



# Balestra, Harr & Scherer, CPAs, Inc.

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Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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VANDALIA-BUTLER CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY

SINGLE AUDIT

For the Year Ended June, 30, 2013  
Fiscal Year Audited Under GAGAS: 2013





# Dave Yost • 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 Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2012 through June 30, 2013. 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 black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

April 2, 2014

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

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For the Year Ended June 30, 2013

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**Vandalia-Butler City School District**  
Schedule of Federal Awards Receipts & Expenditures  
For the Fiscal Year Ended June 30, 2013

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>United States Department of Agriculture</b>						
<i>Passed through the Ohio Department of Education</i>						
<i>Child Nutrition Cluster:</i>						
School Breakfast Program	3L70	10.553	17,298	-	17,298	-
National School Lunch Program	3L60	10.555	465,701	35,497	465,701	35,497
Total Child Nutrition Cluster			482,999	35,497	482,999	35,497
Total United States Department of Agriculture			482,999	35,497	482,999	35,497
<b>United States Department of Education</b>						
<i>Passed through the Ohio Department of Education</i>						
<i>Special Education Cluster:</i>						
Special Education - Grants to States	3M20	84.027	952,015	-	649,727	-
Special Education - Preschool Grants	3C50	84.173	18,298	-	9,954	-
Total Special Education Cluster			970,313	-	659,681	-
<i>Title I, Part A Cluster:</i>						
Title I Grants to Local Educational Agencies	3M00	84.010	613,415	-	544,775	-
Total Title I, Part A Cluster			613,415	-	544,775	-
Education Technology State Grants	3S20	84.318	2,663	-	-	-
ARRA - State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants, Recovery Act	3FD0	84.395	700	-	-	-
Education Jobs Fund	3ET0	84.410	4,944	-	-	-
Improving Teacher Quality State Grants	3Y60	84.367	73,907	-	73,818	-
Total United States Department of Education			1,665,942	-	1,278,274	-
<b>Total Federal Financial Assistance</b>			<b>2,148,941</b>	<b>35,497</b>	<b>1,761,273</b>	<b>35,497</b>

See Accompanying Notes to the Schedule of Federal Awards Receipts and Expenditures

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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



## Balestra, Harr & Scherer, CPAs, Inc.

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### **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards***

Members of the Board of Education  
Vandalia Butler City School District  
306 S. Dixie Drive  
Vandalia, Ohio 45377

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vandalia Butler City School District, Montgomery County, (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 27, 2013 wherein we noted the District implemented Government Accounting Standards No. 63 and 65.

#### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.



***Compliance and Other Matters***

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

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
December 27, 2013



# Balestra, Harr & Scherer, CPAs, Inc.

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## **Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133 and the Schedule of Federal Awards Receipts and Expenditures**

Members of the Board of Education  
Vandalia Butler City School District  
306 S. Dixie Drive  
Vandalia, Ohio 45377

### ***Report on Compliance for Each Major Federal Program***

We have audited the Vandalia Butler City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Vandalia Butler City School District's major federal programs for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal programs.

### ***Management's Responsibility***

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

Members of the Board of Education  
Vandalia Butler City School District  
Report on Compliance with Requirements Applicable to each Major Federal Program and on  
Internal Control Over Compliance Required by OMB Circular A-133 and the Schedule of  
Federal Awards Receipts and Expenditures  
Page 2

***Opinion on Each Major Federal Program***

In our opinion, the Vandalia Butler City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2013.

***Report on Internal Control Over Compliance***

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Members of the Board of Education  
Vandalia Butler City School District  
Report on Compliance with Requirements Applicable to each Major Federal Program and on  
Internal Control Over Compliance Required by OMB Circular A-133 and the Schedule of Federal  
Awards Receipts and Expenditures  
Page 3

***Report on Schedule of Receipts and Expenditures of Federal Awards Required by OMB Circular  
A-133***

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Vandalia Butler City School District (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated December 27, 2013. Our opinion also explained that the District adopted Governmental Accounting Standard No. 63 and 65 during the year. We conducted our audit to opine on the District's basic financial statements. The accompanying schedule of federal awards receipts and expenditures presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
December 27, 2013

**Vandalia Butler City School District  
Montgomery County, Ohio**

**Schedule of Findings  
OMB Circular A-133 Section §.505  
June 30, 2013**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant internal control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under §.510(a)?	No
(d)(1)(vii)	Major Programs (list):	<b>Child Nutrition Cluster:</b> School Breakfast Program; CFDA# 10.553 National School Lunch Program; CFDA# 10.555  <b>Special Education Cluster:</b> Special Education Grants to States; CFDA# 84.027 Special Education Preschool Grants; CFDA# 84.173
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**Vandalia Butler City School District  
Montgomery County, Ohio**

**Schedule of Findings  
*OMB Circular A-133 Section §.505*  
June 30, 2013**

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

**None noted**

**3. FINDINGS FOR FEDERAL AWARDS**

**None noted**

VANDALIA BUTLER CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2012-001	Material Weakness- Financial Reporting	Partially	Reissued as a Management Letter comment for restatement of capital assets



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## Independent Auditor's Report on Applying Agreed Upon Procedure

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

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on June 19, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act";.

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

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

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
December 27, 2013



**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

OF THE

**VANDALIA-BUTLER CITY  
SCHOOL DISTRICT**

**MONTGOMERY COUNTY, OHIO**

FOR THE

**FISCAL YEAR ENDED JUNE 30, 2013**



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

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

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# INTRODUCTORY SECTION



**VANDALIA-BUTLER CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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December 27, 2013

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

We are pleased to present the 2013 Comprehensive Annual Financial Report (CAFR) for the Vandalia-Butler City School District. This report, for the fiscal year ended June 30, 2013, contains the financial statements and other financial and statistical data that provide complete and full disclosure of all material financial aspects of the Vandalia-Butler City School District (the "School District"). The responsibility for the accuracy and completeness of all data presented, and the fairness of the presentation, rests with the School District, specifically with the School District Treasurer's office.

Accounting Principles Generally Accepted in the United States of America (GAAP) also requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The School District's MD&A can be found immediately following the Independent 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 School District, comprises approximately 6.25 square miles of the total 36 square miles.

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

Education in the area began with the first school that formed in Butler Township in 1807. Additionally, the Village of Vandalia School District formed in 1869. A consolidated Butler and Vandalia School District formed in 1921 under the name Butler Township Schools. The consolidated school district operated from the Butler Township School Building built in 1921.

The current charter as the Vandalia-Butler City School District was adopted in 1956. For the 2013 fiscal year, the School District operates six school buildings: three elementary schools serving grades Kindergarten through grade 4; two middle schools serving grades 5 through 8; and, one high school serving grades 9 through 12. Significant renovations have been completed at Butler High School and at Demmitt Elementary. In addition, the School District opened the new Morton Middle School in January of 2012 and closed Murlin Elementary at the end of the 2013 fiscal year.

## **SCHOOL DISTRICT ORGANIZATION AND REPORTING ENTITY**

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

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's Governing Board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise have access to the organization's resources; or (3) the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Currently, the School District does not have any component units.

The School District is associated with the Southwestern Ohio Educational Purchasing Council (SOEPC), which is defined as a jointly governed organization. It is a purchasing cooperative comprised of over 126 school districts in 18 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. This organization is presented in Note 2.

Also, the School District is associated with the Southwestern Ohio Instructional Technology Association (SOITA), which is defined as a jointly governed organization. It is a not-for-profit corporation formed under Section 1702.01 of the Ohio Revised Code. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs. This organization is presented in Note 2.

Also, the School District is associated with the Miami Valley Career Technology Center, which is defined as a jointly governed organization. It is a distinct political subdivision of the State of Ohio operating as a joint vocational school district. The purpose of the vocational school district is to provide vocational educational services to students of member districts. This organization is presented in Note 2.

Also, the School District is associated with the Metropolitan Dayton Educational Computer Association (MDECA), which is defined as a jointly governed organization. It is a computer consortium of area school districts sharing computer resources. The purpose of the association is to apply modern technology with the aid of computers and other electronic equipment to administrative instructional functions among member districts. This organization is presented in Note 2.

## **ECONOMIC CONDITION AND OUTLOOK**

The Vandalia-Butler City School District serves the residents of the City of Vandalia and Butler Township, who despite lack of state dollars and removal of personal property from the tax base realize the importance of strong schools. The state budget passed for 2011-2013 significantly reduced anticipated revenues with respect to the state reimbursement of past personal property taxes. Vandalia-Butler passed a five-year emergency levy in November of 2013 to make up for these changes.

Butler Township continues to experience some commercial growth in conjunction with declining real estate values. Among many new projects, York Commons is an 80 acre regional retail project located at the new I-75 Benchwood interchange, six miles north of downtown Dayton and within 10 minutes of the Dayton International Airport. The property is zoned B-3 allowing for most business enterprises. Tax incentives are being offered as Tax Incremental Financing Agreements (TIFs) with school supported donation agreements to provide further appeal for commercial development in the Benchwood area and around the Dayton International Airport.

The City of Vandalia is poised with property and tax incentives for continued economic growth. Similar to the township, they are offering business and residents modified infrastructure to attract more development. Their efforts have been successful with an anticipated addition of significant employers such as White Castle who is opening a distribution facility in the School District. One of the School District's major roads (Dixie Drive) has been expanded and building options are available at choice locations including an area near the I-70, I-75 interchange; and next to the Dayton International Airport. Commercial property is also available on Northwoods Road directly off of Interstate 75.

The valuation of real estate, both residential and commercial, has been reduced over the last couple of years. The Board of Revisions has approved drastic reductions in several of the School District's largest commercial properties and the County Treasurer's Office has taken a more direct role in helping taxpayers enroll in payment plans. The combination of these actions with already diminished valuation has resulted in falling revenue streams. The School District will be making significant reductions for the 2013-2014 school year including a reduction in force of an estimated 50 employees. On November 5, 2013, School District voters approved a five-year 6.99-mill operating levy.

