) | 15,245 | 15,251 | 6 |
| Fund Balance, July 1 | <u>5,755</u> | <u>5,755</u> | <u>5,755</u> | <u>0</u> |
| Fund Balance, June 30 | <u><u>\$0</u></u> | <u><u>\$21,000</u></u> | <u><u>\$21,006</u></u> | <u><u>\$6</u></u> |

Vandalia-Butler City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2003

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget: Positive (Negative) |
|---|-------------------------|-----------------------|-----------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| School Net Professional Development | | | | |
| Total Revenues and Other Sources | \$0 | \$4,600 | \$4,600 | \$0 |
| Total Expenditures and Other Uses | <u>2,545</u> | <u>2,545</u> | <u>6,221</u> | <u>(3,676)</u> |
| Net Change in Fund Balance | (2,545) | 2,055 | (1,621) | (3,676) |
| Fund Balance, July 1 | <u>5,741</u> | <u>5,741</u> | <u>5,741</u> | <u>0</u> |
| Fund Balance, June 30 | <u><u>\$3,196</u></u> | <u><u>\$7,796</u></u> | <u><u>\$4,120</u></u> | <u><u>(\$3,676)</u></u> |
| | | | | |
| Textbook/Instructional Materials Subsidy | | | | |
| Total Revenues and Other Sources | \$0 | \$0 | \$0 | \$0 |
| Total Expenditures and Other Uses | <u>12,051</u> | <u>12,051</u> | <u>11,978</u> | <u>73</u> |
| Net Change in Fund Balance | (12,051) | (12,051) | (11,978) | 73 |
| Fund Balance, July 1 | <u>12,051</u> | <u>12,051</u> | <u>12,051</u> | <u>0</u> |
| Fund Balance, June 30 | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$73</u></u> | <u><u>\$73</u></u> |
| | | | | |
| Interactive Video Learning | | | | |
| Total Revenues and Other Sources | \$0 | \$0 | \$0 | \$0 |
| Total Expenditures and Other Uses | <u>0</u> | <u>0</u> | <u>4,089</u> | <u>(4,089)</u> |
| Net Change in Fund Balance | 0 | 0 | (4,089) | (4,089) |
| Fund Balance, July 1 | <u>7,500</u> | <u>7,500</u> | <u>7,500</u> | <u>0</u> |
| Fund Balance, June 30 | <u><u>\$7,500</u></u> | <u><u>\$7,500</u></u> | <u><u>\$3,411</u></u> | <u><u>(\$4,089)</u></u> |

(Continued)

Vandalia-Butler City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2003

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget: Positive (Negative) |
|--------------------------------------|-------------------------|----------------|----------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Ohio Reads | | | | |
| Total Revenues and Other Sources | \$0 | \$36,000 | \$36,000 | \$0 |
| Total Expenditures and Other Uses | <u>54,066</u> | <u>56,066</u> | <u>56,513</u> | <u>(447)</u> |
| Net Change in Fund Balance | (54,066) | (20,066) | (20,513) | (447) |
| Fund Balance, July 1 | <u>21,032</u> | <u>21,032</u> | <u>21,032</u> | <u>0</u> |
| Fund Balance, June 30 | <u>(\$33,034)</u> | <u>\$966</u> | <u>\$519</u> | <u>(\$447)</u> |
| Summer Intervention | | | | |
| Total Revenues and Other Sources | \$0 | \$0 | \$0 | \$0 |
| Total Expenditures and Other Uses | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Change in Fund Balance | 0 | 0 | 0 | 0 |
| Fund Balance, July 1 | <u>5,807</u> | <u>5,807</u> | <u>5,807</u> | <u>0</u> |
| Fund Balance, June 30 | <u>\$5,807</u> | <u>\$5,807</u> | <u>\$5,807</u> | <u>\$0</u> |
| Miscellaneous State Grant | | | | |
| Total Revenues and Other Sources | \$0 | \$14,000 | \$14,000 | \$0 |
| Total Expenditures and Other Uses | <u>17,282</u> | <u>17,782</u> | <u>17,364</u> | <u>418</u> |
| Net Change in Fund Balance | (17,282) | (3,782) | (3,364) | 418 |
| Fund Balance, July 1 | <u>11,231</u> | <u>11,231</u> | <u>11,231</u> | <u>0</u> |
| Fund Balance, June 30 | <u>(\$6,051)</u> | <u>\$7,449</u> | <u>\$7,867</u> | <u>\$418</u> |

