

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

**SUPPLEMENTAL REPORTS**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2008**

**DANIEL SCHALL, TREASURER**





# Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Vandalia-Butler City School District, Montgomery County, prepared by Julian & Grube, Inc., for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

February 20, 2009

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

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## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

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

### **Independent Auditor's Report on Supplementary Schedule of Receipts and Expenditures of Federal Awards**

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

We have audited the financial statements of the governmental activities, its major fund and the aggregate remaining fund information of the Vandalia-Butler City School District, Montgomery County, Ohio, as of and for the fiscal year ended June 30, 2008, and have issued our report thereon dated December 19, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Vandalia-Butler City School District's basic financial statements. The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as whole.

*Julian & Grube, Inc.*

Julian & Grube, Inc.  
December 19, 2008

**VANDALIA BUTLER LOCAL SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<b>FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE</b>	<b>CFDA NUMBER</b>	<b>(E) PASS-THROUGH GRANT NUMBER</b>	<b>(D) CASH FEDERAL RECEIPTS</b>	<b>(D) CASH FEDERAL DISBURSEMENTS</b>
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
(A) Food Donation	10.550	2008	\$ 88,527	\$ 88,527
<b>Total Food Donation</b>			<u>88,527</u>	<u>88,527</u>
(B) National School Lunch Program	10.555	2008	308,351	308,351
<b>Total National School Lunch Program</b>			<u>308,351</u>	<u>308,351</u>
<b>Total U.S. Department of Agriculture</b>			<u>396,878</u>	<u>396,878</u>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
Title I Grants to Local Educational Agencies	84.010	2007	57,158	-
Title I Grants to Local Educational Agencies	84.010	2008	244,810	360,076
<b>Total Title I Grants to Local Educational Agencies</b>			<u>301,968</u>	<u>360,076</u>
<b>Special Education Cluster:</b>				
(C) Special Education_Grants to States	84.027	2007	73,041	100,640
(C) Special Education_Grants to States	84.027	2008	600,516	804,443
<b>Total Special Education _Grants to States</b>			<u>673,557</u>	<u>905,083</u>
(C) Special Education_Preschool Grants	84.173	2008	10,463	10,463
<b>Total Special Education_Preschool Grants</b>			<u>10,463</u>	<u>10,463</u>
<b>Total Special Education Cluster</b>			<u>684,020</u>	<u>915,546</u>
Safe and Drug-Free Schools and Communities_State Grants	84.186	2008	9,895	9,895
<b>Total Safe and Drug-Free Schools and Communities_State Grants</b>			<u>9,895</u>	<u>9,895</u>
State Grants for Innovative Programs	84.298	2007	1,998	5,244
State Grants for Innovative Programs	84.298	2008	5,297	5,297
<b>Total State Grants for Innovative Programs</b>			<u>7,295</u>	<u>10,541</u>
Education Technology State Grants	84.318	2008	3,230	3,254
<b>Total Educational Technology State Grants</b>			<u>3,230</u>	<u>3,254</u>
Improving Teacher Quality State Grants	84.367	2007	35,560	22,049
Improving Teacher Quality State Grants	84.367	2008	71,814	72,612
<b>Total Improving Teacher Quality State Grants</b>			<u>107,374</u>	<u>94,661</u>
<b>Total U.S. Department of Education</b>			<u>1,113,782</u>	<u>1,393,973</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 1,510,660</u>	<u>\$ 1,790,851</u>

- (A) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at entitlement value.
- (B) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (C) Included as part of "Special Education Grant Cluster" in determining major programs.
- (D) This schedule was prepared on the cash basis of accounting.
- (E) OAKS did not assign pass-through numbers for fiscal year 2008





## **Julian & Grube, Inc.**

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

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

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

We have audited the financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Vandalia-Butler City School District, Montgomery County, Ohio, as of and for the fiscal year ended June 30, 2008, which collectively comprise Vandalia-Butler City School District's basic financial statements and have issued our report thereon dated December 19, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Vandalia-Butler City School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Vandalia-Butler City School District's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the Vandalia-Butler City School District's internal control over financial reporting.

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

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

Board of Education  
Vandalia-Butler City School District

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Vandalia-Butler City School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to the management of the Vandalia-Butler City School District in a separate letter dated December 19, 2008.

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



Julian & Grube, Inc.  
December 19, 2008



## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

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

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

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

#### Compliance

We have audited the compliance of the Vandalia-Butler City School District, Montgomery County, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the fiscal year ended June 30, 2008. The Vandalia-Butler City School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs are the responsibility of the Vandalia-Butler City School District's management. Our responsibility is to express an opinion on the Vandalia-Butler City School District's compliance based on our audit.

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

In our opinion, the Vandalia-Butler City School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2008.

Board of Education  
Vandalia-Butler City School District

Internal Control Over Compliance

The management of the Vandalia-Butler City School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Vandalia-Butler City School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Vandalia-Butler City School District's internal control over compliance.

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

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

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

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



Julian & Grube, Inc.  
December 19, 2008

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2008**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	National School Lunch Program CFDA #10.555 and Title I, Grants to Local Educational Agencies CFDA #84.010.
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

<b>2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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None

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None

**VANDALIA-BUTLER CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO  
JUNE 30, 2008**

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

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i></b>
2007-VBCSD-001	Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated.	Partially	Finding now located in Management Letter
2007-VBCSD-002	Ohio Revised Code Section 5705.40 in part requires that any amendments to an appropriation measure be made by resolution and comply with the same provisions of the law as used in making the original appropriation.	Partially	Finding now located in Management Letter
2007-VBCSD-003	Ohio Revised Code Section 5705.10 in part requires that money paid into any fund shall be expended only after such fund receives monies to cover expenditures.	Partially	Finding now located in Management Letter
2007-VBCSD-004	Ohio Revised Code Section 5705.36(A)(4) in part requires that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate.	Yes	N/A
2007-VBCSD-005	SAS-112 significant deficiency with respect to the reporting of capital assets.	Yes	N/A

**VANDALIA-BUTLER CITY SCHOOL DISTRICT  
COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
For the Fiscal Year ended June 30, 2008**



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, 2008

Issued by:  
Daniel Schall  
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, 2008

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December 19, 2008

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

We are pleased to present the 2008 Comprehensive Annual Financial Report (CAFR) for the Vandalia-Butler City School District. This report, for the fiscal year ended June 30, 2008, contains the financial statements and other financial and statistical data that provide complete and full disclosure of all material financial aspects of the Vandalia-Butler City School District (District). The responsibility for the accuracy and completeness of all data presented, and the fairness of the presentation, rests with the District, specifically with the District Treasurer's office.

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

#### DISTRICT OVERVIEW

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

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

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

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



## DISTRICT ORGANIZATION AND REPORTING ENTITY

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

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

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

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

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

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

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

## ECONOMIC CONDITION AND OUTLOOK

The Vandalia-Butler City School District serves the residents of the City of Vandalia and Butler Township who despite lack of state dollars and removal of personal property from the tax base realize the importance of strong schools. In 2006, the district passed a 5.9 mill operating levy to continue to meet the financial needs of the district. In 2007, the district renewed a 5.95 mill levy already on the books; and on November 4, 2008 the community supported a bond issue for \$49,950,000. It is evident through the financial support of the community that the district values excellent schools and understands that especially in more difficult economic times; education is the key to building our future.

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

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

## MAJOR INITIATIVES

Increasing student achievement served as the lens to focus all educational and financial decisions through the 2007-2008 school year. We achieved an “Excellent” rating for the fourth year in a row, as awarded by the state of Ohio on the local report card. We continue to improve as we examine weaknesses in student achievement and design targeted interventions to better align our instruction and our financial resources.

## FINANCIAL INFORMATION

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

### Internal Controls

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

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

### Federal and State Assistance

As a recipient of Federal and State assistance, the District is responsible for ensuring that 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 sixth year the District has prepared financial statements following GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." GASB 34 created 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. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

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

Management Discussion and Analysis for the District. This discussion is located in the financial section of this report following the audit opinion and provides an assessment of the District finances 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 \$955,637 for the fiscal year ended June 30, 2008. A majority of the District's deposits are collateralized by pooled collateral. By law, financial institutions may establish a collateral pool to cover all public deposits. The collateral is held by trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions. The District regularly reviews the market value of the pool to ensure that adequate collateral is provided. A more detailed description of District's investments is presented in Note 6.

## Risk Management

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

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating Districts is calculated as one experience and a common premium rate is applied to all Districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement 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 Julian & Grube Inc. has performed this year's audit. The results of the audit are presented in the Independent Auditor's Report.

### Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Vandalia-Butler City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007. The Certificate of Achievement is the highest form of recognition for excellence in the state and local government financial reporting.

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

### Acknowledgements

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



Daniel Schall  
Treasurer



Christy Donnelly, Ph.D.  
Superintendent

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Vandalia-Butler City School  
District, Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

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.



*Chloe S. Cox*

President

*Jeffrey R. Emer*

Executive Director

Vandalia-Butler City School District  
Vandalia, Ohio  
List of Principal Officials  
June 30, 2008

ELECTED OFFICIALS

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

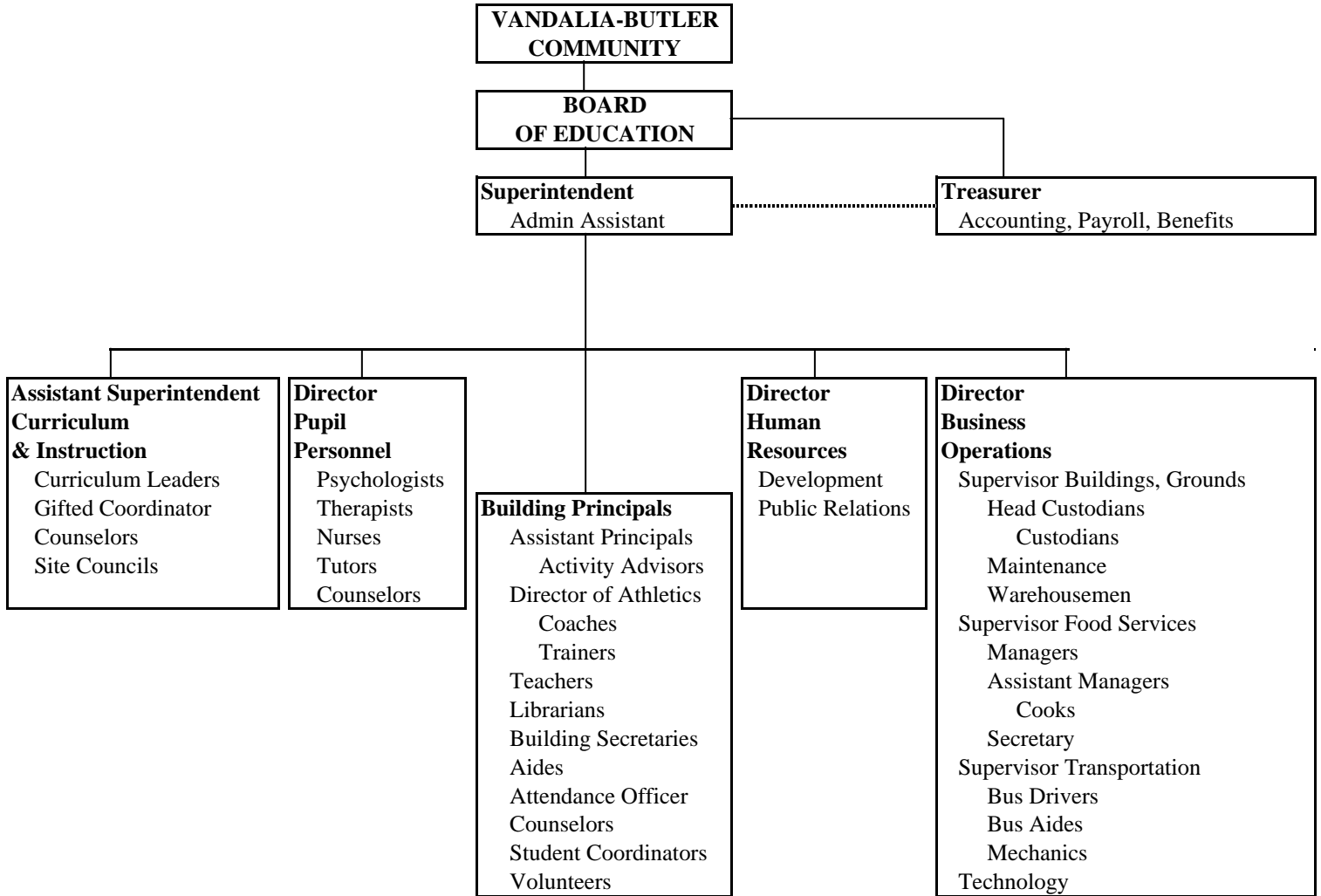
ADMINISTRATIVE OFFICIALS

Superintendent	Dr. Christy Donnelly
Treasurer	Mr. Daniel Schall
Director of Curriculum	Mrs. Laura Bemus
Director of Technology and Professional Staff	Mr. Jeff Cassell
Director of Business Operations	Mr. Chuck Stewart
Director of Pupil Personnel	Mr. Dan Heaton

OFFICE OF THE TREASURER

Treasurer	Mr. Daniel Schall
Assistant Treasurer	Mrs. Kay Altenburger
Payroll Supervisor	Mrs. Suzanne Chualas
Fiscal Support Analyst	Mrs. Tiffany Hiser

Vandalia-Butler City School District  
 Vandalia, Ohio  
 Organizational Chart  
 June 30, 2008



# **Financial Section**

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## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

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

### Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, its major fund and the aggregate remaining fund information of Vandalia-Butler City School District, Montgomery County, Ohio, as of and for the fiscal year ended June 30, 2008 which collectively comprise Vandalia-Butler City School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Vandalia-Butler City School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

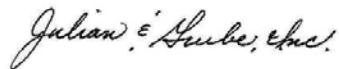
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, its major fund, and the aggregate remaining fund information of Vandalia-Butler City School District, Montgomery County, Ohio, as of June 30, 2008 and the respective changes in financial position, thereof and the respective budgetary comparison for the general fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2008, on our consideration of Vandalia-Butler City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Independent Auditor's Report  
Vandalia-Butler City School District

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

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



Julian & Grube, Inc.  
December 19, 2008

Vandalia-Butler City School District  
Vandalia, Ohio  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008

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**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, 2008. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and the basic financial statements to enhance their understanding of the District's financial performance.