## **MAJOR INITIATIVES**

Vandalia-Butler City Schools continues to maintain an "Excellent" rating from the state of Ohio having met the requirements for 2013 and awaiting final determination from the state. We continue to improve as we examine weaknesses in student achievement and design targeted interventions to better align our instruction and our financial resources. Additionally, capital spending was reduced in anticipation of the new and renovated buildings. The School District is analyzing and realigning its facility plan to maximize building project dollars. Building design and selected alternates are being evaluated against the impact the building will have on the operating budget.

## **FINANCIAL INFORMATION**

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

## INTERNAL CONTROLS

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

The School District uses a fully automated accounting system as well as an automated system for payroll. These systems, coupled with the manual control procedures, ensure that the financial information generated is both accurate and reliable. For the 2012-2013 school year the district is further automating and streamlining controls with Microsoft Great Plains enterprise resource planning tools. The new software is designed to lock controls on purchasing and payroll processes while moving to a more seamless and paperless methodology.

### Federal and State Assistance

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

### Budgetary Controls

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

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

### Financial Condition

The School District continues to prepare financial statements following GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." GASB 34 created basic financial statements for reports as follows:

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

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

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

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

## **OTHER INFORMATION**

### **Independent Audit**

An audit team from the independent accounting firm Balestra, Harr & Scherer, CPAs, 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, 2012. The Certificate of Achievement is the highest form of recognition for excellence in the state and local government financial reporting.

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

### **Acknowledgements**

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



Daniel Schall  
Treasurer



Bradley C. Neavin  
Superintendent



Government Finance Officers Association

**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, 2012**

Executive Director/CEO

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

List of Principal Officials  
June 30, 2013

**ELECTED OFFICIALS**

President, Board of Education	Mr. Bud Zupp
Vice President, Board of Education	Mr. Brian Boyd
Board of Education Member	Mrs. Judy Abromowitz
Board of Education Member	Mr. Robert Cupp
Board of Education Member	Ms. Mary Kilsheimer

**ADMINISTRATIVE OFFICIALS**

Superintendent	Dr. Christy Donnelly <sup>(1)</sup>
Treasurer	Mr. Daniel Schall
Director of Human Resources	Mr. Robert Neubauer
Director of Pupil Personnel	Mr. Dan Heaton
Chief Information Officer	Mr. David Mohler
Director of Curriculum and Operations	Mr. Robert O'Leary

**OFFICE OF THE TREASURER**

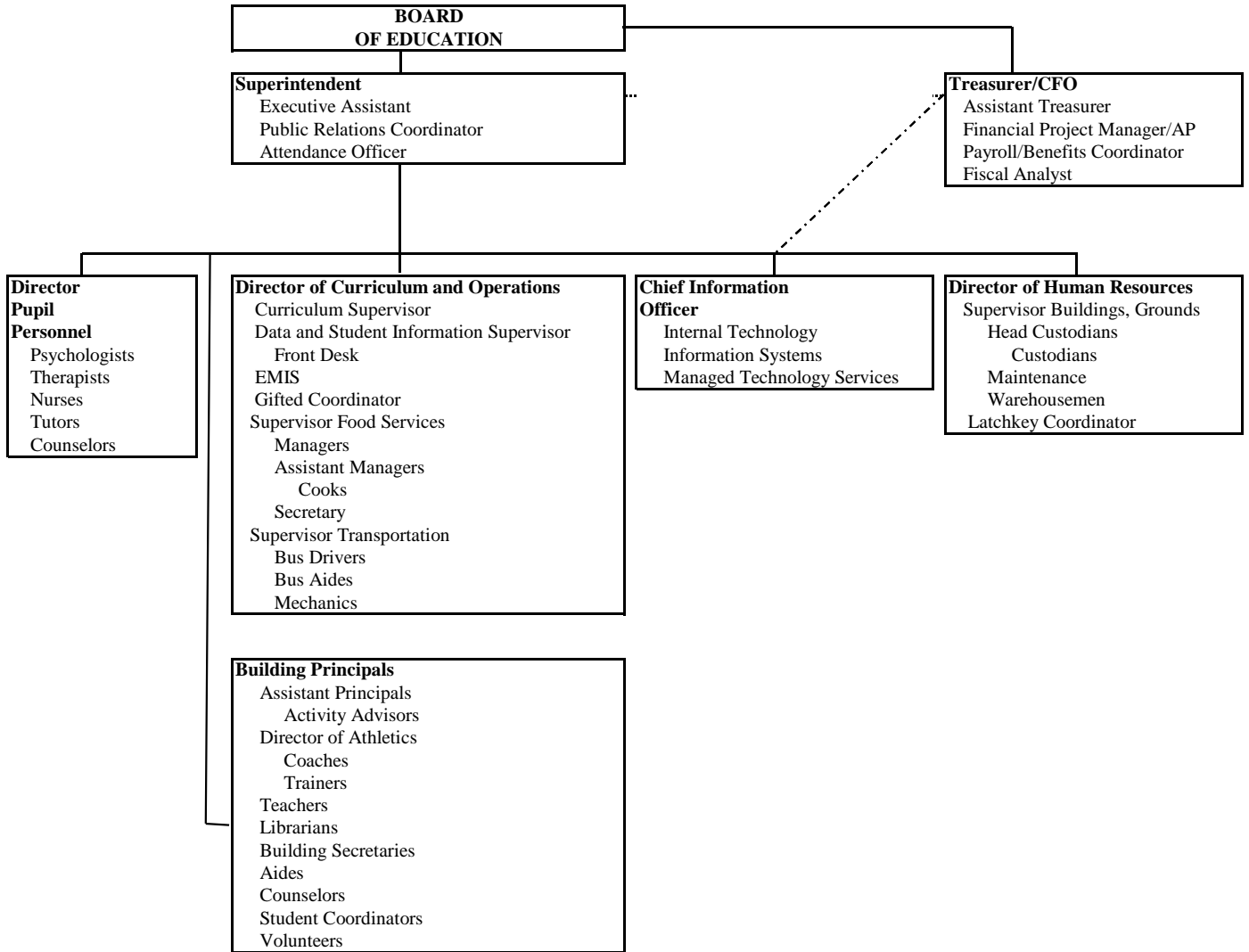
Treasurer	Mr. Daniel Schall
Assistant Treasurer	Mrs. Kay Altenburger
Payroll Coordinator	Mrs. Suzanne Chuvalas
Financial Project Manager	Mrs. Tiffany Hiser
Fiscal Analyst	Ms. Kari Breisch

**PUBLIC RELATIONS**

Public Relations Coordinator	Mrs. Bethany Meisinger-Reiff
------------------------------	------------------------------

<sup>(1)</sup> Bradley C. Neavin became Superintendent of the District on July 1, 2013.

**VANDALIA-BUTLER CITY SCHOOL DISTRICT**  
**MONTGOMERY COUNTY, OHIO**  
**ORGANIZATIONAL CHART**  
**JUNE 30, 2013**





## FINANCIAL SECTION





# Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

[www.bhscpas.com](http://www.bhscpas.com)

## Independent Auditor's Report

Members of the Board of Education  
Vandalia Butler City School District  
306 S. Dixie Drive  
Vandalia, Ohio 45377

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vandalia Butler City School District, Montgomery County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Vandalia Butler City School District, Montgomery County, Ohio, as of June 30, 2013, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 3 to the financial statements, during the year ended June 30, 2013, the District adopted the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

***Other Matters***

*Required Supplementary Information*

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

*Supplementary and Other Information*

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2013, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
December 27, 2013



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)**

The management discussion and analysis of the Vandalia-Butler City School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2013 are as follows:

- In total, net position of governmental activities decreased \$6,290,546 which represents a 80.13% decrease from June 30, 2012's restated net position as described in Note 3.B.
- General revenues accounted for \$29,753,086 in revenue or 85.03% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5,239,552 or 14.97% for total revenues of \$34,992,638.
- The School District had \$41,283,184 in expenses related to governmental activities; \$5,239,552 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$29,753,086 were not adequate to provide for these programs.
- The School District has two major funds which include the general fund and the bond retirement fund. The general fund had \$29,904,873 in revenues and other financing sources and \$31,879,068 in expenditures and other financing uses. The general fund's fund balance decreased \$1,974,195 from \$3,005,524 to \$1,031,329.
- The bond retirement fund had \$3,435,371 in revenues and other financing sources and \$3,210,622 in expenditures. The bond retirement fund's fund balance increased \$224,749 from \$3,924,174 to \$4,148,923.

**Using this Comprehensive Annual Financial Report (CAFR)**

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

The *statement of net position* and *statement of activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. The School District has two major funds: the general fund and the bond retirement fund.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

**Reporting the School District as a Whole**

***Statement of Net Position and the Statement of Activities***

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2013?" The statement of net position and the statement of activities answer this question. These statements include *all assets, all deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

The School District's statement of net position and statement of activities can be found on pages 17-18 of this report.

**Reporting the School District's Most Significant Funds**

***Fund Financial Statements***

The analysis of the School District's major governmental funds begins on page 12. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the bond retirement fund.

***Governmental Funds***

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 19-23 of this report.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

***Reporting the School District's Fiduciary Responsibilities***

The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in an agency fund. The School District's statement of fiduciary assets and liabilities can be found on page 24. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 25-63 of this report.

**The School District as a Whole**

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

The table below provides a summary of the School District's net position at June 30, 2013 and 2012. The net position at June 30, 2012 has been restated as described in Note 3.B.

	<b>Net Position</b>		<b>Percentage Change</b>
	<b>Governmental Activities 2013</b>	<b>Restated Governmental Activities 2012</b>	
<b><u>Assets</u></b>			
Current and other assets	\$ 31,674,156	\$ 40,722,848	(22.22) %
Capital assets, net	<u>54,478,033</u>	<u>55,533,635</u>	(1.90) %
Total assets	<u>86,152,189</u>	<u>96,256,483</u>	(10.50) %
<b><u>Liabilities</u></b>			
Current liabilities	7,917,229	9,738,785	(18.70) %
Long-term liabilities	<u>57,814,088</u>	<u>59,774,567</u>	(3.28) %
Total liabilities	<u>65,731,317</u>	<u>69,513,352</u>	(5.44) %
<b><u>Deferred Inflows of Resources</u></b>			
Deferred Inflows of Resources	<u>18,860,654</u>	<u>18,892,367</u>	(0.17) %
<b><u>Net Position</u></b>			
Net Investment in Capital Assets	170,125	3,101,819	(94.52) %
Restricted	3,886,387	4,784,010	(18.76) %
Unrestricted (deficit)	<u>(2,496,294)</u>	<u>(35,065)</u>	(7,019.05) %
Total net position	<u>\$ 1,560,218</u>	<u>\$ 7,850,764</u>	(80.13) %

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)**

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2013 and June 30, 2012, the School District's assets exceeded liabilities plus deferred inflows of resources by \$1,560,218 and \$7,850,764, respectively. Net position decreased \$6,290,546 from June 30, 2012.