Vandalia-Butler City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2003

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget: Positive (Negative) |
|-----------------------------------|---------------------------|-------------------------|--------------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| ESEA Title II Fund | | | | |
| Total Revenues and Other Sources | \$9,000 | \$1,285 | \$0 | (\$1,285) |
| Total Expenditures and Other Uses | <u>3,000</u> | <u>3,000</u> | <u>5,964</u> | <u>(2,964)</u> |
| Net Change in Fund Balance | 6,000 | (1,715) | (5,964) | (4,249) |
| Fund Balance, July 1 | <u>5,998</u> | <u>5,998</u> | <u>5,998</u> | <u>0</u> |
| Fund Balance, June 30 | <u><u>\$11,998</u></u> | <u><u>\$4,283</u></u> | <u><u>\$34</u></u> | <u><u>(\$4,249)</u></u> |
| | | | | |
| Title VI-B Fund | | | | |
| Total Revenues and Other Sources | \$250,000 | \$550,675 | \$550,675 | \$0 |
| Total Expenditures and Other Uses | <u>559,380</u> | <u>559,380</u> | <u>553,996</u> | <u>5,384</u> |
| Net Change in Fund Balance | (309,380) | (8,705) | (3,321) | 5,384 |
| Fund Balance, July 1 | <u>3,321</u> | <u>3,321</u> | <u>3,321</u> | <u>0</u> |
| Fund Balance, June 30 | <u><u>(\$306,059)</u></u> | <u><u>(\$5,384)</u></u> | <u><u>\$0</u></u> | <u><u>\$5,384</u></u> |
| | | | | |
| Title III Fund | | | | |
| Total Revenues and Other Sources | \$0 | \$0 | \$0 | \$0 |
| Total Expenditures and Other Uses | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Change in Fund Balance | 0 | 0 | 0 | 0 |
| Fund Balance, July 1 | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund Balance, June 30 | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$0</u></u> |

(Continued)

Vandalia-Butler City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2003

| | Budgeted Amounts | | Actual | Variance with Final Budget: Positive (Negative) |
|-----------------------------------|-------------------|-----------------|----------------|--|
| | Original | Final | | |
| Title I | | | | |
| Total Revenues and Other Sources | \$160,000 | \$253,477 | \$242,113 | (\$11,364) |
| Total Expenditures and Other Uses | <u>233,559</u> | <u>233,559</u> | <u>233,485</u> | <u>74</u> |
| Net Change in Fund Balance | (73,559) | 19,918 | 8,628 | (11,290) |
| Fund Balance, July 1 | <u>81</u> | <u>81</u> | <u>81</u> | <u>0</u> |
| Fund Balance, June 30 | <u>(\$73,478)</u> | <u>\$19,999</u> | <u>\$8,709</u> | <u>(\$11,290)</u> |
| | | | | |
| Title VI | | | | |
| Total Revenues and Other Sources | \$5,300 | \$35,276 | \$26,306 | (\$8,970) |
| Total Expenditures and Other Uses | <u>35,863</u> | <u>35,863</u> | <u>24,864</u> | <u>10,999</u> |
| Net Change in Fund Balance | (30,563) | (587) | 1,442 | 2,029 |
| Fund Balance, July 1 | <u>658</u> | <u>658</u> | <u>658</u> | <u>0</u> |
| Fund Balance, June 30 | <u>(\$29,905)</u> | <u>\$71</u> | <u>\$2,100</u> | <u>\$2,029</u> |
| | | | | |
| Drug Free Schools Grant | | | | |
| Total Revenues and Other Sources | \$0 | \$23,393 | \$23,393 | \$0 |
| Total Expenditures and Other Uses | <u>15,629</u> | <u>15,629</u> | <u>26,429</u> | <u>(10,800)</u> |
| Net Change in Fund Balance | (15,629) | 7,764 | (3,036) | (10,800) |
| Fund Balance, July 1 | <u>3,036</u> | <u>3,036</u> | <u>3,036</u> | <u>0</u> |
| Fund Balance, June 30 | <u>(\$12,593)</u> | <u>\$10,800</u> | <u>\$0</u> | <u>(\$10,800)</u> |

Vandalia-Butler City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2003

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget: Positive (Negative) |
|------------------------------------|--------------------------|------------------------|-----------------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Preschool Handicapped Grant | | | | |
| Total Revenues and Other Sources | \$4,000 | \$8,705 | \$1,567 | (\$7,138) |
| Total Expenditures and Other Uses | <u>3,000</u> | <u>3,000</u> | <u>8,648</u> | <u>(5,648)</u> |
| Net Change in Fund Balance | 1,000 | 5,705 | (7,081) | (12,786) |
| Fund Balance, July 1 | <u>8,648</u> | <u>8,648</u> | <u>8,648</u> | <u>0</u> |
| Fund Balance, June 30 | <u><u>\$9,648</u></u> | <u><u>\$14,353</u></u> | <u><u>\$1,567</u></u> | <u><u>(\$12,786)</u></u> |
| | | | | |
| E-Rate | | | | |
| Total Revenues and Other Sources | \$0 | \$5,680 | \$5,680 | \$0 |
| Total Expenditures and Other Uses | <u>2,934</u> | <u>2,934</u> | <u>2,125</u> | <u>809</u> |
| Net Change in Fund Balance | (2,934) | 2,746 | 3,555 | 809 |
| Fund Balance, July 1 | <u>2,934</u> | <u>2,934</u> | <u>2,934</u> | <u>0</u> |
| Fund Balance, June 30 | <u><u>\$0</u></u> | <u><u>\$5,680</u></u> | <u><u>\$6,489</u></u> | <u><u>\$809</u></u> |
| | | | | |
| Title VI-R | | | | |
| Total Revenues and Other Sources | \$0 | \$84,276 | \$42,497 | (\$41,779) |
| Total Expenditures and Other Uses | <u>84,276</u> | <u>84,276</u> | <u>42,365</u> | <u>41,911</u> |
| Net Change in Fund Balance | (84,276) | 0 | 132 | 132 |
| Fund Balance, July 1 | <u>561</u> | <u>561</u> | <u>561</u> | <u>0</u> |
| Fund Balance, June 30 | <u><u>(\$83,715)</u></u> | <u><u>\$561</u></u> | <u><u>\$693</u></u> | <u><u>\$132</u></u> |