**FINANCIAL HIGHLIGHTS**

- The District's assets exceeded its liabilities at June 30, 2008 by \$19,132,288.
- The District's net assets of governmental activities increased \$2,416,806 which represents a 2.7 percent decrease from 2007.
- General revenues accounted for \$34,126,473 in revenue or 87 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5,187,629 or 13 percent of total revenues of \$39,314,102.
- The District had \$36,897,296 in expenses related to governmental activities; only \$5,187,629 of these expenses was offset by program specific charges for services and sales, grants, and contributions.

**USING THIS ANNUAL FINANCIAL REPORT**

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

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

**REPORTING THE DISTRICT AS A WHOLE**

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

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

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

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

Vandalia-Butler City School District  
Vandalia, Ohio  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008

**REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS**

**Fund Financial Statements**

The analysis of the District's funds begins on page 6. Fund financial statements provide detailed information about the District's major funds – not the District as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Treasurer with approval from the Board to help control, manage and report money received for a particular purpose or to show that the District is meeting legal responsibilities for use of grants. The Vandalia-Butler City School District's only major fund is the General fund.

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

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

**THE DISTRICT AS A WHOLE**

As stated previously, the Statement of Net Assets provides the perspective of the District as a whole. Table 1 provides a summary of the District's net assets for 2008 compared to 2007.

Table 1  
Net Assets  
Governmental Activities

	2008	2007
Assets:		
Current Assets	\$39,846,925	\$38,938,960
Capital Assets, Net	6,400,666	6,159,598
Total Assets	46,247,591	45,098,558
Liabilities:		
Current and Other Liabilities	24,937,781	25,907,589
Long-Term Liabilities	2,177,522	2,457,487
Total Liabilities	27,115,303	28,383,076
Net Assets:		
Invested in Capital Assets, Net of Related Debt	6,349,688	5,824,345
Restricted	966,939	1,235,726
Unrestricted	11,815,661	9,655,411
Total Net Assets	\$19,132,288	\$16,715,482

Total net assets of the District, as a whole, increased \$2,416,806. The increase to current assets is due to an increase in cash that resulted in an increase to intergovernmental revenues. The decrease to current and other liabilities is due to a decrease in accounts payable and accrued wages.

Vandalia-Butler City School District  
Vandalia, Ohio  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008

Table 2 shows the changes in net assets for the fiscal years ended June 30, 2008 and June 30, 2007.

Table 2 Change in Net Assets Governmental Activities		
	2008	2007
Revenues		
Program Revenues:		
Charges for Services and Sales	\$2,474,515	\$2,107,844
Operating Grants and Contributions	2,713,114	2,625,533
Total Program Revenues	5,187,629	4,733,377
General Revenues:		
Property Taxes	22,977,944	24,426,863
Grants and Entitlements	10,047,923	7,598,194
Investment Earnings	955,637	698,845
Miscellaneous	144,969	205,905
Total General Revenues	34,126,473	32,929,807
Total Revenues	39,314,102	37,663,184
Program Expenses		
Instruction		
Regular	17,039,496	15,229,451
Special	3,034,996	3,236,123
Vocational	354,079	386,732
Other	2,220,027	1,998,815
Support Services		
Pupil	1,918,595	2,424,073
Instructional Staff	2,016,335	1,650,892
Board of Education	33,985	52,233
Administration	2,158,771	1,959,594
Business and Fiscal	969,903	1,272,569
Operation of Maintenance of Plant	3,426,603	2,872,016
Pupil Transportation	1,330,428	1,416,041
Central	514,061	792,962
Non-Instructional Services	1,340,845	1,293,966
Extracurricular Activities	527,892	552,196
Interest and Fiscal Charges	11,280	40,863
Total Expenses	36,897,296	35,178,526
Increase in Net Assets	2,416,806	2,484,658
Net Assets at Beginning of Year	16,715,482	14,230,824
Net Assets at End of Year	\$19,132,288	\$16,715,482

**Governmental Activities**

Property taxes comprised 58 percent of revenue for governmental activities of the Vandalia-Butler City School District for fiscal year 2008 and represents the largest source of revenue. The decrease to tax revenue is due to certain reclassifications of revenues by the School District.

Grants and entitlements comprised 26 percent of revenue for governmental activities during 2008. The increase to grants and entitlements is due to certain reclassifications of revenues by the School District.

Vandalia-Butler City School District  
Vandalia, Ohio  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008

As indicated by governmental program expenses, total instruction is emphasized. Total instruction comprised 61 percent of governmental program expenses with support services comprising 34 percent of governmental expenses. The Board of Education relies on taxes to support increased student achievement within the school district. The increase to regular instruction is due to the School District's program based budgeting, with curriculum supervisors and other costs reflected where the expense actually occurred. The decrease to pupils is due to more special education support being done "in-house" rather than being contracted through the Educational Service Center. The increase to operation and maintenance of plant is due to Jarod's Law and the School District's aging facilities which have increased the costs of repairs.

The Statement of Activities shows the cost of program services and the charges for services and sales, and grants and contributions offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2008 as compared to 2007. 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

	2008		2007	
	Total Cost of Services	Net Cost Of Services	Total Cost of Services	Net Cost of Services
Instruction	\$22,648,598	\$21,032,013	\$20,851,121	\$19,718,789
Support Services	12,368,681	10,460,949	12,440,380	10,308,510
Non-instructional Services	1,340,845	(34,584)	1,293,966	112,388
Extracurricular Activities	527,892	240,009	552,196	264,599
Interest and Fiscal Charges	11,280	11,280	40,863	40,863
<b>Total Expenses</b>	<b>\$36,897,296</b>	<b>\$31,709,667</b>	<b>\$35,178,526</b>	<b>\$30,445,149</b>

**THE DISTRICT'S FUNDS**

Information about the District's governmental funds begins on page 12. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$39,198,639 and expenditures and other financing uses of \$37,594,667.

The fund balance of the General Fund increased by \$2,201,848. Even with passage of a 5.5 mill operating levy, general fund balances for future years will continue to decline unless further renewal levies are passed by the residents of the District. Current projections show the District with a deficit general fund balance in fiscal year 2009 if the District does not maintain the levies currently in place.

**General Fund Budgeting Highlights**

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

During the course of the fiscal year 2008, the District amended its general fund budget. Actual revenues and other financing sources for the fiscal year 2008 was \$35,170,503. This represents a \$421,686 decrease from the final budgeted revenues and a \$564,985 increase from the original budgeted revenues which is primarily a result of intergovernmental and tax revenues.

The actual budget basis expenditures for fiscal year 2008 totaled \$34,296,360 which was \$554,170 less than the original and final budgeted appropriations which is due primarily to conservative budgeting by the District.

Vandalia-Butler City School District  
Vandalia, Ohio  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2008, the District had \$6,400,666 invested in land, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows the fiscal year 2008 balances compared to 2007. For additional information on capital assets, see Note 9 to the basic financial statements.

Table 4  
Capital Assets  
(Net of Accumulated Depreciation)

Governmental Activities		
	2008	2007
Land	\$623,099	\$623,099
Land Improvements	520,975	420,408
Buildings and Improvements	3,618,912	3,815,063
Furniture and Equipment	1,020,236	839,843
Vehicles	617,444	461,185
Totals	\$6,400,666	\$6,159,598

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

**Debt**

At June 30, 2008 the District had \$0 in bonds outstanding. Table 5 summarizes the bonds outstanding:

Table 5  
Outstanding Debt at Year End  
Governmental Activities

	2008	2007
1984 General Obligation Bonds	<u>\$0</u>	<u>\$250,000</u>

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

At June 30, 2008 the District's overall legal debt margin was \$61,347,440 with an unvoted debt margin of \$681,638.

**FOR THE FUTURE**

Vandalia-Butler City Schools continues to improve on student achievement while having achieved "Excellent" as measured by the state of Ohio on the local report card four years in a row. Technology and facilities continue to be major issues of concern for the District as they are limited by current availability of resources. The District has completed a strategic plan with over a hundred and twenty five community members assessing the district's needs and as of November 4, 2008 community members have overwhelmingly supported a bond issue to build a new middle school and renovate the high school.

In correlation with meeting student needs, the school board is determined to plan for long term financial stability. The program based budgeting process used in the district for the last five years has become a useful tool in tying resources to student performance and is now being used to meet the needs identified in the strategic plan without increasing tax rates for our community.

Vandalia-Butler City School District  
Vandalia, Ohio  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008

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

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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



# **Basic Financial Statements**

**Vandalia-Butler City School District**  
**Statement of Net Assets**  
*June 30, 2008*

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Equity in Pooled Cash and Investments	\$17,248,925
Receivables	
Taxes	22,162,002
Accounts	72,500
Intergovernmental	363,498
Non-Depreciable Capital Assets	623,099
Depreciable Capital Assets, Net	5,777,567
<i>Total Assets</i>	46,247,591
<b>LIABILITIES</b>	
Accounts Payable	500,635
Accrued Wages and Benefits	3,670,427
Unearned Revenue	19,497,943
Matured Compensated Absences Payable	374,729
Intergovernmental Payable	894,047
Long-Term Liabilities:	
Due Within One Year	170,674
Due In More Than One Year	2,006,848
<i>Total Liabilities</i>	27,115,303
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	6,349,688
Restricted for:	
Debt Service	92,852
Other Purposes	874,087
Unrestricted	11,815,661
<i>Total Net Assets</i>	\$19,132,288

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

**Vandalia-Butler City School District**  
**Statement of Activities**  
For the Fiscal Year Ended June 30, 2008

	<u>Program Revenues</u>		<b>Net (Expense) Revenue and Changes in Net Assets</b>
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	
<b>Governmental Activities</b>			
Instruction:			
Regular	\$17,039,496	\$517,617	\$87,484
Special	3,034,996	57,384	523,771
Vocational	354,079	7,605	0
Other	2,220,027	36,643	386,081
Support Services:			
Pupils	1,918,595	31,803	337,222
Instructional Staff	2,016,335	289,707	216,747
Board of Education	33,985	691	0
Administration	2,158,771	50,812	44,467
Business and Fiscal	969,903	20,742	0
Operation and Maintenance of Plant	3,426,603	76,317	143,610
Pupil Transportation	1,330,428	33,186	598,422
Central	514,061	9,679	54,327
Non-Instructional Services	1,340,845	1,058,346	317,083
Extracurricular Activities	527,892	283,983	3,900
Interest and Fiscal Charges	11,280	0	0
<b>Total Governmental Activities</b>	<b><u>\$36,897,296</u></b>	<b><u>\$2,474,515</u></b>	<b><u>\$2,713,114</u></b>

**General Revenues**

Property Taxes Levied for:	
General Purposes	22,977,944
Grants and Entitlements not Restricted to Specific Programs	10,047,923
Investment Earnings	955,637
Miscellaneous	144,969
	<u>34,126,473</u>
<i>Total General Revenues</i>	<u>34,126,473</u>
Change in Net Assets	2,416,806
<i>Net Assets Beginning of Year</i>	<u>16,715,482</u>
<i>Net Assets End of Year</i>	<u><u>\$19,132,288</u></u>

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

**Vandalia-Butler City School District**  
**Balance Sheet**  
**Governmental Funds**

June 30, 2008

	<b>General</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Equity in Pooled Cash and Cash Equivalents	\$15,755,084	\$1,493,841	\$17,248,925
Receivables :			
Taxes	22,162,002	0	22,162,002
Accounts	0	72,500	72,500
Intergovernmental	12,423	351,075	363,498
Interfund	429,919	0	429,919
Total Assets	<b>\$38,359,428</b>	<b>\$1,917,416</b>	<b>\$40,276,844</b>
<b>LIABILITIES</b>			
Accounts Payable	\$400,232	\$100,403	\$500,635
Accrued Wages and Benefits	3,511,193	159,234	3,670,427
Matured Compensated Absences Payable	374,729	0	374,729
Deferred Revenues	20,483,622	351,075	20,834,697
Interfund Payable	0	429,919	429,919
Intergovernmental Payable	790,697	103,350	894,047
Total Liabilities	<b>25,560,473</b>	<b>1,143,981</b>	<b>26,704,454</b>
<b>FUND BALANCES</b>			
Reserved for Encumbrances	682,776	142,803	825,579
Reserved for Property Taxes	1,685,690	0	1,685,690
Unreserved			
Undesignated - Reported In			
General Fund	10,430,489	0	10,430,489
Special Revenue Funds	0	537,780	537,780
Debt Service Fund	0	92,852	92,852
Total Fund Balances	<b>12,798,955</b>	<b>773,435</b>	<b>13,572,390</b>
Total Liabilities and Fund Balances	<b>\$38,359,428</b>	<b>\$1,917,416</b>	<b>\$40,276,844</b>

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

**Vandalia-Butler City School District**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Assets of Governmental Activities**  
*June 30, 2008*

<b>Total Governmental Fund Balances</b>		\$ 13,572,390
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		6,400,666
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Taxes Receivable	985,679	
Intergovernmental	351,075	
Total		1,336,754
Long-Term Liabilities, including capital lease obligations and the long-term portion of compensated absences are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences	(2,126,544)	
Capital Lease Obligations	(50,978)	
Total		(2,177,522)
<b>Net Assets of Governmental Activities</b>		<b>\$ 19,132,288</b>

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

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

For the Fiscal Year Ended June 30, 2008

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Taxes	\$23,059,926	\$0	\$23,059,926
Intergovernmental	10,798,382	1,559,338	12,357,720
Earnings on Investments	905,192	50,445	955,637
Tuition and Fees	657,377	172,621	829,998
Charges for Services	33,998	1,058,346	1,092,344
Extracurricular	0	552,173	552,173
Gifts and Donations	0	52,242	52,242
Other	57,687	87,282	144,969
<b>Total Revenues</b>	<u>35,512,562</u>	<u>3,532,447</u>	<u>39,045,009</u>
<b>Expenditures</b>			
<b>Current Operating</b>			
<b>Instruction</b>			
Regular	16,717,623	369,330	17,086,953
Special	2,737,995	327,507	3,065,502
Vocational	333,872	0	333,872
Other	1,767,624	452,403	2,220,027
<b>Support Services</b>			
Pupils	1,558,980	373,573	1,932,553
Instructional Staff	1,351,909	570,333	1,922,242
Board of Education	33,985	0	33,985
Administration	2,069,925	46,083	2,116,008
Business and Fiscal	968,032	0	968,032
Operation and Maintenance of Plant	3,422,629	5,036	3,427,665
Pupil Transportation	1,585,204	0	1,585,204
Central	461,465	72,924	534,389
Extracurricular Activities	264,044	280,418	544,462
Non-Instructional Services	0	1,369,880	1,369,880
<b>Debt Service</b>			
Principal	34,275	250,000	284,275
Interest	3,152	12,836	15,988
<b>Total Expenditures</b>	<u>33,310,714</u>	<u>4,130,323</u>	<u>37,441,037</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	2,201,848	(597,876)	1,603,972
<b>Other Financing Sources (Uses)</b>			
Transfers In	0	153,630	153,630
Transfers Out	0	(153,630)	(153,630)
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	2,201,848	(597,876)	1,603,972
<b>Fund Balances at</b>			
Beginning of Year	<u>10,597,107</u>	<u>1,371,311</u>	<u>11,968,418</u>
<b>Fund Balances at End of Year</b>	<u>\$12,798,955</u>	<u>\$773,435</u>	<u>\$13,572,390</u>

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

**Vandalia-Butler City School District**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities*  
For the Fiscal Year Ended June 30, 2008

**Net Change in Fund Balances - Total Governmental Funds** \$ 1,603,972

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

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

Capital Asset Additions	855,078	
Current Year Depreciation	(614,010)	
Total	241,068	241,068

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

Taxes	(81,982)	
Intergovernmental	351,075	
Total	269,093	269,093

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.