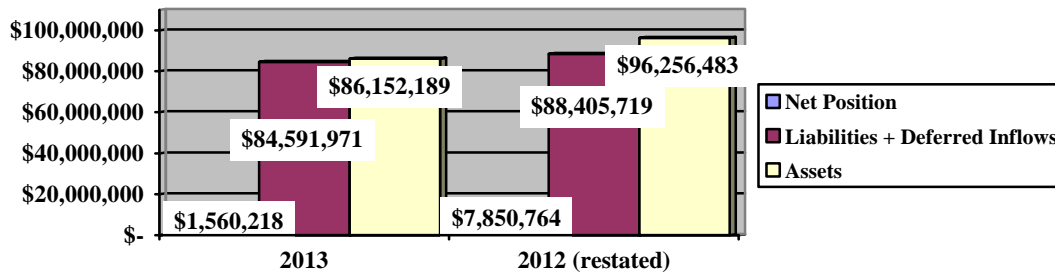
Assets of the School District decreased \$10,104,294 or 10.50%. Current assets decreased \$9,048,692 or 22.22%. The most significant decrease was in the area of equity in pooled cash and investments. This is primarily due to cash being used to fund the School District's construction project as well as decreases in general fund cash balances. At year-end, capital assets represented 63.23% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, software and vehicles. Net investment in capital assets at June 30, 2013 and June 30, 2012, were \$170,125 and \$3,101,819, respectively. These capital assets are used to provide services to the students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities. The capital assets decreased due to current year depreciation of \$2,342,703 exceeding current year additions of \$365,939 and miscellaneous transactions of \$921,162.

Liabilities of the School District decreased \$3,782,035 or 5.44%. Current liabilities decreased \$1,821,556 or 18.70% due to a decrease in contracts payable related to the construction project and a decrease in tax anticipation notes payable. Long-term liabilities decreased \$1,960,479. This decrease is mainly due to the \$1,336,798 in principal payments as well as the payment of roughly \$700,000 in retirement incentives.

A portion of the School District's net position, \$3,886,387, represents resources that are subject to external restriction on how they may be used. Of the restricted net position, \$3,617,997 is restricted for debt service. The remaining balance of unrestricted net position is a deficit of \$2,496,294.

The graph below shows the School District's assets, liabilities, deferred inflows of resources and net position at June 30, 2013 and June 30, 2012. The net position at June 30, 2012 has been restated as described in Note 3.B.

**Governmental Activities**



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)**

The table below shows the change in net position for fiscal years 2013 and 2012. The net position at June 30, 2012 has been restated as described in Note 3.B.

	<b>Change in Net Position</b>		<b>Percentage Change</b>
	<b>Governmental Activities 2013</b>	<b>Restated Governmental Activities 2012</b>	
<b><u>Revenues</u></b>			
Program revenues:			
Charges for services and sales	\$ 2,058,223	\$ 2,173,032	(5.28) %
Operating grants and contributions	2,247,773	2,387,015	(5.83) %
Capital grants and contributions	933,556	85,600	990.60 %
General revenues:			
Taxes	19,255,772	21,786,706	(11.62) %
Grants and entitlements not restricted	9,579,912	9,560,768	0.20 %
Payment in lieu of taxes	865,818	584,391	48.16 %
Investment earnings	43,354	75,846	(42.84) %
Other	8,230	48,817	(83.14) %
Total revenues	<u>34,992,638</u>	<u>36,702,175</u>	(4.66) %

Continued

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

	<b>Change in Net Position (Continued)</b>		<b>Percentage Change</b>
	Governmental	Restated	
	Activities <u>2013</u>	Activities <u>2012</u>	
<b><u>Expenses</u></b>			
Program expenses:			
Instruction:			
Regular	\$ 14,805,862	\$ 15,546,421	(4.76) %
Special	5,366,398	4,494,513	19.40 %
Vocational	216,339	361,995	(40.24) %
Other	2,125,598	2,290,890	(7.22) %
Support services:			
Pupil	3,098,615	3,198,284	(3.12) %
Instructional staff	2,840,679	2,965,382	(4.21) %
Board of education	35,205	74,555	(52.78) %
Administration	2,183,002	2,067,949	5.56 %
Business and fiscal	1,055,196	941,986	12.02 %
Operations and maintenance	2,545,988	1,174,709	116.73 %
Pupil transportation	1,395,055	1,556,238	(10.36) %
Central	347,349	479,170	(27.51) %
Operations of non-instructional services	1,671,353	1,622,333	3.02 %
Extracurricular activities	983,793	666,247	47.66 %
Interest and fiscal charges	<u>2,612,752</u>	<u>2,507,261</u>	4.21 %
Total expenses	<u>41,283,184</u>	<u>39,947,933</u>	3.34 %
Change in net position	(6,290,546)	(3,245,758)	(93.81) %
Net position, beginning of year (restated)	<u>7,850,764</u>	<u>11,096,522</u>	(29.25) %
Net position, end of year	<u>\$ 1,560,218</u>	<u>\$ 7,850,764</u>	(80.13) %

**Governmental Activities**

Net position of the School District's governmental activities decreased \$6,290,546 in fiscal year 2013 and decreased \$3,245,758 in fiscal year 2012. Total governmental expenses of \$41,283,184 were offset by program revenues of \$5,239,552 and general revenues of \$29,753,086 during fiscal year 2013. Program revenues supported 12.69% of the total governmental expenses during fiscal year 2013.

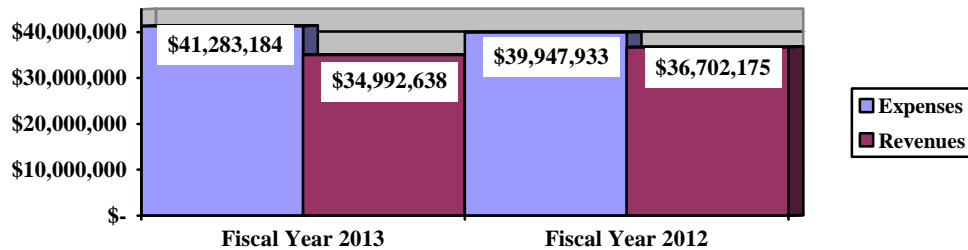
Revenues of the District decreased \$1,709,537 or 4.66%. The most significant decrease was in the area of taxes which decreased \$2,530,934 or 11.62%. This decrease is due to fluctuations in the amount of tax collected and available for advance at fiscal year-end by the County Auditor. Tax advances available are recorded as revenue under GAAP. The amount of tax advance available at June 30, 2013, 2012 and 2011 were \$790,893, \$1,692,192 and \$1,147,390 respectively. The amount of tax advance available at year end can vary depending on when the County Auditor distributes tax bills. Interest decreased \$32,492 due to lower interest rates earned on investments as well a decline in cash available to invest.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)**

The graph below presents the School District's governmental activities revenues and expenses for fiscal years 2013 and 2012.

**Governmental Activities - Revenues and Expenses**



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

**Governmental Activities**

	Total Cost of Services 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
<b>Program expenses</b>				
Instruction:				
Regular	\$ 14,805,862	\$ 13,388,253	\$ 15,546,421	\$ 14,931,291
Special	5,366,398	4,407,560	4,494,513	3,105,534
Vocational	216,339	216,339	361,995	345,166
Other	2,125,598	2,125,598	2,290,890	2,290,890
Support services:				
Pupil	3,098,615	2,918,165	3,198,284	3,005,922
Instructional staff	2,840,679	2,494,746	2,965,382	2,562,240
Board of education	35,205	35,205	74,555	74,555
Administration	2,183,002	2,088,957	2,067,949	1,996,903
Business and fiscal	1,055,196	977,125	941,986	924,606
Operations and maintenance	2,545,988	2,480,827	1,174,709	1,138,418
Pupil transportation	1,395,055	1,327,804	1,556,238	1,478,044
Central	347,349	343,281	479,170	457,777
Operations of non-instructional services	1,671,353	268,823	1,622,333	(14,842)
Extracurricular activities	983,793	358,197	666,247	498,521
Interest and fiscal charges	2,612,752	2,612,752	2,507,261	2,507,261
<b>Total</b>	<u>\$ 41,283,184</u>	<u>\$ 36,043,632</u>	<u>\$ 39,947,933</u>	<u>\$ 35,302,286</u>

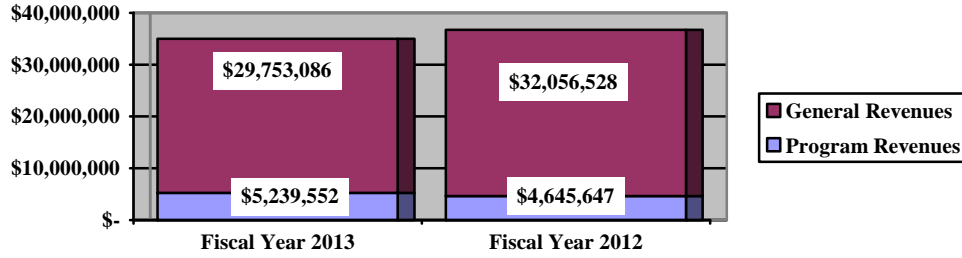
The dependence upon tax and other general revenues for governmental activities is apparent, 89.44% of instruction activities were supported through taxes and other general revenues during fiscal year 2013. For all governmental activities, general revenue support was 87.31% in fiscal year 2013. The School District's taxpayers and unrestricted grants and entitlements are by far the primary support for School District students.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

The graph below presents the School District's governmental activities revenues for fiscal years 2013 and 2012.