(Continued)

Vandalia-Butler City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2003

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget: Positive (Negative) |
|-------------------------------------|--------------------------|--------------------------|-----------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Miscellaneous Federal Grants | | | | |
| Total Revenues and Other Sources | \$0 | \$5,769 | \$5,769 | \$0 |
| Total Expenditures and Other Uses | <u>33,475</u> | <u>35,769</u> | <u>3,475</u> | <u>32,294</u> |
| Net Change in Fund Balance | (33,475) | (30,000) | 2,294 | 32,294 |
| Fund Balance, July 1 | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund Balance, June 30 | <u><u>(\$33,475)</u></u> | <u><u>(\$30,000)</u></u> | <u><u>\$2,294</u></u> | <u><u>\$32,294</u></u> |

Vandalia-Butler City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2003

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget: Positive (Negative) |
|-----------------------------------|--------------------------|-------------------------|-------------------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Debt Service Fund | | | | |
| Total Revenues and Other Sources | \$483,286 | \$521,580 | \$521,579 | (\$1) |
| Total Expenditures and Other Uses | <u>398,000</u> | <u>398,334</u> | <u>391,655</u> | <u>6,679</u> |
| Net Change in Fund Balance | 85,286 | 123,246 | 129,924 | 6,678 |
| Fund Balance, July 1 | <u>703,144</u> | <u>703,144</u> | <u>703,144</u> | <u>0</u> |
| Fund Balance, June 30 | <u><u>\$788,430</u></u> | <u><u>\$826,390</u></u> | <u><u>\$833,068</u></u> | <u><u>\$6,678</u></u> |
| SchoolNet Equipment | | | | |
| Total Revenues and Other Sources | \$0 | \$52,688 | \$52,688 | \$0 |
| Total Expenditures and Other Uses | <u>52,688</u> | <u>52,688</u> | <u>52,470</u> | <u>218</u> |
| Net Change in Fund Balance | (52,688) | 0 | 218 | 218 |
| Fund Balance, July 1 | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund Balance, June 30 | <u><u>(\$52,688)</u></u> | <u><u>\$0</u></u> | <u><u>\$218</u></u> | <u><u>\$218</u></u> |



Statistical Section

**VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
GENERAL FUND EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS (1)
1994-2003**

TABLE 1

| | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 | 1996 | 1995 | 1994 |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Fiscal |
| Instruction | | | | | | | | | | |
| Regular | \$12,257,162 | \$11,771,196 | \$11,171,951 | \$11,025,999 | \$10,534,773 | \$10,083,601 | \$10,038,880 | \$8,600,869 | \$9,023,840 | \$8,794,228 |
| Special | 2,107,915 | 1,767,633 | 1,682,686 | 1,647,002 | 1,466,202 | 1,412,843 | 1,357,023 | 1,166,302 | 1,089,016 | 1,002,997 |
| Vocational | 371,467 | 319,744 | 319,878 | 311,676 | 294,335 | 294,032 | 287,726 | 257,200 | 259,312 | 254,732 |
| Other Instruction | 1,349,592 | 1,417,448 | 1,191,387 | 822,887 | 703,403 | 435,536 | 400,169 | 477,383 | 374,743 | 747,624 |
| Support Services | | | | | | | | | | |
| Pupil | 1,507,177 | 1,140,741 | 1,154,321 | 1,074,792 | 1,046,514 | 1,109,871 | 999,747 | 890,231 | 841,193 | 821,041 |
| Instructional | 1,169,910 | 627,921 | 606,197 | 652,126 | 635,338 | 604,432 | 592,373 | 669,901 | 580,074 | 553,973 |
| Board of Education | 0 | 0 | 82,928 | 40,640 | 26,965 | 23,016 | 26,954 | 20,266 | 22,755 | 39,825 |
| Administration | 1,865,009 | 1,741,772 | 1,715,655 | 1,480,281 | 1,260,585 | 1,231,054 | 1,230,237 | 1,192,481 | 1,219,373 | 1,279,285 |
| Fiscal & Business | 863,719 | 878,034 | 802,523 | 747,211 | 644,919 | 662,206 | 641,916 | 553,908 | 615,061 | 628,666 |
| Maintenance/Operations | 2,424,174 | 2,388,367 | 2,769,875 | 2,568,647 | 3,419,346 | 2,122,022 | 2,256,663 | 2,320,217 | 1,974,549 | 1,847,911 |
| Pupil Transportation | 1,050,390 | 954,944 | 1,121,368 | 971,354 | 843,933 | 755,255 | 822,234 | 806,714 | 783,022 | 769,784 |
| Central | 983,425 | 635,202 | 539,663 | 474,087 | 431,540 | 399,579 | 408,543 | 336,226 | 293,313 | 198,606 |
| Non-Instructional Services | 0 | 18,286 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Extracurricular Activities | 93,710 | 59,532 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Facilities Acquisition | 0 | 339,953 | 0 | 0 | 171,929 | 0 | 36,427 | 0 | 0 | 0 |
| Debt Service | 26,326 | 192,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Uses of Funds | 298,127 | 249,468 | 233,304 | 530,395 | 241,225 | 272,000 | 2,045,600 | 1,140,020 | 679,529 | 521,615 |
| Total | \$26,368,103 | \$24,502,241 | \$23,391,736 | \$22,347,097 | \$21,721,007 | \$19,405,447 | \$21,144,492 | \$18,431,718 | \$17,755,780 | \$17,460,287 |