34,275

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

Decrease in Compensated Absences	13,690	
Decrease in Interest Payable	4,708	
Total	18,398	18,398

**Net Change in Net Assets of Governmental Activities** \$ 2,416,806

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

**Vandalia-Butler City School District**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**(Non-GAAP Budgetary Basis)**  
**General Fund**  
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget: Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Taxes	\$21,230,958	\$22,230,958	\$22,719,296	\$488,338
Intergovernmental	12,532,669	12,521,022	10,880,000	(1,641,022)
Earnings on Investments	454,561	453,653	824,254	370,601
Tuition and Fees	352,322	351,618	657,377	305,759
Rent	18,221	18,185	33,998	15,813
Other	16,787	16,753	31,321	14,568
<b>Total Revenues</b>	<b>34,605,518</b>	<b>35,592,189</b>	<b>35,146,246</b>	<b>(445,943)</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	16,924,027	19,118,986	16,890,960	2,228,026
Special	2,688,523	2,900,270	2,723,932	176,338
Vocational	336,577	437,258	341,010	96,248
Other	2,033,421	2,261,202	2,060,202	201,000
<b>Support Services:</b>				
Pupils	1,564,317	1,481,232	1,584,920	(103,688)
Instructional Staff	1,366,901	1,022,994	1,384,904	(361,910)
Board of Education	37,088	5,216	37,576	(32,360)
Administration	2,058,707	1,930,893	2,085,821	(154,928)
Business and Fiscal	1,132,506	1,064,206	1,147,422	(83,216)
Operation and Maintenance of Plant	3,532,878	2,316,956	3,579,408	(1,262,452)
Pupil Transportation	1,710,657	1,819,109	1,733,187	85,922
Central	464,928	492,208	471,051	21,157
Extracurricular Activities	0	0	255,967	(255,967)
<b>Total Expenditures</b>	<b>33,850,530</b>	<b>34,850,530</b>	<b>34,296,360</b>	<b>554,170</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>754,988</b>	<b>741,659</b>	<b>849,886</b>	<b>108,227</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from Sale of Assets	0	0	413	413
Refund of Prior Year Expenditures	0	0	23,844	23,844
Advances Out	0	0	(429,919)	(429,919)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>(405,662)</b>	<b>(405,662)</b>
<b>Net Change in Fund Balance</b>	<b>754,988</b>	<b>741,659</b>	<b>444,224</b>	<b>(297,435)</b>
<b>Fund Balance at Beginning of Year</b>	<b>13,613,017</b>	<b>13,613,017</b>	<b>13,613,017</b>	<b>0</b>
<b>Prior Year Encumbrances Appropriated, restated - see note 3</b>	<b>649,349</b>	<b>649,349</b>	<b>649,349</b>	<b>0</b>
<b>Fund Balance at End of Year</b>	<b>\$15,017,354</b>	<b>\$15,004,025</b>	<b>\$14,706,590</b>	<b>(\$297,435)</b>

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



**Vandalia-Butler City School District**

*Statement of Fiduciary Assets and Liabilities*

Fiduciary Fund

As of June 30, 2008

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	<u>Agency</u>
<b>ASSETS</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$96,942</u>
Total Assets	<u><u>96,942</u></u>
 <b>LIABILITIES</b>	
Due to Students	<u>96,942</u>
Total Liabilities	<u><u>\$96,942</u></u>

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

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**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 164 non-certified and 263 certificated full time teaching personnel who provide services to 3,286 students and other community members.

**Reporting Entity**

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

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

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

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

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

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

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

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**Fund Accounting**

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

**Governmental Funds**

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

**General Fund**

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

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

**Fiduciary Funds**

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

**Basis of Presentation**

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

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**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, 2008

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenues – Exchange and Non-exchange Transactions**

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

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

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

**Unearned/Deferred Revenue**

Unearned/Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as unearned/deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned/deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

**Expenses/Expenditures**

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

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

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Budgetary Process**

All funds, other than the agency funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. 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 2008.

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

**Encumbrances**

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

**Cash and Investments**

Cash received by the School District is deposited into one of several bank accounts with individual fund balance integrity maintained. Balances of all funds are maintained in these accounts or are temporarily used to purchase certificates of deposit or investments. All investment earnings accrue to the General Fund except those specifically related to those funds deemed appropriate according to Board of Education policy or unless statutorily required to be credited to a specific fund. Interest earned amounted to \$955,637 in which \$905,192 was recorded in the General Fund and \$50,445 was recorded in the other non-major governmental funds.

The School District records all its investments at fair value. For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. The School District has invested in the State Treasury Asset Reserve of Ohio (STAROhio), Certificates of Deposit, Federal Farm Credit Bank, Federal Home Loan Bank Bonds, Federal National Mortgage Association Bonds, and Federal Home Loan Mortgage Corp. Bonds during fiscal year 2008. 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. STAROhio 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 STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2008.

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Assets and Depreciation**

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

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

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

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

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

**Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivable" and "Interfund Payable." 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, 2008

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Compensated Absences**

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

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

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

**Accrued Liabilities and Long-Term Obligations**

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

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

**Net Assets**

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

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

Of the School District's \$966,939 restricted net assets, none is restricted by enabling legislation.

**Fund Balance Reserves**

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



VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Interfund Transactions**

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

**Estimates**

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

**3. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF ENCUMBRANCES**

For the fiscal year 2008, the School District implemented GASB Statement No. 50, "Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27", and GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions". GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. GASB Statement No. 45 establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. The application of these new standards had no effect on the financial statements, nor did their implementation require a restatement of prior year balances.

Encumbrances on the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget Actual (Non-GAAP Budgetary Basis) for the General Fund have been restated in the amount of \$29,452 to properly reflect outstanding encumbrances at June 30, 2007.

**4. ACCOUNTABILITY**

The Early Entry Program, Summer Intervention, Special Education, Title I, Title V, Title II-A and Miscellaneous Federal Grants special revenue funds had deficit fund balances of \$14,000, \$53,392, \$257,501, \$156,540, \$37,891, \$16,963, and \$57, respectively which were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however this is done when cash is needed rather than when accruals occur.

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**5. BUDGETARY BASIS OF ACCOUNTING**

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for governmental funds (budget basis) rather than as a reservation of fund balance for governmental funds (GAAP basis).

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

Net Change in Fund Balance	
	General
GAAP Basis	\$2,201,848
Adjustments:	
Revenue Accruals	(342,059)
Expenditure Accruals	(367,071)
Encumbrances	(1,048,494)
Budget Basis	\$444,224

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**6. DEPOSITS AND INVESTMENTS**

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

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

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

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

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

1. United States treasury notes, bills, bonds, or any other obligation or securities issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio);
8. Securities lending agreements in which the School District lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2), or cash, or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the School District's total average portfolio; and

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**6. DEPOSITS AND INVESTMENTS (Continued)**

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

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

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

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

**Cash on Hand**

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

**Deposits**

At June 30, 2008, the carrying amount of all the School District's deposits was \$2,527,895. Based on the criteria described in GASB Statement 40, "Deposits and Investment Risk Disclosures", as of June 30, 2008, \$2,111,101 of the School District's bank balance of \$2,748,847 was covered by the Federal Deposit Insurance Corporation, while \$637,746 was exposed to custodial credit risk as discussed below.

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

**Investments**

The School District had the following investments at June 30, 2008:

	Fair Value	< 1 Year	1-2 Years	3-5 Years
Federal Home Loan Bank	\$1,796,935	\$0	\$0	\$1,796,935
Federal National Mort. Assn.	2,335,484	0	995,630	1,339,854
Federal Home Loan Mortgage	7,171,217	0	0	7,171,217
Federal Farm Credit Bank Notes	1,506,248	0	0	1,506,248
STAR Ohio	2,008,088	2,008,088	0	0
Total Investments	\$14,817,972	\$2,008,088	\$995,630	\$11,814,254

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**6. DEPOSITS AND INVESTMENTS (Continued)**

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

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

Concentration of credit risk – The School District does not have an investment policy which limits investments to STAR Ohio, Securities of Federal Agencies or instrumentalities and Certificates of Deposit. The School District has invested 12% in Federal Home Loan Bank Bonds, 16% in Federal National Mortgage Association Bonds, 48% in Federal Home Loan Mortgage Bonds, 10% in Federal Farm Credit Notes, and the remaining 14% in STAR Ohio.

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

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

**7. PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by state law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 become a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**7. PROPERTY TAXES (Continued)**

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

The School District receives property taxes from Montgomery County. The County Fiscal Officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008 are available to finance fiscal year 2008 operations. At June 30, 2008, \$1,685,690 was available as an advance to the general fund. The amount available as advance can vary depending upon when tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2008 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

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

The assessed values upon which fiscal year 2008 taxes were collected are:

	2007 Second-Half Collections		2008 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$629,941,790	90%	\$635,338,490	93%
Public Utility	14,796,220	1%	10,837,010	2%
Tangible Personal Property	58,949,395	9%	35,462,720	5%
Total Assessed Value	<u>\$703,687,405</u>	<u>100.00%</u>	<u>\$681,638,220</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$57.13		\$56.94	

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**8. RECEIVABLES**

Receivables at June 30, 2008, consisted of property taxes and intergovernmental grants. All receivables are considered collectible in full and will be received within one year. A summary of the principal items of intergovernmental receivables follows:

<u>Fund</u>	<u>Amount</u>
General	\$12,423
Non-major Funds:	
Title I	115,267
Title II-A	23,477
Miscellaneous Federal Grants	224
Title V	3,229
Special Education	<u>208,878</u>
Total Non-major Funds	<u>351,075</u>
Total Intergovernmental Receivables	<u>\$363,498</u>

**9. CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2008, was as follows:

	Ending Balance <u>06/30/07</u>	Additions	Deletions	Ending Balance <u>06/30/07</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 623,099	\$ -	\$ -	\$ 623,099
Total Capital Assets, Not Being Depreciated	<u>623,099</u>	<u>-</u>	<u>-</u>	<u>623,099</u>
Capital Assets Being Depreciated				
Land Improvements	1,264,991	138,047	-	1,403,038
Buildings and Improvements	16,000,630	-	-	16,000,630
Furniture and Equipment	2,786,228	483,637	-	3,269,865
Vehicles	1,812,147	233,394	-	2,045,541
Total Capital Assets, Being Depreciated	<u>21,863,996</u>	<u>855,078</u>	<u>-</u>	<u>22,719,074</u>
Less Accumulated Depreciation:				
Land Improvements	(844,583)	(37,480)	-	(882,063)
Buildings and Improvements	(12,185,567)	(196,151)	-	(12,381,718)
Furniture and Equipment	(1,946,385)	(303,244)	-	(2,249,629)
Vehicles	(1,350,962)	(77,135)	-	(1,428,097)
Total Accumulated Depreciation	<u>(16,327,497)</u>	<u>(614,010)</u>	<u>-</u>	<u>(16,941,507)</u>
Total Capital Assets Being Depreciated, Net	<u>5,536,499</u>	<u>241,068</u>	<u>-</u>	<u>5,777,567</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,159,598</u>	<u>\$ 241,068</u>	<u>\$ -</u>	<u>\$ 6,400,666</u>

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**9. CAPITAL ASSETS (Continued)**

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$391,530
Special	1,146
Support Services:	
Pupils	1,182
Instructional Staff	92,950
Administration	16,508
Business and Fiscal	3,368
Operation and Maintenance of Plant	7,155
Pupil Transportation	78,445
Central	11,257
Non-Instructional Services	6,084
Extracurricular Activities	4,385
Total Depreciation Expense	<u>\$614,010</u>

**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 2008 the School District contracted with Selective Insurance Company for general liability insurance with a \$1,000,000 single occurrence limit and \$3,000,000 aggregate. Selective Insurance Company covers buildings, boiler and machinery with \$2,500 deductible and a \$73,656,933 limit.

Professional liability is protected by Nationwide Agribusiness Insurance Company with a \$1,000,000 single occurrence limit and \$3,000,000 aggregate and no deductible. Vehicles are covered by Selective Insurance Company. Automobile liability has a \$1,000,000 per occurrence liability. Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from the previous year.

For fiscal year 2008, 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 School Districts is calculated as one experience and a common premium rate is applied to all School Districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of 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, 2008

**11. DEFINED BENEFIT PENSION PLANS**

***School Employees Retirement System***

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website, at [www.ohsers.org](http://www.ohsers.org), under *Forms and Publications*.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The School District's contributions to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$422,176, \$517,410, and \$340,522, respectively; 48% has been contributed for fiscal year 2008 and 100% for the fiscal years 2007 and 2006.