**Governmental Activities - General and Program Revenues**



**The School District's Funds**

The School District's governmental funds (as presented on the balance sheet on page 19) reported a combined fund balance of \$3,245,042, which is lower than last year's total of \$10,161,534. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2013 and 2012.

	Fund Balance (Deficit) <u>June 30, 2013</u>	Fund Balance <u>June 30, 2012</u>	<u>Change</u>	Percentage <u>Change</u>
General	\$ 1,031,329	\$ 3,005,524	\$ (1,974,195)	(65.69) %
Bond Retirement	4,148,923	3,924,174	224,749	5.73 %
Other Governmental	<u>(1,935,210)</u>	<u>3,231,836</u>	<u>(5,167,046)</u>	(159.88) %
Total	<u>\$ 3,245,042</u>	<u>\$ 10,161,534</u>	<u>\$ (6,916,492)</u>	(68.07) %

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)**

***General Fund***

The general fund decreased \$1,974,195 during fiscal year 2012. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>	<u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 16,460,954	\$ 18,591,607	\$ (2,130,653)	(11.46) %
Payment in lieu of taxes	865,818	584,391	281,427	48.16 %
Earnings on investments	44,342	74,346	(30,004)	(40.36) %
Intergovernmental	9,160,357	9,494,610	(334,253)	(3.52) %
Other revenues	<u>1,373,402</u>	<u>1,435,857</u>	<u>(62,455)</u>	(4.35) %
Total	<u>\$ 27,904,873</u>	<u>\$ 30,180,811</u>	<u>\$ (2,275,938)</u>	(7.54) %
<b><u>Expenditures</u></b>				
Instruction	\$ 18,849,250	\$ 21,117,686	\$ (2,268,436)	(10.74) %
Support services	11,507,035	13,087,038	(1,580,003)	(12.07) %
Operation of				
non-instructional services	28,271	280,739	(252,468)	(89.93) %
Extracurricular activities	713,029	376,106	336,923	89.58 %
Debt service	<u>619,750</u>	<u>499,911</u>	<u>119,839</u>	23.97 %
Total	<u>\$ 31,717,335</u>	<u>\$ 35,361,480</u>	<u>\$ (3,644,145)</u>	(10.31) %

Revenues of the general fund decreased \$2,275,938 or 7.54%. The most significant decreases were in the areas of taxes and intergovernmental. Taxes decreased \$2,130,653 or 11.46%. This decrease is due to fluctuations in the amount of tax collected and available for advance at fiscal year-end by the County Auditor. Tax advances available are recorded as revenue under GAAP. The amount of tax advance available at June 30, 2013, 2012 and 2011 were \$673,007, \$1,439,878 and \$981,570 respectively. The amount of tax advance available at year end can vary depending on when the County Auditor distributes tax bills. The decrease of \$334,253 in the area of intergovernmental revenues is primarily the result of a roughly a decrease in tangible personal property tax reimbursements from the State.

Expenditures of the general fund decreased \$3,644,145 or 10.31%. The most significant decreases were in the areas of instruction and support services. Instruction and support services decreased \$2,268,436 and \$1,580,003, respectively, due to cost cutting measures instituted by the District including a retirement incentive offered to employees.

***Bond Retirement Fund***

During fiscal year 2013, the bond retirement fund had revenues and other financing sources of \$3,435,371 and expenditures of \$3,210,622. The fund balance of the bond retirement fund increased \$224,749 from \$3,924,174 to \$4,148,923. This increase is the result of property tax collections exceeding the required principal and interest payments during the fiscal year.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)**

***General Fund Budgeting Highlights***

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

For the general fund, original budgeted revenues of \$28,472,000 were increased to \$30,472,000 in the final budget. Actual revenues and other financing sources increased \$1,043,677 to \$31,515,677.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$35,207,118 were increased to \$36,207,118 in the final budget. Actual expenditures and other uses of \$33,975,159 were \$2,231,959 lower than final appropriations.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2013, the School District had \$54,478,033 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, software and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2013 balances compared to June 30, 2012. The capital assets at June 30, 2012 have been restated as described in Note 3.B.

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

	Governmental Activities	
	2013	Restated 2012
Land	\$ 1,544,261	\$ 623,099
Construction in progress	401,100	314,061
Land improvements	4,371,871	4,664,600
Buildings and improvements	44,558,777	45,854,542
Furniture and equipment	2,881,007	3,454,818
Software	254,030	-
Vehicles	466,987	622,515
Total	\$ 54,478,033	\$ 55,533,635

The capital assets decreased \$1,055,602. This is due to current year depreciation of \$2,342,703 exceeding miscellaneous transactions of \$921,162 and capital outlays of \$365,939.

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



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)**

***Debt Administration***

At June 30, 2013 the School District had \$54,765,835 in general obligation bonds and capital lease obligations outstanding. Of this total, \$1,383,810 is due within one year and \$53,382,025 is due in greater than one year. The following table summarizes the bonds, notes and capital lease obligations outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities <u>2013</u>	Governmental Activities <u>2012</u>
General Obligation Bonds	\$ 52,310,000	\$ 53,505,000
Premiums	1,248,344	1,303,901
Capital Appreciation Bonds	367,140	367,140
Accreted interest	457,927	293,723
Capital lease obligations	<u>382,424</u>	<u>524,222</u>
Total	<u>\$ 54,765,835</u>	<u>\$ 55,993,986</u>

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

**For the Future**

The Board of Education has maintains an extensive 10 year planning schedule detailing the expected resources and expenditures for the district. Projected revenue streams have fallen significantly with the state's phase out of tangible personal property and falling valuation in the district. The school will make \$7,000,000 of reduction for the 2013-2014 to balance the budget and asked taxpayers to continue to support services by replacing some of the lost revenue with additional taxation. On November 5, 2013, School District taxpayers approved a five-year 6.99-mill operating levy.

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 despite significantly depleted resources.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)**

**Contacting the School District's Financial Management**

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

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

STATEMENT OF NET POSITION  
JUNE 30, 2013

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments . . . . .	\$ 10,404,517
Receivables:	
Property taxes . . . . .	19,824,057
Payment in lieu of taxes . . . . .	865,818
Accounts . . . . .	82,933
Accrued interest . . . . .	4,028
Intergovernmental . . . . .	475,424
Prepayments . . . . .	11,743
Materials and supplies inventory . . . . .	5,636
Capital assets:	
Nondepreciable capital assets . . . . .	1,945,361
Depreciable capital assets, net . . . . .	52,532,672
Capital assets, net . . . . .	54,478,033
Total assets . . . . .	86,152,189
 <b>Liabilities:</b>	
Accounts payable . . . . .	160,750
Retainage payable . . . . .	81,724
Accrued wages and benefits payable . . . . .	2,665,082
Pension obligation payable . . . . .	660,497
Intergovernmental payable . . . . .	209,941
Accrued interest payable . . . . .	214,235
Tax anticipation notes payable . . . . .	3,925,000
Long-term liabilities:	
Due within one year . . . . .	2,280,160
Due in more than one year . . . . .	55,533,928
Total liabilities . . . . .	65,731,317
 <b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year . . . . .	17,994,836
PILOTs levied for the next fiscal year . . . . .	865,818
Total deferred inflows of resources . . . . .	18,860,654
 <b>Net position:</b>	
Net investment in capital assets . . . . .	170,125
Restricted for:	
Debt service . . . . .	3,617,997
Federally funded programs . . . . .	23,104
Student activities . . . . .	52,864
Other purposes . . . . .	192,422
Unrestricted (deficit) . . . . .	(2,496,294)
Total net position . . . . .	\$ 1,560,218

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Instruction:					
Regular . . . . .	\$ 14,805,862	\$ 386,273	\$ 105,106	\$ 926,230	\$ (13,388,253)
Special . . . . .	5,366,398	59,224	899,614	-	(4,407,560)
Vocational . . . . .	216,339	-	-	-	(216,339)
Other . . . . .	2,125,598	-	-	-	(2,125,598)
Support services:					
Pupil. . . . .	3,098,615	-	180,450	-	(2,918,165)
Instructional staff . . . . .	2,840,679	103,189	242,744	-	(2,494,746)
Board of education . . . . .	35,205	-	-	-	(35,205)
Administration. . . . .	2,183,002	29,345	64,700	-	(2,088,957)
Fiscal. . . . .	888,769	73,255	-	-	(815,514)
Business. . . . .	166,427	2,672	2,144	-	(161,611)
Operations and maintenance . . . . .	2,545,988	46,133	11,702	7,326	(2,480,827)
Pupil transportation. . . . .	1,395,055	67,251	-	-	(1,327,804)
Central . . . . .	347,349	-	4,068	-	(343,281)
Operation of non-instructional services:					
Other non-instructional services . . . . .	362,757	27,320	225,343	-	(110,094)
Food service operations . . . . .	1,308,596	637,965	511,902	-	(158,729)
Extracurricular activities. . . . .	983,793	625,596	-	-	(358,197)
Interest and fiscal charges . . . . .	2,612,752	-	-	-	(2,612,752)
<b>Total governmental activities . . . . .</b>	<b>\$ 41,283,184</b>	<b>\$ 2,058,223</b>	<b>\$ 2,247,773</b>	<b>\$ 933,556</b>	<b>(36,043,632)</b>
<b>General revenues:</b>					
Property taxes levied for:					
					16,412,104
					2,843,668
					865,818
					9,579,912
					43,354
					8,230
					<u>29,753,086</u>
					(6,290,546)
					<u>7,850,764</u>
					<u>\$ 1,560,218</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