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

TABLE 2

VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
 GENERAL FUND REVENUES BY SOURCE
 LAST TEN FISCAL YEARS (1)
 1994-2003

| | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 | 1996 | 1995 | 1994 |
|------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Fiscal |
| Taxes | \$18,066,766 | \$18,383,508 | \$17,492,120 | \$17,330,872 | \$16,319,474 | \$16,910,603 | \$16,123,270 | \$15,665,362 | \$12,649,298 | \$11,708,900 |
| Tuition & Fees | 31,892 | 57,371 | 15,782 | 56,977 | 19,881 | 49,467 | 59,675 | 28,772 | 26,154 | 29,013 |
| Transportation Fees | 0 | 0 | 101,019 | 74,121 | 52,239 | 36,808 | 3,030 | 4,269 | 25,520 | 58,959 |
| Earnings on Investments | 276,451 | 608,935 | 857,281 | 732,629 | 635,967 | 623,948 | 474,029 | 322,754 | 201,123 | 120,292 |
| Extracurricular Activities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Classroom Materials and Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous Receipts | 322,383 | 1,536,159 | 88,535 | 137,002 | 198,964 | 62,353 | 71,144 | 57,365 | 70,974 | 32,118 |
| Intergovernmental | 6,162,496 | 5,701,273 | 5,539,166 | 5,305,815 | 5,425,998 | 4,848,676 | 4,738,875 | 4,569,953 | 4,210,791 | 4,139,977 |
| Other Financing Sources | 2,406 | 342,088 | 319,914 | 23,580 | 2,009,125 | 5,548 | 56,863 | 10,040 | 28,993 | 30,955 |
| Total | \$24,862,394 | \$26,629,334 | \$24,413,817 | \$23,660,996 | \$24,661,648 | \$22,537,403 | \$21,526,886 | \$20,658,515 | \$17,212,853 | \$16,120,214 |

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

VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
PROPERTY TAX LEVIES AND COLLECTIONS - REAL, PERSONAL, AND PUBLIC UTILITY PROPERTY
LAST TEN COLLECTION (CALENDAR) YEARS
1994-2003

TABLE 3

| Collection Year | Current Levy (1) | Current Collection (2) | Percent of | | Delinquent Collection | Total Collection (2) | Percent of | | Outstanding Delinquent Taxes (3) | Total Collection As a Percent of Current Levy |
|-----------------|------------------|------------------------|------------------------|------------------------|-----------------------|----------------------|------------------------|------------------------|----------------------------------|---|
| | | | Current Levy Collected | Current Levy Collected | | | Current Levy Collected | Current Levy Collected | | |
| 2003 | \$20,747,620 | \$19,584,235 | 94.39% | 98.11% | \$771,308 | \$20,355,543 | 98.11% | \$1,495,650 | 7.21% | |
| 2002 | 20,201,860 | 18,949,413 | 93.80% | 96.92% | 631,133 | 19,580,546 | 96.92% | 665,860 | 3.30% | |
| 2001 | 19,843,228 | 19,618,976 | 98.87% | 104.28% | 1,074,169 | 20,693,145 | 104.28% | 1,514,895 | 7.63% | |
| 2000 | (4) | 19,167,150 | (4) | (4) | 626,452 | 19,793,602 | (4) | (4) | (4) | |
| 1999 | (4) | 18,504,073 | (4) | (4) | 626,390 | 19,130,463 | (4) | (4) | (4) | |
| 1998 | (4) | 17,951,589 | (4) | (4) | 691,286 | 18,642,875 | (4) | (4) | (4) | |
| 1997 | (4) | 17,745,969 | (4) | (4) | 758,627 | 18,504,596 | (4) | (4) | (4) | |
| 1996 | (4) | 17,220,137 | (4) | (4) | 1,285,235 | 18,505,372 | (4) | (4) | (4) | |
| 1995 | (4) | 16,483,233 | (4) | (4) | 394,721 | 16,877,954 | (4) | (4) | (4) | |
| 1994 | (4) | 13,410,342 | (4) | (4) | 448,624 | 13,858,966 | (4) | (4) | (4) | |

Source: Montgomery County Auditor.