***State Teachers Retirement System***

State Teachers Retirement System of Ohio (STRS Ohio) is a cost-sharing, multiple-employer public employee retirement system.

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

**Plan Options** – New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

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

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**11. DEFINED BENEFIT PENSION PLANS (continued)**

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

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

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

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

A DB or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent. The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$2,109,234, \$2,041,098, and \$1,897,531, respectively; 84% has been contributed for the fiscal year 2008 and 100% for the fiscal year 2007 and 2006.

STRS Ohio issues a stand-alone financial report. Additional information or copies of STRS Ohio's Comprehensive Annual Financial Report can be requested by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**11. DEFINED BENEFIT PENSION PLANS (Continued)**

*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, 2008, two members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

**12. POSTEMPLOYMENT BENEFITS**

*State Teachers Retirement System*

STRS Ohio administers a pension plan that is comprised of: a defined benefit plan; a self-directed defined contribution plan; and a combined plan, which is a hybrid of the defined benefit and defined contribution plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the defined benefit or combined plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Pursuant to Section 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting [www.strsoh.org](http://www.strsoh.org) or by requesting a copy by calling toll free (888) 227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2008, 2007 and 2006. For the School District, these amounts equaled \$41,351, \$42,757, and \$40,437 for fiscal years 2008, 2007, and 2006, respectively.

*School Employees Retirement System*

In addition to a cost-sharing multiple-employer defined benefit pension plan, the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2008 was \$96.40; SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal years 2008, 2007, and 2006 the actuarially required allocations were 0.66 percent, 0.68 percent, and 0.78 percent respectively. For the School District, contributions for the fiscal years ended June 30, 2008, 2007, and 2006 were \$31,254, \$28,001, and \$27,276, respectively, which equaled the required contributions for these years.

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**12. POSTEMPLOYMENT BENEFITS (Continued)**

Health Care Plan

Ohio Revised Code 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The Ohio Revised Code provides the statutory authority to fund SERS' post-employment benefits through employer contributions. Active members do not make contributions to the post-employment benefit plans.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. At June 30, 2008, 2007, and 2006, the health care allocations were 4.18 percent, 3.32 percent, and 3.42 percent, respectively. The actuarially required contribution (ARC), as of the December 31, 2006 annual valuation (the latest available), was 11.50 percent of covered payroll. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years. For the School District, the amounts contributed to fund health care benefits, including the surcharge, during the 2008, 2007, and 2006 fiscal years equaled \$248,787 \$220,866, and \$195,267, respectively.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2008, the minimum compensation level was established at \$35,800.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending upon the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS website at [www.ohsers.org](http://www.ohsers.org) under *Forms and Publications*

**13. EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**13. EMPLOYEE BENEFITS (Continued)**

**B. Insurance Benefits**

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

**C. Early Retirement Incentive**

The School District has an Early Retirement Incentive program. Participation is open to any employees who are within the retirement range established by SERS or STRS. A qualified certificated employee who retires will be granted a retirement incentive of \$1,000 per year of service with the Board, not to exceed \$20,000. No liability existed at June 30, 2008.

**14. CAPITALIZED LEASES – LESSEE DISCLOSURE**

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

The capital assets acquired by the leases have been capitalized in the statement of net assets for governmental activities in the amount of \$561,893 which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded on the statement of net assets for governmental activities. Principal payments in fiscal year 2008 totaled \$34,275 in the general fund. Assets under capitalized lease consisting of technology and equipment have not been capitalized since the equipment is individually less than the School District’s capitalization threshold of \$5,000.

The assets acquired through the capital lease are as follows:

	<u>Asset Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Assets:			
Telephone System	\$339,953	\$107,628	\$232,325
Fitness Equipment and Training Materials	221,940	22,194	0

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**14. CAPITALIZED LEASES – LESSEE DISCLOSURE (Continued)**

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2008:

<u>Fiscal Year Ending June 30,</u>	<u>Total Payments</u>
2009	\$31,281
2010	11,536
2011	<u>11,536</u>
Total Minimum Lease Payments	54,353
Less: Amount Representing Interest	<u>(3,375)</u>
Present Value of Minimum Lease Payments	<u><u>\$50,978</u></u>

**15. LONG-TERM DEBT AND OTHER OBLIGATIONS**

Long-term debt and other obligations at June 30, 2008 and the related transactions for the year then ended are summarized below:

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2008</u>	<u>Amounts Due Within One Year</u>
<u>Governmental Activities:</u>					
General Obligation Bonds:					
School Improvement Bonds 9.75%	\$ 250,000	\$ -	\$ 250,000	\$ -	\$ -
Compensated Absences Payable	2,140,234	2,126,544	2,140,234	2,126,544	141,300
Obligations Under Capital Leases	<u>85,253</u>	<u>-</u>	<u>34,275</u>	<u>50,978</u>	<u>29,374</u>
Total Governmental Activities	<u>\$ 2,475,487</u>	<u>\$ 2,126,544</u>	<u>\$ 2,424,509</u>	<u>\$ 2,177,522</u>	<u>\$ 170,674</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 was paid during fiscal year 2008. These bonds were paid from property tax receipts of the debt service fund.

At June 30, 2008 the School District's overall legal debt margin was \$61,347,440 with an unvoted debt margin of \$681,638.

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

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**16. INTERFUND ACTIVITY**

Interfund balances at June 30, 2008, consist of the following individual fund receivables and payables, which are expected to be repaid during the 2009 fiscal year:

<u>Interfund Loans</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 429,919	\$ -
Nonmajor Special Revenue Fund		
Summer Intervention	-	42,813
Entry Year Program	-	14,000
Title I	-	115,267
Special Education	-	208,878
Title V	-	15,304
Title II-A	-	33,433
Miscellaneous Federal Grants	-	224
Total Nonmajor Special Revenue Fund	<u>-</u>	<u>429,919</u>
Total Interfund Receivables/Payables	<u>\$ 429,919</u>	<u>\$ 429,919</u>

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

**Interfund Transfers**

The Public Support Fund transferred \$153,630 to the Athletic nonmajor Special Revenue Fund to support programs and projects.

**17. JOINTLY GOVERNED ORGANIZATIONS**

*Southwestern Ohio Educational Purchasing Council* – The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing council made up of nearly 100 School 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 2008, the School District paid \$363,424 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Robert Brown, who serves as Director, 1831 Harshman Road, Dayton, Ohio 45424.

VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**17. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

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

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

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

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 2008, the School District paid \$3,550 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, 150 East Sixth Street, Franklin, Ohio 45005.

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

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

**18. INSURANCE PURCHASING POOL**

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



VANDALIA-BUTLER CITY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**19. SET-ASIDE CALCULATIONS AND FUND RESERVES**

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

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

	<u>Textbooks and Instructional Materials</u>	<u>Capital Maintenance</u>
Set-aside cash balance as of June 30, 2007	\$ -	\$ -
Current year set-aside requirement	523,103	523,103
Prior year carryover	(969,014)	(2,030,232)
Qualifying disbursements	(731,709)	(1,385,889)
Set-aside reserve balance as of June 30, 2008	<u>\$ (1,177,620)</u>	<u>\$ (2,893,018)</u>
Required set-aside balances carried forward to FY2009	<u>\$ (1,177,620)</u>	<u>\$ (2,030,232)</u>

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

**20. CONTINGENT LIABILITIES**

**Grants**

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

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims would not have a material effect on the overall financial position of the School District at June 30, 2008.

**Litigation**

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

**21. SUBSEQUENT EVENT**

On November 4, 2008, the community supported a bond issue for \$49,950,000.

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

**Vandalia-Butler City School District  
Fund Descriptions**

**Special Revenue Funds**

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

*Nonmajor Special Revenue Funds*

Food Service

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

Special Trust

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

Uniform School Supply

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

Public School Support

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

Latchkey

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

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.

Management Information Systems

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

Entry Year Program

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

Ohio Educational Computer Network

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

**Vandalia-Butler City School District**  
**Fund Descriptions**

*Nonmajor Special Revenue Funds (Continued)*

*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.

*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.

*Special Education*

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

*Title I*

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

*Education Career Incentive Act (ECIA) - Title V*

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

*Drug-Free Schools*

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

**Vandalia-Butler City School District  
Fund Descriptions**

*Nonmajor Special Revenue Funds (Continued)*

*Preschool Handicapped Grant*

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

*Telecommunications Act Grant (E-Rate)*

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

*Title II-A*

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

*Miscellaneous Federal Grants*

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

*Nonmajor Debt Service Fund*

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

*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, 2008

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Fund</b>	<b>Total Non-major Governmental Funds</b>
<b>ASSETS</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,400,989	\$92,852	\$1,493,841
Receivables			
Accounts	72,500	0	72,500
Intergovernmental	351,075	0	351,075
Total Assets	<u>1,824,564</u>	<u>92,852</u>	<u>1,917,416</u>
<b>LIABILITIES</b>			
Accounts Payable	100,403	0	100,403
Accrued Wages and Benefits	159,234	0	159,234
Interfund Payable	429,919	0	429,919
Deferred Revenues	351,075	0	351,075
Intergovernmental Payable	103,350	0	103,350
Total Liabilities	<u>1,143,981</u>	<u>0</u>	<u>1,143,981</u>
<b>FUND BALANCES</b>			
Reserved for Encumbrances	142,803	0	142,803
Unreserved			
Undesignated - Reported In			
Special Revenue Funds	537,780	0	537,780
Debt Service Fund	0	92,852	92,852
Total Fund Balances	<u>680,583</u>	<u>92,852</u>	<u>773,435</u>
Total Liabilities and Fund Balances	<u>\$1,824,564</u>	<u>\$92,852</u>	<u>\$1,917,416</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, 2008

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Debt Service Fund</u>	<u>Nonmajor Capital Projects Fund</u>	<u>Total Non-major Governmental Funds</u>
<b>Revenues</b>				
Tuition and Fees	\$172,621	\$0	\$0	\$172,621
Earnings on Investments	50,445	0	0	50,445
Intergovernmental	1,536,378	0	22,960	1,559,338
Extracurricular	552,173	0	0	552,173
Gifts and Donations	52,242	0	0	52,242
Charges for Services	1,058,346	0	0	1,058,346
Other	87,282	0	0	87,282
Total Revenues	<u>3,509,487</u>	<u>0</u>	<u>22,960</u>	<u>3,532,447</u>
<b>Expenditures</b>				
<b>Current Operating</b>				
<b>Instruction</b>				
Regular	369,330	0	0	369,330
Special	327,507	0	0	327,507
Other	452,403	0	0	452,403
<b>Support Services</b>				
Pupils	373,573	0	0	373,573
Instructional Staff	570,333	0	0	570,333
Administration	46,083	0	0	46,083
Operation and Maintenance of Plant	5,036	0	0	5,036
Central	49,964	0	22,960	72,924
Extracurricular Activities	280,418	0	0	280,418
Non-Instructional Services	1,369,880	0	0	1,369,880
<b>Debt Service</b>				
Principal	0	250,000	0	250,000
Interest	0	12,836	0	12,836
Total Expenditures	<u>3,844,527</u>	<u>262,836</u>	<u>22,960</u>	<u>4,130,323</u>
Excess of Revenues Over (Under) Expenditures	(335,040)	(262,836)	0	(597,876)
<b>Other Financing Sources (Uses)</b>				
Transfers In	153,630	0	0	153,630
Transfers Out	(153,630)	0	0	(153,630)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(335,040)	(262,836)	0	(597,876)
Fund Balances at Beginning of Year	<u>1,015,623</u>	<u>355,688</u>	<u>0</u>	<u>1,371,311</u>
Fund Balances at End of Year	<u><u>\$680,583</u></u>	<u><u>\$92,852</u></u>	<u><u>\$0</u></u>	<u><u>\$773,435</u></u>

**Vandalia-Butler City School District**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*June 30, 2008*

	Food Service	Special Trust	Uniform School Supply
<b>ASSETS</b>			
Equity in Pooled Cash and Cash Equivalents	\$493,927	\$10,191	\$117,086
Accounts Receivable	0	0	0
Intergovernmental Receivable	0	0	0
<i>Total Assets</i>	<u>\$493,927</u>	<u>\$10,191</u>	<u>\$117,086</u>
<b>LIABILITIES</b>			
Accounts Payable	\$408	\$489	\$21,361
Accrued Wages and Benefits	70,612	0	0
Intergovernmental Payable	61,291	0	0
Interfund Payable	0	0	0
<i>Total Liabilities</i>	<u>132,311</u>	<u>489</u>	<u>21,361</u>
<b>FUND BALANCES</b>			
Reserved for Encumbrances	39,673	1,910	19,410
Unreserved, Undesignated	321,943	7,792	76,315
<i>Total Fund Balances</i>	<u>361,616</u>	<u>9,702</u>	<u>95,725</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$493,927</u>	<u>\$10,191</u>	<u>\$117,086</u>



Public School Support	Latchkey	Athletics	Auxilliary Services
\$219,174	\$232,932	\$191,970	\$80,859
72,500	0	0	0
0	0	0	0
<u>\$291,674</u>	<u>\$232,932</u>	<u>\$191,970</u>	<u>\$80,859</u>
\$5,951	\$0	\$9,929	\$8,817
0	3,135	0	10,011
0	19,448	847	3,340
0	0	0	0
<u>5,951</u>	<u>22,583</u>	<u>10,776</u>	<u>22,168</u>
27,591	0	28,653	3,855
<u>258,132</u>	<u>210,349</u>	<u>152,541</u>	<u>54,836</u>
285,723	210,349	181,194	58,691
<u>\$291,674</u>	<u>\$232,932</u>	<u>\$191,970</u>	<u>\$80,859</u>

(Continued)

**Vandalia-Butler City School District**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*June 30, 2008*  
 (continued)