	<b>General</b>	<b>Bond Retirement</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>				
Equity in pooled cash and investments. . . . .	\$ 7,916,898	\$ 1,895,220	\$ 592,399	\$ 10,404,517
<b>Receivables:</b>				
Property taxes. . . . .	16,526,315	3,297,742	-	19,824,057
Payment in lieu of taxes . . . . .	865,818	-	-	865,818
Accounts . . . . .	82,069	-	864	82,933
Accrued interest . . . . .	4,028	-	-	4,028
Interfund loans . . . . .	143,792	-	-	143,792
Intergovernmental. . . . .	174,663	-	300,761	475,424
Prepayments. . . . .	11,692	-	51	11,743
Materials and supplies inventory. . . . .	-	-	5,636	5,636
Due from other funds . . . . .	-	2,135,817	-	2,135,817
<b>Total assets . . . . .</b>	<b>\$ 25,725,275</b>	<b>\$ 7,328,779</b>	<b>\$ 899,711</b>	<b>\$ 33,953,765</b>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 160,750	\$ -	\$ -	\$ 160,750
Retainage payable. . . . .	-	-	81,724	81,724
Accrued wages and benefits payable . . . . .	2,507,524	-	157,558	2,665,082
Compensated absences payable . . . . .	284,879	-	2,654	287,533
Early retirement incentive payable . . . . .	212,884	-	-	212,884
Interfund loans payable. . . . .	-	-	143,792	143,792
Intergovernmental payable . . . . .	190,548	-	19,393	209,941
Accrued interest payable . . . . .	8,939	-	-	8,939
Tax anticipation notes payable . . . . .	3,925,000	-	-	3,925,000
Pension obligation payable . . . . .	597,568	-	62,929	660,497
Due to other funds . . . . .	-	-	2,135,817	2,135,817
<b>Total liabilities. . . . .</b>	<b>7,888,092</b>	<b>-</b>	<b>2,603,867</b>	<b>10,491,959</b>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year. . . . .	14,947,277	3,047,559	-	17,994,836
Delinquent property tax revenue not available. . . . .	906,031	132,297	-	1,038,328
Accrued interest not available. . . . .	3,615	-	-	3,615
Other nonexchange transactions not available. . . . .	-	-	231,054	231,054
Miscellaneous revenue not available. . . . .	83,113	-	-	83,113
PILOTs levied for the next fiscal year . . . . .	865,818	-	-	865,818
<b>Total deferred inflows of resources . . . . .</b>	<b>16,805,854</b>	<b>3,179,856</b>	<b>231,054</b>	<b>20,216,764</b>
<b>Fund balances:</b>				
<b>Nonspendable:</b>				
Materials and supplies inventory. . . . .	-	-	5,636	5,636
Prepays. . . . .	11,692	-	51	11,743
<b>Restricted:</b>				
Debt service . . . . .	-	4,148,923	-	4,148,923
Food service operations . . . . .	-	-	278,099	278,099
Non-public schools . . . . .	-	-	14,003	14,003
Other purposes. . . . .	-	-	5,644	5,644
Extracurricular activities . . . . .	-	-	55,904	55,904
<b>Committed:</b>				
Other purposes. . . . .	-	-	6,009	6,009
<b>Assigned:</b>				
Student and staff support. . . . .	524,302	-	-	524,302
Subsequent year's appropriations . . . . .	320,082	-	-	320,082
Other purposes. . . . .	175,253	-	-	175,253
Unassigned (deficit). . . . .	-	-	(2,300,556)	(2,300,556)
<b>Total fund balances (deficit) . . . . .</b>	<b>1,031,329</b>	<b>4,148,923</b>	<b>(1,935,210)</b>	<b>3,245,042</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 25,725,275</b>	<b>\$ 7,328,779</b>	<b>\$ 899,711</b>	<b>\$ 33,953,765</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2013

<b>Total governmental fund balances</b>		\$	3,245,042
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			54,478,033
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	1,038,328	
Accrued interest receivable		3,615	
Intergovernmental receivable		314,167	
Total		1,356,110	1,356,110
Unamortized premiums on bonds issued are not recognized in the funds.			(1,248,344)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(205,296)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(53,135,067)	
Capital lease obligations		(382,424)	
Compensated absences		(2,334,952)	
Retirement incentives		(212,884)	
Total		(56,065,327)	(56,065,327)
<b>Net position of governmental activities</b>		\$	1,560,218

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 16,460,954	\$ 2,854,083	\$ -	\$ 19,315,037
Payment in lieu of taxes . . . . .	865,818	-	-	865,818
Tuition . . . . .	291,393	-	-	291,393
Transportation fees . . . . .	67,251	-	-	67,251
Earnings on investments . . . . .	44,342	-	13,623	57,965
Charges for services . . . . .	-	-	651,714	651,714
Extracurricular . . . . .	286,546	-	158,436	444,982
Classroom materials and fees . . . . .	154,104	-	-	154,104
Rental income . . . . .	15,220	-	-	15,220
Contributions and donations . . . . .	125,000	-	1,865	126,865
Contract services . . . . .	425,658	-	7,901	433,559
Other local revenues . . . . .	8,230	-	68,501	76,731
Intergovernmental - state . . . . .	9,160,357	419,555	259,029	9,838,941
Intergovernmental - federal . . . . .	-	-	1,828,917	1,828,917
Total revenues . . . . .	<u>27,904,873</u>	<u>3,273,638</u>	<u>2,989,986</u>	<u>34,168,497</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	12,868,337	-	108,820	12,977,157
Special . . . . .	3,914,034	-	886,423	4,800,457
Vocational . . . . .	211,102	-	-	211,102
Other . . . . .	1,855,777	-	-	1,855,777
Support services:				
Pupil . . . . .	2,608,826	-	165,246	2,774,072
Instructional staff . . . . .	2,109,075	-	113,962	2,223,037
Board of education . . . . .	30,735	-	-	30,735
Administration . . . . .	1,902,560	-	66,312	1,968,872
Fiscal . . . . .	1,059,573	-	-	1,059,573
Business . . . . .	150,609	-	4,479	155,088
Operations and maintenance . . . . .	2,192,352	-	24,448	2,216,800
Pupil transportation . . . . .	1,093,416	-	-	1,093,416
Central . . . . .	359,889	-	4,888	364,777
Operation of non-instructional services:				
Other operation of non-instructional . . . . .	28,271	-	281,190	309,461
Food service operations . . . . .	-	-	1,069,506	1,069,506
Extracurricular activities . . . . .	713,029	-	132,090	845,119
Facilities acquisition and construction . . . . .	-	-	3,299,668	3,299,668
Debt service:				
Principal retirement . . . . .	376,798	960,000	-	1,336,798
Interest and fiscal charges . . . . .	242,952	2,250,622	-	2,493,574
Total expenditures . . . . .	<u>31,717,335</u>	<u>3,210,622</u>	<u>6,157,032</u>	<u>41,084,989</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(3,812,462)</u>	<u>63,016</u>	<u>(3,167,046)</u>	<u>(6,916,492)</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	2,000,000	161,733	-	2,161,733
Transfers (out) . . . . .	(161,733)	-	(2,000,000)	(2,161,733)
Total other financing sources (uses) . . . . .	<u>1,838,267</u>	<u>161,733</u>	<u>(2,000,000)</u>	<u>-</u>
Net change in fund balances . . . . .	(1,974,195)	224,749	(5,167,046)	(6,916,492)
<b>Fund balances at beginning of year . . . . .</b>	<u>3,005,524</u>	<u>3,924,174</u>	<u>3,231,836</u>	<u>10,161,534</u>
<b>Fund balances (deficit) at end of year . . . . .</b>	<u>\$ 1,031,329</u>	<u>\$ 4,148,923</u>	<u>\$ (1,935,210)</u>	<u>\$ 3,245,042</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**Net change in fund balances - total governmental funds** \$ (6,916,492)

*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.

Capital asset additions	\$	365,939	
Current year depreciation		(2,342,703)	
<b>Total</b>			<b>(1,976,764)</b>

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position. The School District reported (\$5,068) in disposals and \$926,230 in capital contributions related to a land swap transaction.

921,162

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

Property taxes		(59,265)	
Earnings on investments		(6,825)	
Intergovernmental		36,937	
<b>Total</b>			<b>(29,153)</b>

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:

Bonds		1,195,000	
Capital leases		141,798	
<b>Total</b>			<b>1,336,798</b>

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:

(Increase) in accrued interest payable		(10,531)	
Accreted interest on capital appreciation bonds		(164,204)	
Amortization of bond premiums		55,557	
<b>Total</b>			<b>(119,178)</b>

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

493,081

**Change in net position of governmental activities** **\$ (6,290,546)**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 17,538,677	\$ 16,942,591	\$ 17,227,825	\$ 285,234
Payment in lieu of taxes. . . . .	881,441	851,483	865,818	14,335
Tuition. . . . .	296,651	286,569	291,393	4,824
Transportation fees. . . . .	63,756	61,589	62,626	1,037
Earnings on investments . . . . .	62,880	60,743	61,766	1,023
Extracurricular. . . . .	189,614	183,169	186,253	3,084
Classroom materials and fees . . . . .	305	295	300	5
Rental income . . . . .	6,603	6,379	6,486	107
Contract services. . . . .	74,577	72,042	73,255	1,213
Other local revenues . . . . .	31,853	30,770	31,288	518
Intergovernmental - state . . . . .	9,325,643	9,008,693	9,160,357	151,664
<b>Total revenues . . . . .</b>	<b>28,472,000</b>	<b>27,504,323</b>	<b>27,967,367</b>	<b>463,044</b>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	14,826,927	14,717,296	13,717,442	999,854
Special. . . . .	4,335,594	4,303,536	3,967,332	336,204
Vocational. . . . .	239,696	237,924	219,165	18,759
Other. . . . .	2,192,325	2,176,114	2,062,401	113,713
Support services:				
Pupil. . . . .	2,796,087	2,775,412	2,613,211	162,201
Instructional staff . . . . .	2,242,462	2,225,881	2,054,754	171,127
Board of education . . . . .	33,614	33,366	30,735	2,631
Administration. . . . .	1,979,898	1,965,259	1,850,839	114,420
Fiscal . . . . .	1,245,619	1,236,408	1,187,648	48,760
Business . . . . .	210,111	208,557	192,985	15,572
Operations and maintenance. . . . .	2,499,161	2,480,682	2,321,842	158,840
Pupil transportation . . . . .	1,341,198	1,331,281	1,252,297	78,984
Central. . . . .	408,141	405,124	416,820	(11,696)
Extracurricular activities. . . . .	481,722	478,160	440,460	37,700
Debt service:				
Principal . . . . .	257,015	255,114	235,000	20,114
Interest and fiscal charges. . . . .	117,548	116,678	107,479	9,199
<b>Total expenditures . . . . .</b>	<b>35,207,118</b>	<b>34,946,792</b>	<b>32,670,410</b>	<b>2,276,382</b>
Excess of expenditures over revenues. . . . .	(6,735,118)	(7,442,469)	(4,703,043)	2,739,426
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	-	291,254	296,157	4,903
Transfers in . . . . .	-	2,672,725	2,717,721	44,996
Transfers (out). . . . .	-	(1,260,326)	(1,160,957)	99,369
Advances in. . . . .	-	-	530,672	530,672
Advances (out) . . . . .	-	-	(143,792)	(143,792)
Sale of capital assets . . . . .	-	3,698	3,760	62
<b>Total other financing sources (uses) . . . . .</b>	<b>-</b>	<b>1,707,351</b>	<b>2,243,561</b>	<b>536,210</b>
Net change in fund balance . . . . .	(6,735,118)	(5,735,118)	(2,459,482)	3,275,636
<b>Fund balance at beginning of year . . . . .</b>	<b>7,793,719</b>	<b>7,793,719</b>	<b>7,793,719</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>1,289,037</b>	<b>1,289,037</b>	<b>1,289,037</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b>\$ 2,347,638</b>	<b>\$ 3,347,638</b>	<b>\$ 6,623,274</b>	<b>\$ 3,275,636</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
JUNE 30, 2013