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

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

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

(4) Information not available

VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN COLLECTION (CALENDAR) YEARS
 1994-2003

| Tax Collection Year | Agricultural and Residential Real Estate | | Commercial, Industrial, Public Utility Real Estate (1) | | Tangible Personal (2) | | Public Utility Tangible Personal | | Total | | Assessed Value Ratio (3) |
|---------------------------|---|---------------------------|---|---------------------------|--------------------------|---------------------------|-------------------------------------|---------------------------|-------------------|---------------------------|--------------------------------|
| | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | |
| 2003 | \$391,477,550 | \$1,118,507,286 | \$157,263,300 | \$449,323,714 | \$109,011,441 | \$436,045,764 | \$18,220,030 | \$20,704,580 | \$675,972,321 | \$2,024,581,344 | 33% |
| 2002 | \$353,228,050 | \$1,009,223,000 | \$138,201,810 | \$394,862,314 | \$123,069,976 | \$492,279,904 | \$17,621,590 | \$20,024,534 | \$632,121,426 | \$1,916,389,752 | 33% |
| 2001 | \$348,721,950 | \$996,348,429 | \$131,121,560 | \$374,633,029 | \$115,030,410 | \$460,121,640 | \$21,562,520 | \$24,502,864 | \$616,436,440 | \$1,855,605,961 | 33% |
| 2000 | \$342,422,070 | \$978,348,771 | \$129,240,070 | \$369,257,343 | \$109,860,144 | \$439,440,576 | \$23,312,830 | \$26,491,852 | \$604,835,114 | \$1,813,538,543 | 33% |
| 1999 | \$306,029,170 | \$874,369,057 | \$122,364,710 | \$349,613,457 | \$100,331,566 | \$401,326,264 | \$25,084,640 | \$28,505,273 | \$553,810,086 | \$1,653,814,051 | 33% |
| 1998 | \$300,076,180 | \$857,360,514 | \$121,146,290 | \$346,132,257 | \$101,006,660 | \$404,026,640 | \$26,360,230 | \$29,954,807 | \$548,589,360 | \$1,637,474,218 | 34% |
| 1997 | \$294,827,430 | \$842,364,086 | \$119,428,440 | \$341,224,114 | \$96,789,674 | \$387,158,696 | \$26,653,110 | \$30,287,625 | \$537,698,654 | \$1,601,034,521 | 34% |
| 1996 | \$254,105,070 | \$726,014,486 | \$113,201,960 | \$323,434,171 | \$82,030,629 | \$328,122,516 | \$27,121,710 | \$30,820,125 | \$476,459,369 | \$1,408,391,298 | 34% |
| 1995 | \$248,171,210 | \$709,060,600 | \$111,920,790 | \$319,773,686 | \$71,800,446 | \$287,201,784 | \$28,140,980 | \$31,978,386 | \$460,033,426 | \$1,348,014,456 | 34% |
| 1994 | \$241,433,910 | \$689,811,171 | \$110,965,320 | \$317,043,771 | \$66,800,078 | \$267,200,312 | \$27,809,610 | \$31,601,830 | \$447,008,918 | \$1,305,657,084 | 34% |

Source: Montgomery County Auditor.

(1) Includes public utility real property.

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

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

VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATION)
LAST TEN CALENDAR YEARS (1)
1994-2003

TABLE 5

| 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 |
|-----------------|-------------------|----------------------|-----------------|------------------|---------------|---------------------------------------|--------------------------------------|
| | | | | | | | |
| 2003 | 17.24 | 0.26 | 16.94 | 4.14 | 15.67 | 2.58 | 44.36 |
| 2002 | 17.24 | 0.26 | 16.94 | 4.14 | 15.67 | 2.58 | 44.66 |
| 2001 | 17.24 | 0.26 | 16.94 | 4.14 | 15.67 | 2.58 | 44.86 |
| 2000 | 16.64 | 0.26 | 17.60 | 4.14 | 15.67 | 2.58 | 45.06 |
| 1999 | 16.64 | 0.26 | 17.60 | 4.14 | 15.67 | 2.58 | 45.86 |
| 1998 | 16.64 | 0.26 | 17.60 | 4.14 | 0.00 | 2.58 | 45.86 |
| 1997 | 16.64 | 0.72 | 16.60 | 4.14 | 0.00 | 2.58 | 45.86 |
| 1996 | 16.64 | 0.72 | 15.10 | 4.14 | 0.00 | 2.58 | 47.86 |
| 1995 | 16.64 | 0.72 | 15.10 | 4.14 | 0.00 | 2.58 | 47.86 |
| 1994 | 16.14 | 0.00 | 15.10 | 4.14 | 0.00 | 2.58 | 42.91 |

Source: Montgomery County Auditor.