	Management Information Systems	Entry Year Program	Summer Intervention
<b>ASSETS</b>			
Equity in Pooled Cash and Cash Equivalents	\$6,094	\$0	\$0
Accounts Receivable	0	0	0
Intergovernmental Receivable	0	0	0
<i>Total Assets</i>	<u>\$6,094</u>	<u>\$0</u>	<u>\$0</u>
<b>LIABILITIES</b>			
Accounts Payable	\$0	\$0	\$0
Accrued Wages and Benefits	0	0	0
Deferred Revenues	0	0	0
Intergovernmental Payable	0	0	10,579
Interfund Payable	0	14,000	42,813
<i>Total Liabilities</i>	<u>0</u>	<u>14,000</u>	<u>53,392</u>
<b>FUND BALANCES</b>			
Reserved for Encumbrances	91	0	0
Unreserved, Undesignated	6,003	(14,000)	(53,392)
<i>Total Fund Balances</i>	<u>6,094</u>	<u>(14,000)</u>	<u>(53,392)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$6,094</u>	<u>\$0</u>	<u>\$0</u>

Miscellaneous State Grants	Special Education	Title I	Title V
\$7,833	\$4,953	\$0	\$3,230
0	0	0	0
0	208,878	115,267	3,229
<u>\$7,833</u>	<u>\$213,831</u>	<u>\$115,267</u>	<u>\$6,459</u>
\$0	\$11,528	\$0	\$25,817
0	39,934	35,542	0
0	208,878	115,267	3,229
0	2,114	5,731	0
0	208,878	115,267	15,304
0	471,332	271,807	44,350
0	4,952	0	0
7,833	(262,453)	(156,540)	(37,891)
7,833	(257,501)	(156,540)	(37,891)
<u>\$7,833</u>	<u>\$213,831</u>	<u>\$115,267</u>	<u>\$6,459</u>

(Continued)

**Vandalia-Butler City School District**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*June 30, 2008*  
(continued)

	Title II-A	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>			
Equity in Pooled Cash and Cash Equivalents	\$32,573	\$167	\$1,400,989
Accounts Receivable	0	0	72,500
Intergovernmental Receivable	23,477	224	351,075
<i>Total Assets</i>	<u>\$56,050</u>	<u>\$391</u>	<u>\$1,824,564</u>
<b>LIABILITIES</b>			
Accounts Payable	\$16,103	\$0	\$100,403
Accrued Wages and Benefits	0	0	159,234
Deferred Revenues	23,477	224	351,075
Intergovernmental Payable	0	0	103,350
Interfund Payable	33,433	224	429,919
<i>Total Liabilities</i>	<u>73,013</u>	<u>448</u>	<u>1,143,981</u>
<b>FUND BALANCES</b>			
Reserved for Encumbrances	16,468	200	142,803
Unreserved, Undesignated	(33,431)	(257)	537,780
<i>Total Fund Balances</i>	<u>(16,963)</u>	<u>(57)</u>	<u>680,583</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$56,050</u>	<u>\$391</u>	<u>\$1,824,564</u>



**Vandalia-Butler City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)*  
*Nonmajor Special Revenue Funds*  
*For the Fiscal Year Ended June 30, 2008*

	Food Service	Special Trust	Uniform School Supply
Revenues			
Intergovernmental	\$277,320	\$0	\$0
Earnings on Investments	48,751	0	0
Tuition and Fees	0	0	172,621
Extracurricular	0	0	0
Gifts and Donations	0	2,242	0
Charges for Services	753,443	0	0
Other	838	11,057	0
	<u>1,080,352</u>	<u>13,299</u>	<u>172,621</u>
Total Revenues			
Expenditures			
Current Operating:			
Instruction			
Regular	0	0	223,638
Special	0	0	0
Other	0	0	0
Support Services			
Pupils	0	2,500	0
Instructional Staff	0	0	0
Administration	0	0	0
Operation and Maintenance of Plant	0	0	0
Central	2,000	13,700	0
Non-Instructional Services	980,108	0	0
Extracurricular Activities	0	0	0
	<u>982,108</u>	<u>16,200</u>	<u>223,638</u>
Total Expenditures			
Excess of Revenues Over/(Under) Expenditures	98,244	(2,901)	(51,017)
Other Financing Sources (Uses)			
Transfers In	0	0	0
Transfers Out	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	98,244	(2,901)	(51,017)
Fund Balances (Deficit) at Beginning of Year	<u>263,372</u>	<u>12,603</u>	<u>146,742</u>
Fund Balances (Deficit) at End of Year	<u><u>\$361,616</u></u>	<u><u>\$9,702</u></u>	<u><u>\$95,725</u></u>

Public School Support	Latchkey	Athletics	Auxilliary Services
\$0	\$0	\$0	\$268,937
0	0	0	1,694
0	0	0	0
283,472	0	268,701	0
50,000	0	0	0
0	304,903	0	0
75,036	0	0	351
<u>408,508</u>	<u>304,903</u>	<u>268,701</u>	<u>270,982</u>
0	0	0	57,556
0	0	0	17,153
0	0	0	0
0	0	0	0
243,058	0	0	13,040
0	0	7,152	8,000
0	0	5,036	0
0	0	0	0
0	232,168	0	111,924
20,541	0	259,877	0
<u>263,599</u>	<u>232,168</u>	<u>272,065</u>	<u>207,673</u>
144,909	72,735	(3,364)	63,309
0	0	153,630	0
(153,630)	0	0	0
<u>(153,630)</u>	<u>0</u>	<u>153,630</u>	<u>0</u>
(8,721)	72,735	150,266	63,309
<u>294,444</u>	<u>137,614</u>	<u>30,928</u>	<u>(4,618)</u>
<u>\$285,723</u>	<u>\$210,349</u>	<u>\$181,194</u>	<u>\$58,691</u>

(Continued)

**Vandalia-Butler City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)*  
*Nonmajor Special Revenue Funds*  
*For the Fiscal Year Ended June 30, 2008*  
*(continued)*

	Management Information Systems	Entry Year Program	Ohio Educational Computer Network
<b>Revenues</b>			
Intergovernmental	\$11,471	\$0	\$18,000
Earnings on Investments	0	0	0
Tuition and Fees	0	0	0
Extracurricular	0	0	0
Gifts and Donations	0	0	0
Charges for Services	0	0	0
Other	0	0	0
<b>Total Revenues</b>	<b>11,471</b>	<b>0</b>	<b>18,000</b>
<b>Expenditures</b>			
<b>Current Operating:</b>			
<b>Instruction</b>			
Regular	0	14,000	0
Special	0	0	0
Other	0	0	0
<b>Support Services</b>			
Pupils	0	0	0
Instructional Staff	0	0	0
Administration	0	0	0
Operation and Maintenance of Plant	0	0	0
Central	10,031	0	21,222
Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
<b>Total Expenditures</b>	<b>10,031</b>	<b>14,000</b>	<b>21,222</b>
<b>Excess of Revenues Over/(Under) Expenditures</b>	<b>1,440</b>	<b>(14,000)</b>	<b>(3,222)</b>
<b>Other Financing Sources (Uses)</b>			
Transfers In	0	0	0
Transfers Out	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>1,440</b>	<b>(14,000)</b>	<b>(3,222)</b>
<b>Fund Balances (Deficit) at Beginning of Year</b>	<b>4,654</b>	<b>0</b>	<b>3,222</b>
<b>Fund Balances (Deficit) at End of Year</b>	<b>\$6,094</b>	<b>(\$14,000)</b>	<b>\$0</b>



<u>School Net Professional Development</u>	<u>Interactive Video Learning</u>	<u>Ohio Reads</u>	<u>Summer Intervention</u>
\$2,970	\$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>2,970</u>	<u>0</u>	<u>0</u>	<u>0</u>
10,779	0	0	53,750
0	0	0	0
0	0	1,497	0
0	0	0	0
0	0	0	0
0	0	0	0
0	3,011	0	0
0	0	0	0
0	0	0	0
<u>10,779</u>	<u>3,011</u>	<u>1,497</u>	<u>53,750</u>
(7,809)	(3,011)	(1,497)	(53,750)
0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0
(7,809)	(3,011)	(1,497)	(53,750)
<u>7,809</u>	<u>3,011</u>	<u>1,497</u>	<u>358</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$53,392)</u>

(Continued)

**Vandalia-Butler City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)*  
*Nonmajor Special Revenue Funds*  
*For the Fiscal Year Ended June 30, 2008*  
*(continued)*

	Miscellaneous State Grants	Special Education	Title I
Revenues			
Intergovernmental	\$8,943	\$600,517	\$228,235
Earnings on Investments	0	0	0
Tuition and Fees	0	0	0
Extracurricular	0	0	0
Gifts and Donations	0	0	0
Charges for Services	0	0	0
Other	0	0	0
Total Revenues	<u>8,943</u>	<u>600,517</u>	<u>228,235</u>
Expenditures			
Current Operating:			
Instruction			
Regular	8,430	0	0
Special	0	71,056	209,549
Other	0	450,906	0
Support Services			
Pupils	0	351,513	0
Instructional Staff	0	0	32,501
Administration	0	14,829	16,102
Operation and Maintenance of Plant	0	0	0
Central	0	0	0
Non-Instructional Services	0	31,436	9,835
Extracurricular Activities	0	0	0
Total Expenditures	<u>8,430</u>	<u>919,740</u>	<u>267,987</u>
Excess of Revenues Over/(Under) Expenditures	513	(319,223)	(39,752)
Other Financing Sources (Uses)			
Transfers In	0	0	0
Transfers Out	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	513	(319,223)	(39,752)
Fund Balances (Deficit) at Beginning of Year	<u>7,320</u>	<u>61,722</u>	<u>(116,788)</u>
Fund Balances (Deficit) at End of Year	<u><u>\$7,833</u></u>	<u><u>(\$257,501)</u></u>	<u><u>(\$156,540)</u></u>

<u>Title V</u>	<u>Drug Free Schools</u>	<u>Preschool Handicapped Grant</u>
\$5,297	\$9,895	\$10,463
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
<u>5,297</u>	<u>9,895</u>	<u>10,463</u>
0	0	0
0	0	10,463
0	0	0
0	9,861	9,699
71,712	0	11,327
0	0	0
0	0	0
0	0	0
4,375	34	0
0	0	0
<u>76,087</u>	<u>9,895</u>	<u>31,489</u>
(70,790)	0	(21,026)
0	0	0
0	0	0
<u>0</u>	<u>0</u>	<u>0</u>
(70,790)	0	(21,026)
<u>32,899</u>	<u>0</u>	<u>21,026</u>
<u>(\$37,891)</u>	<u>\$0</u>	<u>\$0</u>

(Continued)

**Vandalia-Butler City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)*  
*Nonmajor Special Revenue Funds*  
*For the Fiscal Year Ended June 30, 2008*  
*(continued)*

	<u>E-Rate</u>	<u>Title II-A</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
<b>Revenues</b>				
Intergovernmental	\$19,286	\$71,814	\$3,230	\$1,536,378
Earnings on Investments	0	0	0	50,445
Tuition and Fees	0	0	0	172,621
Extracurricular	0	0	0	552,173
Gifts and Donations	0	0	0	52,242
Charges for Services	0	0	0	1,058,346
Other	0	0	0	87,282
<b>Total Revenues</b>	<u>19,286</u>	<u>71,814</u>	<u>3,230</u>	<u>3,509,487</u>
<b>Expenditures</b>				
<b>Current Operating:</b>				
<b>Instruction</b>				
Regular	0	1,177	0	369,330
Special	19,286	0	0	327,507
Other	0	0	0	452,403
<b>Support Services</b>				
Pupils	0	0	0	373,573
Instructional Staff	0	194,182	4,513	570,333
Administration	0	0	0	46,083
Operation and Maintenance of Plant	0	0	0	5,036
Central	0	0	0	49,964
<b>Non-Instructional Services</b>				
Extracurricular Activities	0	0	0	1,369,880
<b>Total Expenditures</b>	<u>19,286</u>	<u>195,359</u>	<u>4,513</u>	<u>3,844,527</u>
Excess of Revenues Over/(Under) Expenditures	0	(123,545)	(1,283)	(335,040)
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	0	153,630
Transfers Out	0	0	0	(153,630)
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	0	(123,545)	(1,283)	(335,040)
Fund Balances (Deficit) at Beginning of Year	<u>0</u>	<u>106,582</u>	<u>1,226</u>	<u>1,015,623</u>
<b>Fund Balances (Deficit) at End of Year</b>	<u><u>\$0</u></u>	<u><u>(\$16,963)</u></u>	<u><u>(\$57)</u></u>	<u><u>\$680,583</u></u>

Vandalia-Bulter City School District

Statement of Changes in  
Assets and Liabilities  
Agency Fund

Year Ended June 30, 2008

	<u>Balance 07/01/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/08</u>
<b>STUDENT MANAGED ACTIVITIES</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$91,843</u>	<u>\$129,102</u>	<u>\$124,003</u>	<u>\$96,942</u>
Total Assets	<u>\$ 91,843</u>	<u>\$ 129,102</u>	<u>\$ 124,003</u>	<u>\$ 96,942</u>
<b>Liabilities</b>				
Due to Students	<u>91,843</u>	<u>129,102</u>	<u>124,003</u>	<u>96,942</u>
Total Liabilities	<u>\$ 91,843</u>	<u>\$ 129,102</u>	<u>\$ 124,003</u>	<u>\$ 96,942</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, 2008**

	<u>Budgeted Amounts</u>		Variance with Final Budget: Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
<b>Food Service</b>			
Total Revenues and Other Sources	\$1,075,851	\$1,118,163	\$42,312
Total Expenditures and Other Uses	<u>1,100,000</u>	<u>1,037,376</u>	<u>62,624</u>
Net Change in Fund Balance	(24,149)	80,787	104,936
Fund Balance, July 1	349,983	349,983	0
Prior Year Encumbrances Appropriated	<u>23,073</u>	<u>23,073</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$348,907</u></u>	<u><u>\$453,843</u></u>	<u><u>\$104,936</u></u>
<b>Special Trust</b>			
Total Revenues and Other Sources	\$13,199	\$13,299	\$100
Total Expenditures and Other Uses	<u>23,000</u>	<u>18,735</u>	<u>4,265</u>
Net Change in Fund Balance	(9,801)	(5,436)	4,365
Fund Balance, July 1	9,831	9,831	0
Prior Year Encumbrances Appropriated	<u>3,398</u>	<u>3,398</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$3,428</u></u>	<u><u>\$7,793</u></u>	<u><u>\$4,365</u></u>
<b>Uniform School Supply</b>			
Total Revenues and Other Sources	\$172,522	\$172,621	\$99
Total Expenditures and Other Uses	<u>250,000</u>	<u>243,818</u>	<u>6,182</u>
Net Change in Fund Balance	(77,478)	(71,197)	6,281
Fund Balance, July 1	116,925	116,925	0
Prior Year Encumbrances Appropriated	<u>30,589</u>	<u>30,589</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$70,036</u></u>	<u><u>\$76,317</u></u>	<u><u>\$6,281</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, 2008**