	<b>Agency</b>
<b>Assets:</b>	
Equity in pooled cash	
and investments . . . . .	\$ 107,267
Cash in segregated accounts. . . . .	6,029
Receivables:	
Accounts . . . . .	20
Total assets. . . . .	\$ 113,316
<b>Liabilities:</b>	
Due to students. . . . .	\$ 107,287
Due to others . . . . .	6,029
Total liabilities . . . . .	\$ 113,316

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and/or federal agencies. This Board of Education controls the School District's six school buildings, one bus garage and one board office staffed by 174 non-certified and 243 certified full time teaching personnel who provide services to 3,324 students and other community members.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District's significant accounting policies are described below.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the 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; or (3) the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the School District has no component units. The basic financial statements of the reporting entity include only those of the School District (the primary government).

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

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

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

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

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

**JOINTLY GOVERNED ORGANIZATIONS**

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

*Southwestern Ohio Educational Purchasing Council* - The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing council made up of over 126 school districts in 18 counties. The purpose of the council is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

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

During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the general fund. During fiscal year 2013, the School District paid \$117,701 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, Director, 303 Corporate Center Drive Suite 208, Vandalia, Ohio 45377.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

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

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the Net Position 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 2013, the School District did not make any payments to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Frank DePalma, who serves as Interim Director, 150 East Sixth Street, Franklin, Ohio 45005.

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

*Metropolitan Dayton Educational Computer Association* - The School District is a member of the Metropolitan Dayton Educational Computer Association (MDECA), which is a computer consortium of area school districts sharing computer resources. MDECA is an association of public school districts in a geographical area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative instructional functions among member districts. The Board of MDECA consists of one representative from each of the participating members. Each member pays an annual membership fee plus any other fees for services performed by the consortium. During fiscal year 2013, the School District did not make any payments to MDECA. To obtain financial information, write to the Metropolitan Dayton Educational Computer Association, Jerry Woodyard, who serves as Executive Director, 225 Linwood Street, Dayton, Ohio 45405.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

*INSURANCE PURCHASING POOL*

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

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

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

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

Other governmental funds of the School District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. The School District's only fiduciary fund is an agency fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only agency fund is used to account for student-managed activities, the health reimbursement account and the flexible spending account.

**C. Basis of Presentation**

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

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

**D. Measurement Focus**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**E. Basis of Accounting**

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Inflows of Resources and Deferred Outflows of Resources - A deferred inflow of resources is an acquisition of net position by the School District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the School District that is applicable to a future reporting period. The School District did not have any deferred outflows of resources as of June 30, 2013.

Property taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows. Grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2013, are recorded as deferred inflows on the governmental fund financial statements.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred inflows of resources.



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

*Expenses and 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, and (2) the costs of accumulated unpaid vacation, personal leave and sick leave are reported as fund liabilities as payments come due each period upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**F. Budgetary Process**

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2013.

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

**G. Encumbrances**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**H. Cash and Investments**

Cash received by the School District is deposited into one of several bank accounts with individual fund balance integrity maintained in the School District's records. Balances of all funds are maintained in these accounts or are temporarily used to purchase certificates of deposit or investments. All investment earnings accrue to the general fund except those specifically related to those funds deemed appropriate according to Board of Education policy or unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal year 2013 amount to \$44,342 which includes \$11,836 assigned from other funds.

The School District records all its investments at fair value. For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. The School District has invested in the State Treasury Asset Reserve of Ohio (STAR Ohio) and Negotiable Certificates of Deposit during fiscal year 2013. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price, which is the price the investment could be sold for on June 30, 2013.

**I. Inventory**

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

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

**J. Capital Assets and Depreciation**

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

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

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

**VANDALIA-BUTLER CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

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

**K. Interfund Balances**

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

**L. Prepayments**

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

**M. Compensated Absences**

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

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**N. Accrued Liabilities and Long-Term Obligations**

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

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

**O. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for the food service fund (a nonmajor governmental fund).

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

**P. Fund Balance**

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

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

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

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

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

**Q. Interfund Transactions**

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

**R. Estimates**

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

**S. Bond Issuance Costs/Unamortized Bond Premium and Discount**

On the government-wide financial statements, bond issuance costs are expensed in the year they occur.

**VANDALIA-BUTLER CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2013, the School District has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", and GASB Statement No. 66, "Technical Corrections-2012".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the School District.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the School District.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the School District.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the School District's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

**VANDALIA-BUTLER CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. For the District, the implementation of GASB Statement No. 65 has changed (1) the classification of certain items, including the deferral of property taxes levied for the subsequent fiscal year, previously reported as liabilities to *deferred inflows of resources*, (2) the classification of unamortized deferred charges on debt refunding transactions from a reduction of liabilities to *deferred outflows of resources*, (3) the reporting of debt issuance costs to an expense in the period incurred rather than amortized over the term of the related debt issuance and (4) net assets of the District as previously reported to remove unamortized bond issuance costs previously reported. See Note 3.B for how the implementation of GASB Statement No. 65 an effect on the financial statements of the School District.

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the School District.

**B. Restatement of Net Position**

The net position at June 30, 2012 has been restated to remove unamortized bond issuance costs due to the implementation of GASB Statement No. 65 and to restate capital assets due to a reappraisal of the School District's capital assets. These restatements had the following effect on net position:

	Governmental Activities
Net assets as previously reported	\$ 10,696,517
Removal of unamortized bond issuance costs	(640,097)
Restatement of capital assets	(2,205,656)
Net position at July 1, 2012	\$ 7,850,764

**VANDALIA-BUTLER CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**C. Deficit Fund Balances**

Fund balances at June 30, 2013 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Special Education	\$ 57,863
Title I	175,075
Preschool handicapped grant	74
Title II-A	7,579
Building	2,059,965

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

The School District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the basic financial statements as "equity in pooled cash and investments". Statutes require the classification of monies held by the School District into three categories.

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Bonds and other obligations of the State of Ohio;



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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

4. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
5. The State Treasury Asset Reserve of Ohio (STAR Ohio); and
6. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not the exceed 25% of the interim monies available for investment at any one time.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash on Hand**

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

**B. Cash in Segregated Accounts**

At fiscal year end, \$6,029 was on deposit for a flexible spending account. This amount is included in the total amount of deposits reported below and is reported on the financial statements as "cash in segregated accounts".

**C. Deposits with Financial Institutions**

At June 30, 2013, the carrying amount of all School District deposits was \$3,342,070. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2013, \$3,743,764 of the School District's bank balance of \$4,076,166 was exposed to custodial risk as discussed below, while \$332,402 was covered by the FDIC.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

**D. Investments**

As of June 30, 2013, the School District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater Than 24 months</u>
Negotiable CDs	\$ 2,236,205	\$ 498,478	\$ 200,697	\$ 508,671	\$ 102,532	\$ 925,827
STAR Ohio	4,936,888	4,936,888	-	-	-	-
Total	<u>\$ 7,173,093</u>	<u>\$ 5,435,366</u>	<u>\$ 200,697</u>	<u>\$ 508,671</u>	<u>\$ 102,532</u>	<u>\$ 925,827</u>

The weighted average maturity of investments is 0.63 years.

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

*Credit Risk:* Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio Law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized rating standard service. The School District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Concentration of Credit Risk:* The School District places no limit on the amount that may be invested in any one issuer other than for commercial paper and bankers acceptances. The following table includes the percentage of each investment type held by the School District at June 30, 2013:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
Negotiable CDs	\$ 2,236,205	31.17
STAR Ohio	<u>4,936,888</u>	<u>68.83</u>
Total	<u>\$ 7,173,093</u>	<u>100.00</u>

**E. Reconciliation of Cash to the Statement of Net Position**

The following is a reconciliation of cash as reported in the note above to cash as reported on the statement of Net Position as of June 30, 2013:

<u>Cash per note</u>	
Carrying amount of deposits	\$ 3,342,070
Investments	7,173,093
Cash on hand	<u>2,650</u>
Total	<u>\$ 10,517,813</u>
 <u>Cash per statement of net position</u>	
Governmental activities	\$ 10,404,517
Agency funds	<u>113,296</u>
Total	<u>\$ 10,517,813</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

- A.** Interfund transfers for the year ended June 30, 2013, consisted of the following, as reported on the fund financial statement:

<u>Transfers from the general fund to:</u>	<u>Amount</u>
Bond retirement fund	\$ 161,733
 <u>Transfers from a nonmajor governmental fund to:</u>	
General fund	<u>2,000,000</u>
Total	<u>\$ 2,161,733</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfer from the building fund (a nonmajor governmental fund) to the general fund was to move interest revenues earned on the building project and the School District received an opinion from their legal counsel regarding the legality of this transfer. This transfer was made under Ohio Revised Code Section 5705.10 (E).