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

TABLE 6

**VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
 RATIO OF GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
 AND NET BONDED DEBT PER CAPITA
 LAST TEN YEARS
 1994-2003**

| Collection Year | Population (1) | Total Assessed Value (2) | | Gross Bonded Debt (3) | Less Debt Service Fund | | Net Bonded Debt | Ratio of Net Bonded Debt to Assessed Value | Net Bonded Debt Per Capita |
|--------------------|----------------|--------------------------|---------------|-----------------------|------------------------|-----------|-----------------|--|----------------------------|
| | | Value (2) | Value (2) | | Debt Service Fund | Debt | | | |
| 2003 | 22,985 | \$675,972,321 | \$675,972,321 | \$1,250,000 | \$833,398 | \$416,602 | 0.06% | \$18 | |
| 2002 | 22,985 | \$632,121,426 | \$632,121,426 | 1,500,000 | 703,144 | 796,856 | 0.13% | 35 | |
| 2001 | 22,985 | 616,436,440 | 616,436,440 | 1,750,000 | 609,770 | 1,140,230 | 0.18% | 50 | |
| 2000 | 22,985 | 604,835,114 | 604,835,114 | 2,000,000 | 507,029 | 1,492,971 | 0.25% | 65 | |
| 1999 | 21,790 | 553,810,086 | 553,810,086 | 2,250,000 | 502,354 | 1,747,646 | 0.32% | 80 | |
| 1998 | 21,790 | 548,589,360 | 548,589,360 | 2,500,000 | 549,011 | 1,950,989 | 0.36% | 90 | |
| 1997 | 21,790 | 537,698,654 | 537,698,654 | 2,750,000 | 605,707 | 2,144,293 | 0.40% | 98 | |
| 1996 | 21,790 | 476,459,369 | 476,459,369 | 2,975,000 | 547,163 | 2,427,837 | 0.51% | 111 | |
| 1995 | 21,790 | 460,033,426 | 460,033,426 | 3,200,000 | 417,088 | 2,782,912 | 0.60% | 128 | |
| 1994 | 21,790 | 447,008,918 | 447,008,918 | 3,425,000 | 372,697 | 3,052,303 | 0.68% | 140 | |

Sources:

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

**VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
 COMPUTATION OF LEGAL DEBT MARGIN
 JUNE 30, 2003**

TABLE 7

| | | |
|--|-----------|-----------------------------|
| Assessed Valuation | | <u><u>\$675,972,321</u></u> |
| OVERALL DIRECT DEBT LIMITATION | | |
| Direct Debt Limitation | | |
| 9% of Assessed Valuation | | \$60,837,509 |
| Amount Available in Debt Service Fund | | 833,398 |
| Gross indebtedness | 1,250,000 | |
| Less: Debt Exempt from Limitation | <u>0</u> | |
| Debt Subject to 9% Limitation | | <u>(1,250,000)</u> |
| Legal Debt Margin within 9% Limitation | | <u><u>\$60,420,907</u></u> |
| UNVOTED DIRECT DEBT LIMITATION | | |
| Unvoted Debt Limitation | | |
| 0.1% of Assessed Valuation | | \$675,972 |
| Amount available in Debt Service Fund related to unvoted debt | | 0 |
| Gross indebtedness Authorized by the Board | 0 | |
| Less: Debt Exempt from Limitation | <u>0</u> | |
| Debt Subject to 0.1% Limitation | | <u>0</u> |
| Legal Debt Margin within 0.1% Limitation | | \$675,972 |
| ENERGY CONSERVATION BOND LIMITATION | | |
| Ohio Revised Code Section 133.042 | | |
| Debt Limitation | | |
| 0.9% of Assessed Valuation | | \$6,083,751 |
| Energy Conservation Notes Authorized by the Board | | <u>0</u> |
| Legal Debt Margin within 0.9% Limitation | | <u><u>\$6,083,751</u></u> |

Source: Vandalia-Butler City School District Financial Records.

**VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 JUNE 30, 2003**

TABLE 8

| Governmental Unit | Gross General Obligation | Percent Applicable to District | Amount Applicable to District |
|--------------------------------------|-----------------------------|--------------------------------------|-------------------------------------|
| Direct: | | | |
| Vandalia-Butler City School District | \$1,250,000 | 100.00% | \$1,250,000 |
| Overlapping: | | | |
| Montgomery County | 38,917,639 | 6.71% | 2,610,646 |
| Butler Township | 481,165 | 100.00% | 481,165 |
| City of Dayton | 50,608,401 | 5.95% | 3,013,481 |
| City of Union | 215,609 | 0.25% | 535 |
| City of Vandalia | 11,823,492 | 100.00% | 11,823,492 |
| Total overlapping | 102,046,306 | | 17,929,319 |
| Total direct and overlapping debt | \$103,296,306 | | \$19,179,319 |

Source: Montgomery County Auditor.

TABLE 9

**VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
 GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES
 LAST TEN FISCAL YEARS (1)
 1994-2003**

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

Source: Vandalia-Butler City School District Financial Records.