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget: Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
<b>Public School Support</b>			
Total Revenues and Other Sources	\$331,568	\$336,008	\$4,440
Total Expenditures and Other Uses	<u>485,000</u>	<u>449,903</u>	<u>35,097</u>
Net Change in Fund Balance	(153,432)	(113,895)	39,537
Fund Balance, July 1	271,800	271,800	0
Prior Year Encumbrances Appropriated	<u>27,729</u>	<u>27,729</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$146,097</u></u>	<u><u>\$185,634</u></u>	<u><u>\$39,537</u></u>
<b>Latchkey</b>			
Total Revenues and Other Sources	\$296,087	\$304,903	\$8,816
Total Expenditures and Other Uses	<u>250,000</u>	<u>242,274</u>	<u>7,726</u>
Net Change in Fund Balance	46,087	62,629	16,542
Fund Balance, July 1	161,291	161,291	0
Prior Year Encumbrances Appropriated	<u>5,083</u>	<u>5,083</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$212,461</u></u>	<u><u>\$229,003</u></u>	<u><u>\$16,542</u></u>
<b>Athletics</b>			
Total Revenues and Other Sources	\$420,288	\$422,331	\$2,043
Total Expenditures and Other Uses	<u>400,000</u>	<u>321,565</u>	<u>78,435</u>
Net Change in Fund Balance	20,288	100,766	80,478
Fund Balance, July 1	26,689	26,689	0
Prior Year Encumbrances Appropriated	<u>25,937</u>	<u>25,937</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$72,914</u></u>	<u><u>\$153,392</u></u>	<u><u>\$80,478</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, 2008**

	<u>Budgeted</u> <u>Amounts</u>		Variance with Final Budget: Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
<b>Auxiliary Services</b>			
Total Revenues and Other Sources	\$270,856	\$270,982	\$126
Total Expenditures and Other Uses	<u>274,900</u>	<u>227,828</u>	<u>47,072</u>
Net Change in Fund Balance	(4,044)	43,154	47,198
Fund Balance, July 1	4,067	4,067	0
Prior Year Encumbrances Appropriated	<u>20,965</u>	<u>20,965</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$20,988</u></u>	<u><u>\$68,186</u></u>	<u><u>\$47,198</u></u>
<b>Management Information Systems</b>			
Total Revenues and Other Sources	\$11,471	\$11,471	\$0
Total Expenditures and Other Uses	<u>11,471</u>	<u>10,152</u>	<u>1,319</u>
Net Change in Fund Balance	0	1,319	1,319
Fund Balance, July 1	0	0	0
Prior Year Encumbrances Appropriated	<u>4,686</u>	<u>4,686</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$4,686</u></u>	<u><u>\$6,005</u></u>	<u><u>\$1,319</u></u>
<b>Entry Year Program</b>			
Total Revenues and Other Sources	\$14,000	\$14,000	\$0
Total Expenditures and Other Uses	<u>14,000</u>	<u>14,000</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balance, July 1	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>



**Vandalia-Butler City School District**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balances - Budget and Actual**  
**(Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted</u> <u>Amounts</u>		Variance with Final Budget: Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
<b>Ohio Educational Computer Network</b>			
Total Revenues and Other Sources	\$18,000	\$18,000	\$0
Total Expenditures and Other Uses	<u>20,000</u>	<u>21,222</u>	<u>(1,222)</u>
Net Change in Fund Balance	(2,000)	(3,222)	(1,222)
Fund Balance, July 1	3,121	3,121	0
Prior Year Encumbrances Appropriated	<u>101</u>	<u>101</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$1,222</u></u>	<u><u>\$0</u></u>	<u><u>(\$1,222)</u></u>
<b>SchoolNet Professional Development</b>			
Total Revenues and Other Sources	\$5,660	\$2,970	(\$2,690)
Total Expenditures and Other Uses	<u>8,495</u>	<u>10,779</u>	<u>(2,284)</u>
Net Change in Fund Balance	(2,835)	(7,809)	(4,974)
Fund Balance, July 1	2,835	2,835	0
Prior Year Encumbrances Appropriated	<u>4,974</u>	<u>4,974</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$4,974</u></u>	<u><u>\$0</u></u>	<u><u>(\$4,974)</u></u>
<b>Interactive Video Learning</b>			
Total Revenues and Other Sources	\$0	\$0	\$0
Total Expenditures and Other Uses	<u>3,011</u>	<u>3,011</u>	<u>0</u>
Net Change in Fund Balance	(3011)	(3,011)	0
Fund Balance, July 1	<u>3,011</u>	<u>3,011</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

**Vandalia-Butler City School District**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balances - Budget and Actual**  
**(Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted</u> <u>Amounts</u>		Variance with Final Budget: Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
<b>Ohio Reads</b>			
Total Revenues and Other Sources	\$0	\$0	\$0
Total Expenditures and Other Uses	<u>1,497</u>	<u>1,497</u>	<u>0</u>
Net Change in Fund Balance	(1,497)	(1,497)	0
Fund Balance, July 1	0	0	0
Prior Year Encumbrances Appropriated	<u>1,497</u>	<u>1,497</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
<b>Summer Intervention</b>			
Total Revenues and Other Sources	\$42,813	\$42,813	\$0
Total Expenditures and Other Uses	<u>53,847</u>	<u>53,847</u>	<u>0</u>
Net Change in Fund Balance	(11,034)	(11,034)	0
Fund Balance, July 1	<u>11,034</u>	<u>11,034</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
<b>Miscellaneous State Grants</b>			
Total Revenues and Other Sources	\$15,064	\$15,064	\$0
Total Expenditures and Other Uses	<u>12,000</u>	<u>8,430</u>	<u>3,570</u>
Net Change in Fund Balance	3,064	6,634	3,570
Fund Balance, July 1	0	0	0
Prior Year Encumbrances Appropriated	<u>1,199</u>	<u>1,199</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$4,263</u></u>	<u><u>\$7,833</u></u>	<u><u>\$3,570</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, 2008**

	Budgeted Amounts		Variance with Final Budget: Positive (Negative)
	Final	Actual	
<b>Special Education</b>			
Total Revenues and Other Sources	\$882,436	\$882,436	\$0
Total Expenditures and Other Uses	910,034	910,034	0
Net Change in Fund Balance	(27,598)	(27,598)	0
Fund Balance, July 1	27,598	27,598	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Title I</b>			
Total Revenues and Other Sources	\$447,234	\$417,235	(\$29,999)
Total Expenditures and Other Uses	299,660	269,661	29,999
Net Change in Fund Balance	147,574	147,574	0
Fund Balance, July 1	(151,615)	(151,615)	0
Prior Year Encumbrances Appropriated	4,041	4,041	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Title V</b>			
Total Revenues and Other Sources	\$20,600	\$22,598	\$1,998
Total Expenditures and Other Uses	63,047	65,045	(1,998)
Net Change in Fund Balance	(42,447)	(42,447)	0
Fund Balance, July 1	42,447	42,447	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$0</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, 2008**

	<u>Budgeted</u> <u>Amounts</u>		Variance with Final Budget: Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
<b>Drug Free Schools</b>			
Total Revenues and Other Sources	\$9,895	\$9,895	\$0
Total Expenditures and Other Uses	<u>9,895</u>	<u>9,894</u>	<u>1</u>
Net Change in Fund Balance	0	1	1
Fund Balance, July 1	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$1</u></u>	<u><u>\$1</u></u>
<b>Preschool Handicapped Grant</b>			
Total Revenues and Other Sources	\$10,463	\$10,463	\$0
Total Expenditures and Other Uses	<u>31,489</u>	<u>31,489</u>	<u>0</u>
Net Change in Fund Balance	(21,026)	(21,026)	0
Fund Balance, July 1	<u>21,026</u>	<u>21,026</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
<b>E-Rate</b>			
Total Revenues and Other Sources	\$19,286	\$19,286	\$0
Total Expenditures and Other Uses	<u>19,286</u>	<u>19,286</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balance, July 1	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

**Vandalia-Butler City School District**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balances - Budget and Actual**  
**(Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted</u> <u>Amounts</u>		Variance with Final Budget: Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
<b>Title II-A</b>			
Total Revenues and Other Sources	\$140,807	\$140,807	\$0
Total Expenditures and Other Uses	<u>214,933</u>	<u>214,933</u>	<u>0</u>
Net Change in Fund Balance	(74,126)	(74,126)	0
Fund Balance, July 1	41,735	41,735	0
Prior Year Encumbrances Appropriated	<u>32,391</u>	<u>32,391</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
 <b>Miscellaneous Federal Grants</b>			
Total Revenues and Other Sources	\$3,454	\$3,454	\$0
Total Expenditures and Other Uses	<u>4,714</u>	<u>4,714</u>	<u>0</u>
Net Change in Fund Balance	(1,260)	(1,260)	0
Fund Balance, July 1	<u>1,260</u>	<u>1,260</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

**Vandalia-Butler City School District**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balances - Budget and Actual**  
**(Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted</u> <u>Amounts</u>		Variance with Final Budget: Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
<b>Bond Retirement</b>			
Total Revenues and Other Sources	\$0	\$0	\$0
Total Expenditures and Other Uses	<u>300,000</u>	<u>262,835</u>	<u>37,165</u>
Net Change in Fund Balance	(300,000)	(262,835)	37,165
Fund Balance, July 1	<u>355,687</u>	<u>355,687</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$55,687</u></u>	<u><u>\$92,852</u></u>	<u><u>\$37,165</u></u>
 <b>SchoolNet Equipment</b>			
Total Revenues and Other Sources	\$22,960	\$22,960	\$0
Total Expenditures and Other Uses	<u>22,960</u>	<u>22,960</u>	<u>0</u>
Net Change in Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, July 1	<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>

# **Statistical Section**

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## STATISTICAL TABLES

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

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

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





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

	2002	2003	2004	2005	2006*	2007	2008
Invested in Capital Assets,							
Net of Related Debt	\$4,728,917	\$4,600,733	\$4,058,741	\$3,911,791	\$5,809,079	\$5,824,345	\$6,349,688
Restricted for:							
Capital Projects	0	218	0	0	0	0	0
Debt Service	0	0	37,476	954,666	643,080	355,688	92,852
Other Purposes	1,017,219	494,550	467,944	473,601	788,260	880,038	874,087
Unrestricted	11,657,834	10,140,744	7,313,663	7,749,776	6,990,405	9,655,411	11,815,661
<b>Total Net Assets</b>	<b>\$17,403,970</b>	<b>\$15,236,245</b>	<b>\$11,877,824</b>	<b>\$13,089,834</b>	<b>\$14,230,824</b>	<b>\$16,715,482</b>	<b>\$19,132,288</b>

Source: School District Financial Records.

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

\* Amount restated due to revaluation of School District capital assets.

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

	2002	2003	2004	2005	2006	2007	2008
<b>Expenses</b>							
Regular Instruction	\$12,774,549	\$12,878,701	\$13,262,778	\$13,225,486	\$14,432,299	\$15,229,451	\$17,039,496
Special Instruction	1,977,119	2,322,417	2,629,998	2,835,810	3,124,624	3,236,123	3,034,996
Vocational Instruction	337,788	373,908	370,998	361,120	433,138	386,732	354,079
Other Instruction	1,424,730	1,353,734	1,496,692	1,951,924	2,015,458	1,998,815	2,220,027
Pupil Support	1,282,535	1,972,949	1,924,211	2,022,213	2,081,843	2,424,073	1,918,595
Instructional Staff Support	969,693	1,581,473	2,072,071	1,719,059	1,682,870	1,650,892	2,016,335
Board of Education	0	0	0	48,587	29,154	52,233	33,985
Administration	1,747,480	1,985,350	1,731,639	1,752,783	1,869,063	1,959,594	2,158,771
Business and Fiscal	859,390	851,519	918,560	827,939	1,082,477	1,272,569	969,903
Operation and Maintenance of Plant	2,070,661	2,503,379	2,542,499	2,479,785	2,696,638	2,872,016	3,426,603
Pupil Transportation	1,079,505	1,098,435	1,251,468	1,212,371	1,375,441	1,416,041	1,330,428
Central	0	0	0	559,962	464,177	792,962	514,061
Other	732,740	1,058,763	724,605	0	0	0	0
Non-Instructional Services	1,209,458	1,360,262	1,410,629	1,235,849	1,289,241	1,293,966	1,340,845
Extracurricular Activities	662,700	713,987	642,708	647,621	636,916	552,196	527,892
Interest and Fiscal Charges	165,532	146,427	122,668	95,214	68,052	40,863	11,280
<b>Total Expenses</b>	<b>27,293,880</b>	<b>30,201,304</b>	<b>31,101,524</b>	<b>30,975,723</b>	<b>33,281,391</b>	<b>35,178,526</b>	<b>36,897,296</b>
<b>Program Revenues</b>							
Charges for Services							
Regular Instruction	\$178,908	\$18,626	\$23,901	\$267,746	\$338,195	\$384,061	\$517,617
Special Instruction	4,225	2,477	1,813	18,221	33,210	39,924	57,384
Vocational Instruction	794	446	294	2,803	5,415	5,521	7,605
Other Instruction	3,331	1,611	1,177	14,617	24,546	28,032	36,643
Pupil Support	2,702	1,792	1,264	17,383	75,448	24,634	31,803
Instructional Staff Support	278,186	254,965	279,114	292,404	274,315	217,609	289,707
Board of Education	0	0	0	400	0	849	691
Administration	3,886	2,273	1,322	12,815	22,742	27,672	50,812
Business and Fiscal	2,019	1,017	729	6,207	12,995	18,263	20,742
Operation and Maintenance of Plant	10,581	7,848	8,492	731,162	36,376	41,329	76,317
Pupil Transportation	2,536	1,312	993	8,610	15,883	22,510	33,186
Central	0	0	0	3,404	5,054	10,193	9,679
Other	1,968	5,567	560	0	0	0	0
Non-Instructional Services	920,229	947,062	994,008	213,902	983,582	999,650	1,058,346
Extracurricular Activities	307,825	301,642	300,286	306,588	320,686	287,597	283,983
Interest & Fiscal Charges	5	0	0	0	0	0	0
<b>Total Charges for Services</b>	<b>\$1,717,195</b>	<b>\$1,546,638</b>	<b>\$1,613,953</b>	<b>\$1,896,262</b>	<b>\$2,148,447</b>	<b>\$2,107,844</b>	<b>\$2,474,515</b>

Source: School District Financial Records.