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

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

- B.** Interfund loans receivable/payable consisted of the following at June 30, 2013, as reported on the fund statement:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 143,792</u>

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2013 are reported on the statement of net position.

- C.** Due to/due from other funds at June 30, 2013 as reported on the fund statements, consisted of the following:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Bond retirement	Nonmajor governmental fund	<u>\$ 2,135,817</u>

The amount due from the building fund (a nonmajor governmental fund) to bond retirement fund is related to amounts improperly deposited into the building fund.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Public utility real and personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 6 - PROPERTY TAXES - (Continued)**

The School District receives property taxes from Montgomery County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available as an advance at June 30, 2013 was \$673,007 in the general fund and \$117,886 in the bond retirement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2012 was \$1,439,878 in the general fund and \$252,314 in the bond retirement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2013 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 inflows of resources.

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

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 580,005,960	98.08	\$ 574,308,920	97.94
Public utility personal	<u>11,348,140</u>	<u>1.92</u>	<u>12,070,370</u>	<u>2.06</u>
Total	<u>\$ 591,354,100</u>	<u>100.00</u>	<u>\$ 586,379,290</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
General	\$49.51		\$49.54	
Bond retirement	6.00		6.03	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2013 consisted of property taxes, payment in lieu of taxes (PILOTs), accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 7 - RECEIVABLES - (Continued)**

A summary of the principal items of receivables reported on the statement of net position follows:

**Governmental activities:**

Property taxes	\$ 19,824,057
Payment in lieu of taxes	865,818
Accounts	82,933
Accrued interest	4,028
Intergovernmental:	
BWC rebate	91,550
SERS refund	83,113
Federal lunch and breakfast reimbursement	69,707
IDEA Part-B	27,319
Title I	186,927
Title II-A	<u>16,808</u>
Total	<u>\$ 21,252,260</u>

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2013, was as follows. Capital assets at June 30, 2012 have been restated as described in Note 3.B.

	Balance <u>06/30/12</u>	Adjustments	Restated Balance <u>06/30/12</u>
Capital assets, not being depreciated:			
Land	\$ 623,099	\$ -	\$ 623,099
Construction in progress	<u>3,920,836</u>	<u>(3,606,775)</u>	<u>314,061</u>
Total capital assets, not being depreciated	<u>4,543,935</u>	<u>(3,606,775)</u>	<u>937,160</u>
Capital assets, being depreciated:			
Land improvements	3,849,539	1,777,648	5,627,187
Buildings and improvements	58,027,449	696,701	58,724,150
Furniture and equipment	8,516,130	(3,157,130)	5,359,000
Vehicles	<u>2,553,849</u>	<u>26,804</u>	<u>2,580,653</u>
Total capital assets, being depreciated	<u>72,946,967</u>	<u>(655,977)</u>	<u>72,290,990</u>
Less: accumulated depreciation			
Land improvement	(1,155,700)	193,113	(962,587)
Buildings and improvements	(13,118,395)	248,787	(12,869,608)
Furniture and equipment	(3,516,094)	1,611,912	(1,904,182)
Vehicles	<u>(1,961,422)</u>	<u>3,284</u>	<u>(1,958,138)</u>
Total accumulated depreciation	<u>(19,751,611)</u>	<u>2,057,096</u>	<u>(17,694,515)</u>
Governmental activities capital assets, net	<u>\$ 57,739,291</u>	<u>\$ (2,205,656)</u>	<u>\$ 55,533,635</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 8 - CAPITAL ASSETS - (Continued)**

	Restated Balance <u>06/30/12</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/13</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 623,099	\$ 926,230	\$ (5,068)	\$ 1,544,261
Construction in progress	<u>314,061</u>	<u>354,439</u>	<u>(267,400)</u>	<u>401,100</u>
Total capital assets, not being depreciated	<u>937,160</u>	<u>1,280,669</u>	<u>(272,468)</u>	<u>1,945,361</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	5,627,187	-	-	5,627,187
Buildings and improvements	58,724,150	-	-	58,724,150
Furniture and equipment	5,359,000	11,500	-	5,370,500
Software	-	267,400	-	267,400
Vehicles	<u>2,580,653</u>	<u>-</u>	<u>-</u>	<u>2,580,653</u>
Total capital assets, being depreciated	<u>72,290,990</u>	<u>278,900</u>	<u>-</u>	<u>72,569,890</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(962,587)	(292,729)	-	(1,255,316)
Buildings and improvements	(12,869,608)	(1,295,765)	-	(14,165,373)
Furniture and equipment	(1,904,182)	(585,311)	-	(2,489,493)
Software	-	(13,370)	-	(13,370)
Vehicles	<u>(1,958,138)</u>	<u>(155,528)</u>	<u>-</u>	<u>(2,113,666)</u>
Total accumulated depreciation	<u>(17,694,515)</u>	<u>(2,342,703)</u>	<u>-</u>	<u>(20,037,218)</u>
Governmental activities capital assets, net	<u>\$ 55,533,635</u>	<u>\$ (783,134)</u>	<u>\$ (272,468)</u>	<u>\$ 54,478,033</u>



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 8 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 777,673
Special	225,689
Vocational	9,974
Other	87,683
<u>Support services:</u>	
Pupil	131,805
Instructional staff	419,552
Board of education	1,453
Administration	97,535
Fiscal	63,434
Business	7,327
Operations and maintenance	112,431
Pupil transportation	211,754
Central	1,737
<u>Operation of non-instructional services:</u>	
Other non-instructional services	14,623
Food service operations	116,687
Extracurricular activities	<u>63,346</u>
Total depreciation expense	<u>\$ 2,342,703</u>

**NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

In a prior fiscal year, the School District entered into leases for the purpose of purchasing copiers and buses. In the current fiscal year, the School District entered into leases for copier equipment. The terms of the agreements provide options to purchase the equipment. These leases meet the criteria of a capital lease 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 position for governmental activities in the amount of \$813,720 which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded on the statement of net position for governmental activities. Principal payments in fiscal year 2013 totaled \$141,798 in the general fund.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

The assets acquired through the capital leases are as follows:

Assets:	<u>Asset Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Copiers	\$ 349,038	\$ 174,520	\$ 174,518
Buses	464,682	354,388	110,294

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2013:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2014	\$ 166,010
2015	166,010
2016	79,226
2017	<u>343</u>
Total minimum lease payment	411,589
Less: amount representing interest	<u>(29,165)</u>
Present value of minimum lease payments	<u>\$ 382,424</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 10 - LONG-TERM OBLIGATIONS**

A. During the fiscal year 2013, the following changes occurred in governmental activities long-term obligations.

	Balance Outstanding <u>June 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>June 30, 2013</u>	Amounts Due in <u>One Year</u>
<b>Governmental Activities:</b>					
General Obligation Bonds:					
2009 School Improvement Bonds					
Serial and Term 3-4.70%	\$ 25,105,000	\$ -	\$ (645,000)	\$ 24,460,000	\$ 665,000
Premium	668,283	-	(26,293)	641,990	-
2009 Capital Appreciation Bonds	189,991	-	-	189,991	-
Accreted Interest	217,975	109,832	-	327,807	-
2010A School Improvement Bonds					
Serial and Term 2-5%	23,730,000	-	(215,000)	23,515,000	235,000
Premium	521,368	-	(19,736)	501,632	-
2010A Capital Appreciation Bonds	114,318	-	-	114,318	-
Accreted Interest	62,607	37,546	-	100,153	-
2010B School Improvement Bonds					
Current Interest	885,000	-	(100,000)	785,000	100,000
Premium	19,237	-	(2,286)	16,951	-
2010B Capital Appreciation Bonds	19,878	-	-	19,878	-
Accreted Interest	5,780	8,493	-	14,273	-
2010 Energy Conservation Bonds					
Current Interest	2,815,000	-	(175,000)	2,640,000	175,000
Premium	58,240	-	(4,691)	53,549	-
2010 Capital Appreciation Bonds	13,120	-	-	13,120	-
Accreted Interest	5,508	3,911	-	9,419	-
2011 Energy Conservation Bonds					
Current Interest	970,000	-	(60,000)	910,000	60,000
Premium	36,773	-	(2,551)	34,222	-
2011 Capital Appreciation Bonds	29,833	-	-	29,833	-
Accreted Interest	1,853	4,422	-	6,275	-
Compensated Absences	2,615,893	451,068	(444,476)	2,622,485	683,466
Retirement Incentive (ESP)	1,164,688	-	(738,920)	425,768	212,884
Obligations Under Capital Leases	<u>524,222</u>	<u>-</u>	<u>(141,798)</u>	<u>382,424</u>	<u>148,810</u>
Total governmental activities	<u>\$ 59,774,567</u>	<u>\$ 615,272</u>	<u>\$ (2,575,751)</u>	<u>\$ 57,814,088</u>	<u>\$ 2,280,160</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

General Obligation Bonds: See Note 10.B - 10. F for details.

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

Retirement Incentive (ESP): See Note 12.C for details.

Obligations Under Capital Leases: See Note 9 for details.

**B. Series 2009 General Obligation School Improvement Bonds**

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

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

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

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

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

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

**VANDALIA-BUTLER CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

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

The accreted value at maturity for the capital appreciation bonds is \$1,975,000. Total accreted interest of \$327,807 has been included on the statement of net position.

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

Fiscal Year Ending <u>June 30,</u>	<u>2009 General Obligation School Improvement Bonds</u>					
	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 665,000	\$ 1,153,675	\$ 1,818,675	\$ -	\$ -	\$ -
2015	685,000	1,133,425	1,818,425	-	-	-
2016	705,000	1,109,050	1,814,050	-	-	-
2017	735,000	1,080,250	1,815,250	-	-	-
2018	350,000	1,058,550	1,408,550	52,087	362,913	415,000
2019 - 2023	2,435,000	5,107,191	7,542,191	137,904	1,422,096	1,560,000
2024 - 2028	4,835,000	4,197,949	9,032,949	-	-	-
2029 - 2033	6,155,000	2,839,562	8,994,562	-	-	-
2034 - 2038	<u>7,895,000</u>	<u>1,051,778</u>	<u>8,946,778</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$24,460,000</u>	<u>\$ 18,731,430</u>	<u>\$ 43,191,430</u>	<u>\$ 189,991</u>	<u>\$ 1,785,009</u>	<u>\$ 1,975,000</u>

**C. Series 2010A General Obligation School Improvement Bonds**

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

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

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

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

**VANDALIA-BUTLER CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

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

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

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

The accreted value at maturity for the capital appreciation bonds maturing December 1, 2017 and 2018 is \$530,000. Total accreted interest of \$100,153 has been included on the statement of net position.