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

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

TABLE 10

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

Sources:

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

**VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
TOP TEN PRINCIPAL TAXPAYERS
JUNE 30, 2003**

TABLE 11

| Name of Taxpayer | Type of Business | Taxing District(s) | Real Property Assessed Valuation | Personal Property Assessed Valuation | Total Assessed Valuation | Percent of Total Assessed Valuation |
|------------------------------|-------------------------|----------------------------|----------------------------------|--------------------------------------|--------------------------|-------------------------------------|
| City of Dayton | Airport | Dayton | \$20,816,550 | \$0 | \$20,816,550 | 3.1% |
| Delphi Automotive Systems | Automotive supplier | Vandalia | 4,657,770 | 13,125,890 | 17,783,660 | 2.6% |
| Emery Air Freight & Airlines | Air cargo carrier | Dayton | 0 | 10,725,900 | 10,725,900 | 1.6% |
| Dayton Power & Light | Gas, electric utility | Butler Township & Vandalia | 8,897,920 | 0 | 8,897,920 | 1.3% |
| Ohio Bell Telephone Co | Telephone utility | Butler Township & Vandalia | 6,176,970 | 0 | 6,176,970 | 0.9% |
| The Iams Company | Pet food maker | Vandalia | 2,431,470 | 3,322,550 | 5,754,020 | 0.9% |
| Eurand America Inc | Pharmaceutical supplier | Vandalia | 0 | 4,667,000 | 4,667,000 | 0.7% |
| Sam's Club East | Retail warehouse | Butler Township | 2,463,150 | 1,491,200 | 3,954,350 | 0.6% |
| Smith Industries Aerospace | Aerospace engineering | Vandalia | 0 | 3,371,640 | 3,371,640 | 0.5% |
| EFTEC North America | Automotive supplier | Vandalia | 0 | 3,105,450 | 3,105,450 | 0.5% |
| Sub-Total | | | 45,443,830 | 39,809,630 | 85,253,460 | 12.6% |
| All Others | | | 503,297,020 | 87,421,841 | 590,718,861 | 87.4% |
| Grand Total | | | \$548,740,850 | \$127,231,471 | \$675,972,321 | 100.0% |

Source: Montgomery County Auditor.

**VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
COST TO EDUCATE A 2003 GRADUATE
JUNE 30, 2003**

TABLE 12

| School Year (1) | Grade | Vandalia-Butler City Schools | State Average | Comparison (2) | Vandalia-Butler Annual Increase | State Average Annual Increase |
|-----------------|-------|------------------------------|-----------------|----------------|---------------------------------|-------------------------------|
| 2002-2003 | 12 | \$8,194 | \$8,441 | (\$247) | 7.2% | 4.6% |
| 2001-2002 | 11 | \$7,641 | \$8,073 | (\$432) | 1.0% | 6.3% |
| 2000-2001 | 10 | 7,563 | 7,591 | (28) | 7.3% | 13.9% |
| 1999-2000 | 9 | 7,050 | 6,663 | 387 | 3.8% | 4.3% |
| 1998-1999 | 8 | 6,795 | 6,388 | 407 | 8.4% | 5.2% |
| 1997-1998 | 7 | 6,271 | 6,071 | 200 | 3.6% | 4.4% |
| 1996-1997 | 6 | 6,051 | 5,814 | 237 | 11.0% | 6.4% |
| 1995-1996 | 5 | 5,452 | 5,466 | (14) | -2.5% | 1.4% |
| 1994-1995 | 4 | 5,589 | 5,391 | 198 | 3.8% | 3.3% |
| 1993-1994 | 3 | 5,382 | 5,218 | 164 | 5.7% | 6.9% |
| 1992-1993 | 2 | 5,092 | 4,879 | 213 | 9.0% | 1.1% |
| 1991-1992 | 1 | 4,671 | 4,825 | (154) | 2.1% | 5.6% |
| 1990-1991 | K | 4,576 | 4,569 | 7 | | |
| TOTAL | | <u>\$80,327</u> | <u>\$79,389</u> | <u>\$938</u> | | |

Source: Vandalia-Butler City School District Financial Records.

(1) Preliminary information for 2002-2003.

(2) Reported on a cash basis.

**VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
ENROLLMENT PROJECTIONS BY GRADE
JUNE 30, 2003**

TABLE 13

| | P | K | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | U | Total |
|------------------|----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|----|-------|
| <u>Actual</u> | | | | | | | | | | | | | | | | |
| 1997-1998 | 25 | 259 | 285 | 254 | 253 | 257 | 269 | 309 | 274 | 270 | 333 | 278 | 287 | 266 | 21 | 3,640 |
| 1998-1999 | 27 | 206 | 280 | 269 | 244 | 258 | 265 | 275 | 309 | 273 | 349 | 266 | 245 | 271 | 27 | 3,564 |
| 1999-2000 | 22 | 249 | 226 | 255 | 255 | 251 | 261 | 263 | 289 | 317 | 321 | 280 | 264 | 273 | 24 | 3,550 |
| 2000-2001 | 23 | 232 | 281 | 220 | 252 | 250 | 253 | 275 | 287 | 285 | 346 | 274 | 283 | 246 | 24 | 3,531 |
| 2001-2002 | 26 | 182 | 260 | 244 | 210 | 256 | 259 | 259 | 286 | 270 | 336 | 323 | 273 | 253 | 29 | 3,466 |
| 2002-2003 | 32 | 210 | 209 | 246 | 250 | 222 | 251 | 256 | 284 | 293 | 318 | 299 | 312 | 261 | 28 | 3,471 |
| <u>Projected</u> | | | | | | | | | | | | | | | | |
| 2003-2004 | 25 | 252 | 291 | 191 | 240 | 242 | 218 | 265 | 273 | 268 | 345 | 292 | 294 | 302 | 26 | 3,524 |
| 2004-2005 | 25 | 225 | 282 | 276 | 186 | 244 | 247 | 221 | 275 | 272 | 325 | 307 | 287 | 280 | 26 | 3,478 |
| 2005-2006 | 26 | 244 | 252 | 288 | 248 | 189 | 249 | 250 | 230 | 274 | 330 | 290 | 303 | 273 | 26 | 3,472 |
| 2006-2007 | 25 | 243 | 273 | 239 | 261 | 274 | 193 | 253 | 260 | 229 | 333 | 294 | 285 | 288 | 26 | 3,476 |
| 2007-2008 | 25 | 244 | 272 | 259 | 233 | 265 | 279 | 196 | 263 | 259 | 278 | 296 | 289 | 271 | 25 | 3,454 |
| 2008-2009 | 25 | 252 | 273 | 258 | 252 | 237 | 271 | 283 | 204 | 262 | 314 | 247 | 292 | 275 | 26 | 3,471 |
| 2009-2010 | 25 | 258 | 282 | 259 | 251 | 257 | 242 | 274 | 295 | 203 | 318 | 280 | 243 | 277 | 26 | 3,490 |
| 2010-2011 | 25 | 259 | 288 | 268 | 252 | 255 | 262 | 245 | 285 | 293 | 246 | 283 | 275 | 231 | 26 | 3,493 |
| 2011-2012 | 26 | 260 | 290 | 273 | 261 | 257 | 285 | 266 | 255 | 288 | 356 | 219 | 248 | 263 | 26 | 3,573 |

Source: Vandalia-Butler City School District Financial Records.

VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
LEVY HISTORY

TABLE 14

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

TABLE 15

**VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
 DEMOGRAPHIC STATISTICS
 LAST TEN YEARS
 1994-2003**

| <u>Year</u> | <u>Population (1)</u> | <u>School Enrollment (2)</u> | <u>Average Federal Income (3)</u> | <u>Unemployment Rate Montgomery County (4)</u> |
|-------------|-----------------------|------------------------------|-----------------------------------|--|
| 2003 | 22,985 | 3,471 | Information not available | 4.7% |
| 2002 | 22,985 | 3,466 | Information not available | 5.3% |
| 2001 | 22,985 | 3,531 | \$48,698 | 4.3% |
| 2000 | 22,985 | 3,550 | \$50,415 | 3.8% |
| 1999 | 21,790 | 3,564 | 49,746 | 3.8% |
| 1998 | 21,790 | 3,640 | 47,439 | 4.1% |
| 1997 | 21,790 | 3,590 | 44,240 | 4.0% |
| 1996 | 21,790 | 3,574 | 40,712 | 4.4% |
| 1995 | 21,790 | 3,435 | 40,161 | 4.0% |
| 1994 | 21,790 | 3,612 | 38,228 | 4.9% |

Sources:

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

TABLE 16

VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO
MISCELLANEOUS STATISTICS
JUNE 30, 2003

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

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

Population 22,985

Area of District 36.0 square miles

| | |
|---|-----|
| Full-time Equivalent Certificated Staff | 266 |
| Full-time Equivalent Classified Staff | 182 |
| Full-time Equivalent Total Staff | 448 |

Average Years Teaching Experience 14.3

Percent of Certificated Staff with Advanced Degrees 58%

| School Facility | Address | Phone | Principal | Grades | Enrollment |
|----------------------------------|---|--------------|---------------------|--------|--------------|
| Demmitt Elementary School | 1010 East National Road, Vandalia, Ohio 45377 | 937.415.6500 | Mr. Gene Paul | K-4 | 398 |
| Helke Elementary School | 611 Randler Drive, Vandalia, Ohio 45377 | 937.415.3000 | Mr. Dan Mecoli | K-4 | 384 |
| Murlin Heights Elementary School | 8515 North Dixie Drive, Dayton, Ohio 45414 | 937.415.3900 | Mrs. Kerry Elifritz | K-4 | 403 |
| Morton Middle School | 231 West National Road, Vandalia, Ohio 45377 | 937.415.6600 | Mr. Gary Miller | 5-8 | 529 |
| Smith Middle School | 3625 Little York Road, Dayton, Ohio 45414 | 937.415.7000 | Mrs. Laura Bemus | 5-8 | 567 |
| Butler High School | 600 South Dixie Drive, Vandalia, Ohio 45414 | 937.415.6300 | Mr. Jeff Cassell | 9-12 | 1,190 |
| | | | | | <u>3,471</u> |

District Vision Statement:

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

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



**Auditor of State
Betty Montgomery**

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VANDALIA-BUTLER CITY SCHOOL DISTRICT

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 29, 2004**