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

(continued)

	2002	2003	2004	2005	2006	2007	2008
<b>Operating Grants and Contributions</b>							
Regular Instruction	\$229,107	\$115,008	\$158,653	\$148,382	\$92,447	\$59,200	\$87,484
Special Instruction	237,057	329,619	579,785	563,911	592,802	609,594	523,771
Vocational Instruction	1,938	0	0	0	0	0	0
Other Instruction	23,453	12,883	9,886	6,000	4,000	6,000	386,081
Pupil Support	167,716	299,770	319,430	590,800	715,842	660,531	337,222
Instructional Staff Support	150,341	34,474	168,759	199,740	131,569	121,112	216,747
Administration	132,280	52,412	64,518	42,248	16,349	76,998	44,467
Business and Fiscal	4,931	0	0	0	0	0	0
Operation and Maintenance of Plant	15,840	22,992	3,186	211,956	0	274,787	143,610
Pupil Transportation	6,194	505,659	571,617	564,197	584,698	592,384	598,422
Central	0	0	0	31,147	35,890	42,999	54,327
Other	22,794	33,772	10,093	0	0	0	0
Non-Instructional Services	271,301	237,464	268,458	145,482	322,005	181,928	317,083
Extracurricular Activities	540	0	0	11,526	0	0	3,900
Interest & Fiscal Charges	13	0	54,447	28,567	0	0	0
<b>Total Operating Grants and Contributions</b>	<b>1,263,505</b>	<b>1,644,053</b>	<b>2,208,832</b>	<b>2,543,956</b>	<b>2,495,602</b>	<b>2,625,533</b>	<b>2,713,114</b>
<b>Capital Grants and Contributions</b>							
Central	0	0	0	29,820	0	0	0
Other	0	52,688	0	0	0	0	0
<b>Total Capital Grants and Contributions</b>	<b>0</b>	<b>52,688</b>	<b>0</b>	<b>29,820</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Program Revenues</b>	<b>2,980,700</b>	<b>3,243,379</b>	<b>3,822,785</b>	<b>4,470,038</b>	<b>4,644,049</b>	<b>4,733,377</b>	<b>5,187,629</b>
<b>Net Expense</b>	<b>(\$24,313,180)</b>	<b>(\$26,957,925)</b>	<b>(\$27,278,739)</b>	<b>(\$26,505,685)</b>	<b>(\$28,637,342)</b>	<b>(\$30,445,149)</b>	<b>(\$31,709,667)</b>
<b>General Revenues</b>							
Property Taxes Levied for:							
General Purposes	\$18,354,537	\$18,114,703	\$17,528,902	\$21,538,766	\$21,635,454	\$24,426,863	\$22,977,944
Debt Service	464,031	467,626	471,793	218,398	0	0	0
Grants and Entitlements not							
Restricted to Specific Programs	5,749,985	5,535,238	5,953,345	5,559,312	5,682,030	7,598,194	10,047,923
Investment Earnings	608,935	277,791	152,253	285,612	582,104	698,845	955,637
Miscellaneous	1,413,146	379,158	124,591	115,575	34,531	205,905	144,969
<b>Total General Revenues</b>	<b>26,590,634</b>	<b>24,774,516</b>	<b>24,230,884</b>	<b>27,717,663</b>	<b>27,934,119</b>	<b>32,929,807</b>	<b>34,126,473</b>
<b>Change in Net Assets</b>	<b>\$2,277,454</b>	<b>(\$2,183,409)</b>	<b>(\$3,047,855)</b>	<b>\$1,211,978</b>	<b>(\$703,223)</b>	<b>\$2,484,658</b>	<b>\$2,416,806</b>

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

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

Source: School District Financial Records.

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

2005	2006	2007	2008
\$1,506,744	\$1,585,879	\$1,696,523	\$2,368,466
7,664,158	6,340,288	8,900,584	10,430,489
9,170,902	7,926,167	10,597,107	12,798,955
0	306,865	150,736	142,803
620,760	598,047	864,887	537,780
954,666	643,080	355,688	92,852
0	0	0	0
1,575,426	1,547,992	1,371,311	773,435
\$10,746,328	\$9,474,159	\$11,968,418	\$13,572,390

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

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

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

Source: School District Financial Records.

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

2005	2006	2007	2008
\$21,446,972	\$22,050,412	\$24,221,096	\$23,059,926
8,231,051	8,191,569	10,224,675	12,357,720
285,612	582,104	698,845	955,637
316,955	480,625	561,959	829,998
627,802	638,961	506,251	552,173
2,426	2,617	3,719	52,242
951,505	1,028,861	1,039,634	1,092,344
0	0	0	0
115,575	34,531	205,905	144,969
<u>31,977,898</u>	<u>33,009,680</u>	<u>37,462,084</u>	<u>39,045,009</u>
12,515,638	14,828,961	14,775,783	17,086,953
2,758,507	3,226,990	3,215,832	3,065,502
360,607	434,558	385,444	333,872
1,952,356	2,015,751	2,052,903	2,220,027
1,951,995	2,152,792	2,386,619	1,932,553
1,714,441	1,725,202	1,522,694	1,922,242
48,587	29,154	52,233	33,985
1,630,201	1,872,581	1,978,425	2,116,008
821,296	1,121,730	1,245,643	968,032
2,447,864	2,774,847	2,794,547	3,427,665
1,142,790	1,347,666	1,589,850	1,585,204
556,416	459,922	760,045	534,389
0	0	0	0
0	0	0	0
1,202,039	1,269,391	1,297,968	1,369,880
606,651	607,050	546,820	544,462
0	50,644	0	0
344,240	347,202	320,854	284,275
97,218	68,052	42,165	15,988
<u>30,150,846</u>	<u>34,332,493</u>	<u>34,967,825</u>	<u>37,441,037</u>
<u>1,827,052</u>	<u>(1,322,813)</u>	<u>2,494,259</u>	<u>1,603,972</u>
0	0	0	0
0	50,644	0	0
250,000	0	374,046	153,630
(250,000)	0	(374,046)	(153,630)
<u>0</u>	<u>50,644</u>	<u>0</u>	<u>0</u>
<u>\$1,827,052</u>	<u>(\$1,272,169)</u>	<u>\$2,494,259</u>	<u>\$1,603,972</u>
1.46%	1.21%	1.04%	0.80%



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

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial/ Industrial/PU		Assessed Value	Estimated Actual Value
1999	\$306,029,170	\$122,364,710	\$1,223,982,514	\$25,084,640	\$100,338,560
2000	342,422,070	129,240,070	1,347,606,114	23,312,830	93,251,320
2001	348,721,950	130,987,580	1,370,598,657	21,696,500	86,786,000
2002	353,228,050	138,074,230	1,403,720,800	17,749,170	70,996,680
2003	391,477,550	157,263,300	1,567,831,000	18,220,030	72,880,120
2004	395,305,200	159,498,440	1,585,153,257	17,945,880	71,783,520
2005	403,838,260	159,494,010	1,609,520,771	17,155,580	68,622,320
2006	436,988,010	174,764,120	1,747,863,229	19,648,530	78,594,120
2007	446,666,200	183,158,190	1,799,498,257	14,913,620	59,654,480
2008	454,070,050	181,147,250	1,814,906,571	10,958,200	43,832,800

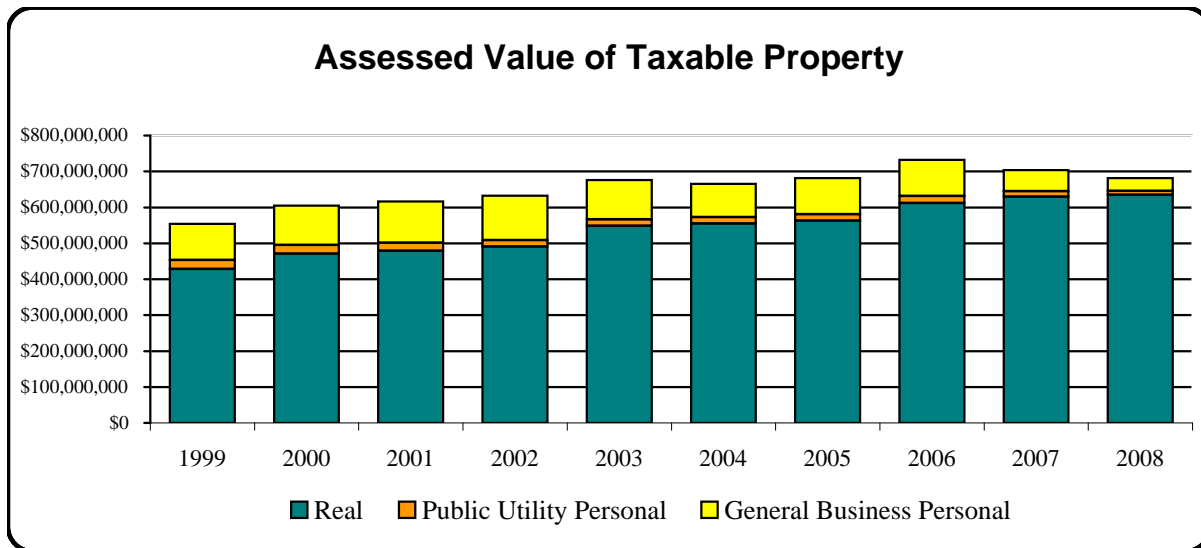
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

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

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

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

Tangible Personal Property		Total		Ratio	Res/Ag Average Tax Rate
General Business					
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
\$100,331,566	\$401,326,264	\$553,810,086	\$1,725,647,338	32.09%	29.30
109,860,144	439,440,576	604,835,114	1,880,298,010	32.17%	28.50
115,030,410	460,121,640	616,436,440	1,917,506,297	32.15%	28.30
123,069,976	492,279,904	632,121,426	1,966,997,384	32.14%	28.10
109,011,441	436,045,764	675,972,321	2,076,756,884	32.55%	27.80
92,384,592	369,538,368	665,134,112	2,026,475,145	32.82%	27.70
100,759,655	403,038,620	681,247,505	2,081,181,711	32.73%	33.20
101,007,884	404,031,536	732,408,544	2,230,488,885	32.84%	32.60
58,949,395	235,797,580	703,687,405	2,094,950,317	33.59%	36.67
35,462,720	141,850,880	681,638,220	2,000,590,251	34.07%	36.44



**Vandalia-Butler City School District**

*Principal Property Taxpayers*

*Real Estate Tax*

*2008 and 1999 (1)*

Name of Taxpayer	2008	
	Assessed Value	Percent of Real Property Assessed Value
Delphi Automotive System	\$ 4,657,770	0.73%
The IAMS Company	3,039,100	0.48%
W2005/Fargo Hotels	3,015,970	0.47%
The Beerman Realty Company	2,311,430	0.36%
SAM'S Real Estate Business	2,101,410	0.33%
Northwoods Shoppes LLC	2,044,630	0.32%
Mid-States Development	1,658,110	0.26%
Timberlake Limited Partnership	1,596,670	0.25%
ABMD LTD	1,498,920	0.24%
BRE/ESA Portfolio LLC	1,418,530	0.22%
Totals	<u>\$ 23,342,540</u>	<u>3.67%</u>
Total Assessed Valuation	<u>\$635,217,300</u>	

Name of Taxpayer	1999	
	Assessed Value	Percent of Real Property Assessed Value
N/A	N/A	N/A

N/A - Not Available

Source: Montgomery County Auditor

(1) The amounts presented represent the assessed values upon which 2008 and 1999 collections were based.

**Vandalia-Butler City School District**

*Principal Property Taxpayers  
Tangible Personal Property Tax  
2008 and 1999 (1)*

Name of Taxpayer	2008	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Delphi Automotive Systems	\$2,755,490	7.77%
PSA Airlines Inc	1,415,180	3.99%
Smith Industries Aerospace	1,170,910	3.30%
Eurand America Inc	1,088,920	3.07%
Reynolds and Reynolds Co	1,060,410	2.99%
Miami Valley International	957,050	2.70%
Encon Inc	768,390	2.17%
Beau Townsend Ford Inc	625,070	1.76%
SAIA-Burgess Inc	572,560	1.61%
Leis Medical Inc	557,980	1.57%
<b>Total</b>	<b>\$10,971,960</b>	<b>30.94%</b>
<b>Total Assessed Valuation</b>	<b>\$35,462,720</b>	

Name of Taxpayer	1999	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
N/A	N/A	N/A

N/A - Not Available

Source: Montgomery County Auditor

(1) The amounts presented represent the assessed values upon which 2008 and 1999 collections were based.

**Vandalia-Butler City School District**

*Principal Property Taxpayers*

*Public Utilities Tax*

*2008 and 1999 (1)*

Name of Taxpayer	2008	
	Assessed Value	Percent of Public Utility Assessed Value
Dayton Power and Light	\$9,672,820	88.27%
Total	\$9,672,820	88.27%
Total Assessed Valuation	\$10,958,200	

Name of Taxpayer	1999	
	Assessed Value	Percent of Public Utility Assessed Value
N/A	N/A	N/A

N/A - Not Available

Source: Montgomery County Auditor

(1) The amounts presented represent the assessed values upon which 2008 and 1999 collections were based.

**VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO  
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
(PER \$1,000 OF ASSESSED VALUATION)  
LAST TEN COLLECTION (CALENDAR) YEARS (1)  
1998-2007**

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	
	2007	18.24	18.24	1.25	1.25	16.94	16.94	4.14	4.14	17.13	17.13	2.58	2.58	53.30
2006	18.24	18.24	1.25	1.25	16.94	16.94	4.14	4.14	15.67	15.67	2.58	2.58	53.30	53.30
2005	18.24	18.24	1.25	1.25	16.94	16.94	4.14	4.14	15.67	15.67	2.58	2.58	48.86	48.86
2004	17.24	17.24	0.26	0.26	16.94	16.94	4.14	4.14	15.67	15.67	2.58	2.58	43.46	43.46
2003	17.24	17.24	0.26	0.26	16.94	16.94	4.14	4.14	15.67	15.67	2.58	2.58	44.36	44.36
2002	17.24	17.24	0.26	0.26	16.94	16.94	4.14	4.14	15.67	15.67	2.58	2.58	44.66	44.66
2001	17.24	17.24	0.26	0.26	16.94	16.94	4.14	4.14	15.67	15.67	2.58	2.58	44.86	44.86
2000	16.64	16.64	0.26	0.26	17.60	17.60	4.14	4.14	15.67	15.67	2.58	2.58	45.06	45.06
1999	16.64	16.64	0.26	0.26	17.60	17.60	4.14	4.14	15.67	15.67	2.58	2.58	45.86	45.86
1998	16.64	16.64	0.26	0.26	17.60	17.60	4.14	4.14	0.00	0.00	2.58	2.58	45.86	45.86

Source: Montgomery County Auditor.

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

**VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO  
PROPERTY TAX LEVIES AND COLLECTIONS - REAL, PERSONAL, AND PUBLIC UTILITY PROPERTY  
LAST TEN COLLECTION (CALENDAR) YEARS  
1998-2007**

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		
2007	27,008,398	25,765,307	95.40%	997,537	26,762,844	99.09%	1,429,944	5.29%		
2006	23,527,932	22,914,175	97.39%	936,177	23,850,352	101.37%	1,100,718	4.68%		
2005	22,550,823	21,755,463	96.47%	795,361	22,550,824	100.00%	1,276,852	5.66%		
2004	20,355,804	19,838,772	97.46%	559,071	20,397,843	100.21%	1,740,537	8.55%		
2003	20,747,620	19,584,235	94.39%	771,308	20,355,543	98.11%	1,495,650	7.21%		
2002	20,201,860	18,949,413	93.80%	631,133	19,580,546	96.92%	665,860	3.30%		
2001	19,843,228	19,618,976	98.87%	1,074,169	20,693,145	104.28%	1,514,895	7.63%		
2000	(4)	19,167,150	(4)	626,452	19,793,602	(4)	(4)	(4)		
1999	(4)	18,504,073	(4)	626,390	19,130,463	(4)	(4)	(4)		
1998	(4)	17,951,589	(4)	691,286	18,642,875	(4)	(4)	(4)		

Source: Montgomery County Auditor.

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

(2) State reimbursements of rollback and homestead exemptions are included.

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

(4) Information not available

**VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO  
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE  
AND NET BONDED DEBT PER CAPITA  
LAST TEN YEARS  
1999-2008**

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
2008	22,985	681,638,220	0	92,852	(\$92,852)	-0.01%	\$0
2007	22,985	703,687,405	250,000	355,687	(\$105,687)	-0.02%	0
2006	22,985	732,408,544	500,000	643,080	(\$143,080)	-0.02%	0
2005	22,985	681,247,505	750,000	954,665	(204,665)	-0.03%	0
2004	22,985	665,134,112	1,000,000	999,523	477	0.00%	0
2003	22,985	675,972,321	1,250,000	833,398	416,602	0.06%	18
2002	22,985	632,121,426	1,500,000	703,144	796,856	0.13%	35
2001	22,985	616,436,440	1,750,000	609,770	1,140,230	0.18%	50
2000	22,985	604,835,114	2,000,000	507,029	1,492,971	0.25%	65
1999	21,790	553,810,086	2,250,000	502,354	1,747,646	0.32%	80

**Sources:**

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



**Vandalia-Butler City School District**  
*Computation of Legal Debt Margin*  
*Last Seven Years*

	2002	2003	2004	2005	2006	2007	2008
Tax Valuation	\$632,121,426	\$675,972,321	\$665,134,112	\$681,247,505	\$732,408,544	\$703,687,405	\$681,638,220
Debt Limit - 9% of Taxable Valuation (1)	56,890,928	60,837,509	59,862,070	61,312,275	65,916,769	63,331,866	61,347,440
Amount of Debt Applicable to Debt Limit	1,500,000	1,250,000	1,000,000	750,000	500,000	250,000	0
General Obligation Bonds	(703,144)	(833,398)	(999,523)	(954,666)	0	0	0
Less Amount Available in Debt Service							
Amount of Debt Subject to Limit	796,856	416,602	477	(204,666)	500,000	250,000	0
Legal Debt Margin	\$56,094,072	\$60,420,907	\$59,861,593	\$61,516,941	\$65,416,769	\$63,081,866	\$61,347,440
Legal Debt Margin as a Percentage of the Debt Limit	98.60%	99.32%	100.00%	100.33%	99.24%	99.61%	100.00%
Energy Conservation Deb Limit- .90% of assessed value (1)	5,689,093	6,083,751	5,986,207	6,131,228	6,591,677	6,333,187	6,134,744
Amount of Debt Subject to Limit	0	0	0	0	0	0	0
Unvoted Legal Debt Margin	\$5,689,093	\$6,083,751	\$5,986,207	\$6,131,228	\$6,591,677	\$6,333,187	\$6,134,744
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Unvoted Debt Limit - .10% of Taxable Valuation (1)	\$632,121	\$675,972	\$665,134	\$681,248	\$732,409	\$703,687	\$681,638
Amount of Debt Subject to Limit	0	0	0	0	0	0	0
Unvoted Legal Debt Margin	\$632,121	\$675,972	\$665,134	\$681,248	\$732,409	\$703,687	\$681,638
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**Source:** Montgomery County Auditor and School District Financial Records

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

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

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

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

*Last Ten Fiscal Years*

Fiscal Year	Governmental Activities		Total Primary Government	Per Capita
	General Obligation Bonds	Capital Leases		
1999	\$ 2,250,000	\$ -	\$ 2,250,000	\$ 103.26
2000	2,000,000	-	2,000,000	87.01
2001	1,750,000	-	1,750,000	76.14
2002	1,500,000	150,198	1,650,198	71.79
2003	1,250,000	130,978	1,380,978	60.08
2004	1,000,000	296,905	1,296,905	56.42
2005	750,000	202,665	952,665	41.45
2006	500,000	156,107	656,107	28.53
2007	250,000	85,253	335,253	14.58
2008	-	50,978	50,978	2.22

SOURCE: School District Records

**VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**JUNE 30, 2008**

Governmental Unit	Gross General Obligation	Percent Applicable to District	Amount Applicable to District
Direct:			
Vandalia-Butler City School District	\$0	100.00%	\$0
Overlapping:			
Montgomery County	44,021,926	6.71%	2,953,871
Butler Township (1)	402,199	100.00%	402,199
City of Dayton	50,608,401	5.95%	3,013,481
City of Union	215,609	0.25%	535
City of Vandalia (2)	9,635,744	100.00%	9,635,744
Total overlapping	<u>104,883,879</u>		<u>16,005,830</u>
Total direct and overlapping debt	<u><u>\$104,883,879</u></u>		<u><u>\$16,005,830</u></u>

Source: Montgomery County Auditor

(1) Last reported 2006

(2) As of December 31, 2007

**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)  
1999-2008**

Fiscal Year	Principal	Interest	Total Debt		Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures
			Service			
2008	250,000	12,836	262,836		33,310,714	0.79%
2007	250,000	37,392	287,392		30,777,654	0.93%
2006	250,000	61,586	311,586		30,460,840	1.02%
2005	250,000	88,119	338,119		27,421,979	1.23%
2004	250,000	115,685	365,685		27,256,338	1.34%
2003	250,000	141,325	391,325		26,368,103	1.48%
2002	250,000	158,438	408,438		24,252,773	1.68%
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%

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

**VANDALIA-BUTLER CITY SCHOOL DISTRICT, OHIO**  
**DEMOGRAPHIC STATISTICS**  
**LAST TEN YEARS**  
**1999-2008**

<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>
2008	22,985	3,411	Information not available	7.8%
2007	22,985	3,440	Information not available	NA
2006	22,985	3,434	\$50,174	6.0%
2005	22,985	3,382	Information not available	6.3%
2004	22,985	3,518	\$41,846	6.4%
2003	22,985	3,471	Information not available	4.7%
2002	22,985	3,466	Information not available	5.3%
2001	22,985	3,531	\$48,698	4.3%
2000	22,985	3,550	50,415	3.8%
1999	21,790	3,564	49,746	3.8%

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 - Montgomery County, 2006 information most recent available.
- (4) Ohio Department of Jobs and Family Services - August 2008.

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Instruction</b>										
Classroom Teachers	196.66	197.2	194.63	194.55	194.35	197.53	188.86	193.22	188.48	188.27
Special Education Teachers and Tutors	17.2	19.7	19.2	19.5	21.58	24.98	26.4	45.65	42.64	42.39
Educational/Media Aides	34.2	36.2	36.16	36.9	38	33.5	35.5	31.17	30.18	32
Counselor	5	5	5	5	5	5	5	5	5	6
<b>Total Instruction</b>	<b>253.06</b>	<b>258.1</b>	<b>254.99</b>	<b>255.95</b>	<b>258.93</b>	<b>261.01</b>	<b>255.76</b>	<b>275.04</b>	<b>267.67</b>	<b>268.66</b>
<b>Support and Administration</b>										
Central Office Support/Administrators	19.15	19.95	20.28	23.43	27.95	26	22	25.12	27	25
Principals	8	8	7	8	9	9	8	10	11	10
Clerical Support	28	27	27	27	27	25	25	14	16	16
Professional Support	8	8	8	8	8	8	8	10.37	10.1	8.05
Transportation	24	26	27	26	25	27	27	32.5	34	32
Food Service	19.8	22.1	21.3	25.8	30.1	16.8	17.4	17.3	37	39
Custodial	22.5	20.5	21	22	22	23	22	19	20	20
Maintenance and Mechanics	15.4	14.9	16.9	15.9	17.4	11.5	10.5	5.5	5	5
<b>Total Support and Administration</b>	<b>144.85</b>	<b>146.45</b>	<b>148.48</b>	<b>156.13</b>	<b>166.45</b>	<b>146.3</b>	<b>139.9</b>	<b>133.79</b>	<b>160.1</b>	<b>155.05</b>
<b>Total Employees</b>	<b>397.91</b>	<b>404.55</b>	<b>403.47</b>	<b>412.08</b>	<b>425.38</b>	<b>407.31</b>	<b>395.66</b>	<b>408.83</b>	<b>427.77</b>	<b>423.71</b>

Source: Fiscal Year October EMIS Reports

Vandalia-Butler City School District

Building Statistics  
Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Demmitt Elementary School</b>										
Constructed in	1957									
Total Building Square Footage	43,977									
Total Acres	11									
Enrollment Grades K-4		434	402	373	372	397	397	405	402	402
Student Capacity	368	368	368	368	368	368	368	368	368	368
Regular Instruction Classrooms	15									
Regular Instruction Teachers										
Special Instruction Classrooms										
Special Instruction Teachers										
<b>Holke Elementary School</b>										
Constructed in	1969									
Total Building Square Footage	42,456									
Total Acres	10.5									
Enrollment Grades K-4		375	354	375	405	391	399	399	446	455
Student Capacity	350	350	350	350	350	350	350	350	350	350
Regular Instruction Classrooms										
Regular Instruction Teachers										
Special Instruction Classrooms										
Special Instruction Teachers										
<b>Murlin Heights Elementary School</b>										
Constructed in	1952									
Total Building Square Footage	40,930									
Total Acres	15									
Enrollment Grades K-4		415	390	389	406	365	366	366	385	379
Student Capacity	335	335	335	335	335	335	335	335	335	335
Regular Instruction Classrooms										
Regular Instruction Teachers										
Special Instruction Classrooms										
Special Instruction Teachers										
<b>Morton Middle School</b>										
Constructed in	1922									
Total Building Square Footage	59,027									
Total Acres	9.5									
Enrollment Grades 5-8		542	514	518	513	533	516	516	495	487
Student Capacity	444	444	444	444	444	444	444	444	444	444
Regular Instruction Classrooms										
Regular Instruction Teachers										
Special Instruction Classrooms										
Special Instruction Teachers										
<b>Smith Middle School</b>										
Constructed in	1969									
Total Building Square Footage	66,113									
Total Acres	84.5									
Enrollment Grades 5-8		545	553	562	549	529	528	528	504	489
Student Capacity	406	406	406	406	406	406	406	406	406	406
Regular Instruction Classrooms										
Regular Instruction Teachers										
Special Instruction Classrooms										
Special Instruction Teachers										
<b>Butler High School</b>										
Constructed in	1956									
Total Building Square Footage	218,934									
Total Acres	23.8									
Enrollment Grades 9-12		1,177	1,211	1,199	1,218	1,202	1,224	1,224	1,234	1,175
Student Capacity	1,375	1,375	1,375	1,375	1,375	1,375	1,375	1,375	1,375	1,375
Regular Instruction Classrooms										
Regular Instruction Teachers										
Special Instruction Classrooms										
Special Instruction Teachers										

Source: Enrollment Oct Fiscal Year EMIS Report

**Vandalia-Butler City School District**

*Operating Statistics*

*Last Six Fiscal Years*

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<u>Fiscal Year</u>	<u>Expenses</u>	<u>Enrollment</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/ Teacher Ratio</u>
2003	\$30,201,304	3,416	\$8,841		254	13.4
2004	31,101,524	3,463	8,981	1.58%	256	13.5
2005	30,975,723	3,417	9,065	0.94%	250	13.7
2006	33,281,391	3,434	9,692	6.91%	254	13.5
2007*	35,178,526	3,503	10,042	3.62%	254	13.8
2008*	36,897,296	3,259	11,322	12.74%	210	15.5

Source: School District Records.

\*Included severance plan in 2007 and 2008

Information prior to 2003 not available.





Mary Taylor, CPA  
Auditor of State

VANDALIA-BUTLER CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
MARCH 5, 2009