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

<u>Fiscal Year Ending</u> <u>June 30.</u>	<u>2010 A General Obligation School Improvement Bonds</u>					
	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 235,000	\$ 1,015,931	\$ 1,250,931	\$ -	\$ -	\$ -
2015	270,000	1,010,881	1,280,881	-	-	-
2016	340,000	1,004,357	1,344,357	-	-	-
2017	375,000	995,844	1,370,844	-	-	-
2018	-	991,156	991,156	93,047	321,953	415,000
2019 - 2023	2,870,000	4,716,101	7,586,101	21,271	93,729	115,000
2024 - 2028	4,315,000	3,976,969	8,291,969	-	-	-
2029 - 2033	5,250,000	3,008,922	8,258,922	-	-	-
2034 - 2038	6,545,000	1,674,655	8,219,655	-	-	-
2039	<u>3,315,000</u>	<u>82,875</u>	<u>3,397,875</u>	-	-	-
<b>Total</b>	<b><u>\$ 23,515,000</u></b>	<b><u>\$ 18,477,691</u></b>	<b><u>\$ 41,992,691</u></b>	<b><u>\$ 114,318</u></b>	<b><u>\$ 415,682</u></b>	<b><u>\$ 530,000</u></b>

**D. Series 2010 B General Obligation School Improvement Bonds**

During fiscal year 2011, the School District issued \$999,878 in general obligation bonds to provide financing for various construction projects. The issue is comprised of both current interest bonds, par value \$980,000 and capital appreciation bonds, par value \$19,878. The interest rates on the current interest bonds range from 1.00% - 3.10%. The capital appreciation bonds mature December 1, 2015 (approximate equivalent interest rate 20.00%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bond maturing December 1, 2015 is \$55,000. Total accreted interest of \$14,273 has been included on the statement of net position.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

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

Fiscal Year Ending June 30,	<u>2010 B School Improvement Bonds</u>					
	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 100,000	\$ 17,392	\$ 117,392	\$ -	\$ -	\$ -
2015	100,000	16,042	116,042	-	-	-
2016	45,000	14,842	59,842	19,878	35,122	55,000
2017	105,000	13,237	118,237	-	-	-
2018	105,000	10,797	115,797	-	-	-
2019 - 2021	330,000	15,050	345,050	-	-	-
Total	<u>\$ 785,000</u>	<u>\$ 87,360</u>	<u>\$ 872,360</u>	<u>\$ 19,878</u>	<u>\$ 35,122</u>	<u>\$ 55,000</u>

**E. Series 2010 General Obligation Energy Conservation Bonds**

During fiscal year 2011, the School District issued \$2,998,120 in general obligation bonds to provide financing for various construction projects to improve energy conservation. The issue is comprised of both current interest bonds, par value \$2,985,000 and capital appreciation bonds, par value \$13,120. The interest rates on the current interest bonds range from 1.50% - 4.00%. The capital appreciation bonds mature December 1, 2014 (approximate equivalent interest rate 20.00%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bond maturing December 1, 2013 is \$30,000. Total accreted interest of \$9,419 has been included on the statement of net position.

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

Fiscal Year Ending June 30,	<u>2010 Energy Conservation Bonds</u>					
	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 175,000	\$ 83,312	\$ 258,312	\$ -	\$ -	\$ -
2015	150,000	80,688	230,688	13,120	16,880	30,000
2016	180,000	77,575	257,575	-	-	-
2017	185,000	73,462	258,462	-	-	-
2018	190,000	68,538	258,538	-	-	-
2019 - 2023	1,040,000	245,212	1,285,212	-	-	-
2024 - 2026	720,000	44,000	764,000	-	-	-
Total	<u>\$ 2,640,000</u>	<u>\$ 672,787</u>	<u>\$ 3,312,787</u>	<u>\$ 13,120</u>	<u>\$ 16,880</u>	<u>\$ 30,000</u>

**VANDALIA-BUTLER CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

**F. Series 2011 General Obligation Energy Conservation Bonds**

During fiscal year 2012, the School District issued \$999,833 in general obligation bonds to provide financing for various construction projects to improve energy conservation. The issue is comprised of both current interest bonds, par value \$970,000 and capital appreciation bonds, par value \$29,833. The interest rates on the current interest bonds range from 2.00% - 3.50%. The capital appreciation bonds mature December 1, 2017 (approximate equivalent interest rate 13.50%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bond maturing December 1, 2017 is \$65,000. Total accreted interest of \$6,275 has been included on the statement of net position.

The following is a summary of the future debt service requirements to maturity for the series 2011 general obligation energy conservation bonds:

Fiscal Year Ending June 30,	2011 Energy Conservation Bonds					
	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 60,000	\$ 24,425	\$ 84,425	\$ -	\$ -	\$ -
2015	60,000	23,225	83,225	-	-	-
2016	65,000	21,975	86,975	-	-	-
2017	65,000	20,675	85,675	-	-	-
2018	-	20,025	20,025	29,833	35,167	65,000
2019 - 2023	345,000	79,288	424,288	-	-	-
2024 - 2027	315,000	22,662	337,662	-	-	-
<b>Total</b>	<b>\$ 910,000</b>	<b>\$ 212,275</b>	<b>\$ 1,122,275</b>	<b>\$ 29,833</b>	<b>\$ 35,167</b>	<b>\$ 65,000</b>

**G. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the School District shall never exceed 9% of the total assessed valuation of the School District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the School District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the School District. The assessed valuation used in determining the School District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the School District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2013 are a voted debt margin of \$7,838,872, including available funds of \$4,148,923, an unvoted debt margin of \$586,379 and an energy conservation debt margin of \$1,684,461.



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 11 - NOTES PAYABLE**

During fiscal year 2012, the School District issued \$4,245,000 in tax anticipation notes in advance of property tax collection, depositing the proceeds in the general fund. These notes carry interest rates ranging from 2.50-3.00% and mature on December 1, 2016. Activity during the fiscal year was as follows:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due Within</u> <u>One Year</u>
Tax anticipation notes	\$ 4,245,000	\$ -	\$ (320,000)	\$ 3,925,000	\$ 330,000

Principal and interest requirements to amortize tax anticipation notes outstanding at June 30, 2013, are as follows:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 330,000	\$ 103,137	\$ 433,137
2015	1,170,000	84,388	1,254,388
2016	1,195,000	53,331	1,248,331
2017	<u>1,230,000</u>	<u>18,450</u>	<u>1,248,450</u>
Total	<u>\$ 3,925,000</u>	<u>\$ 259,306</u>	<u>\$ 4,184,306</u>

**NOTE 12 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Employees on an 11 or 12 month basis shall accrue vacation at a rate of 84/100 of a day per month of complete service. After 7 years of service, the vacation rate shall increase to a rate of 1 ¼ days per month for employees on a 12 month basis. After 13 years of service, the vacation rate shall increase to 1 2/3 days per month for employees on a 12 month basis. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who are not on an 11 or 12 month contract do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month with a maximum as follows:

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

Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum accumulation of 61 paid days for certified employees. If a certified employee notifies the School District by March 1<sup>st</sup> of the year in which he or she terminates employment, then a maximum of 68 days may be paid. Classified employees receive twenty-five percent of accrued sick with no maximum paid days.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 12 - EMPLOYEE BENEFITS - (Continued)**

**B. Insurance Benefits**

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Anthem Life Insurance. Administrators receive coverage in the amount of \$100,000. The Treasurer receives coverage in the amount of \$350,000 and the Superintendent receives coverage twice their salary. Coverage in the amount of \$30,000 is provided for all certified and non-certified employees. Part time employees are covered for \$15,000.

**C. Retirement Incentive (the “ESP”)**

The School District Board of Education has approved a voluntary retirement incentive program called the Employee Severance Plan (the “ESP”). To be eligible for the ESP, employees must have worked ten or more years with the School District and the ESP was not available to substitutes, temporary or contracted employees, those who have been laid off terminated or those who have previously retired and returned to the School District. Certified employees with 20 to 34 years of service may resign or retire effective June 30, 2012, rather than June 30, 2011. Twelve month classified employees who meet the ESP eligibility requirements could elect to resign or retire effective September 30, 2011. twelve and eleven month classified employees could elect to resign or retire effective June 30, 2011. Employees were eligible for up to an additional 80 days of paid severance. During fiscal years 2011 and 2012, 17 and 10 employees took advantage of the ESP, respectively. The total liability for the ESP at June 30, 2013, was \$425,768 of which \$212,884 is due in one year and \$212,884 is due in more than one year. During fiscal year 2013, \$738,920 in payments were made. The amount due in one year is recorded as “retirement incentive payable” on the fund financial statements. The total liability is recorded on the governmental activities statement of net position as a component of “long-term liabilities”.

**NOTE 13 - 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 2013, the School District contracted with Selective Insurance Company for general liability insurance with a \$1,000,000 single occurrence limit and \$3,000,000 aggregate. Selective Insurance Company covers buildings, boiler and machinery with \$3,500 deductible and a \$100,000,000 limit.

Professional liability is protected by Selective Insurance Company with a \$1,000,000 single occurrence limit and \$3,000,000 aggregate and \$5,000 deductible. Vehicles are covered by Selective Insurance Company. Automobile liability has a \$1,000,000 per occurrence liability. Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from the previous year.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 13 - RISK MANAGEMENT - (Continued)**

For fiscal year 2013, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the school district by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Hunter Consulting, provides administrative, cost control and actuarial services to the GRP.

**NOTE 14 - PENSION PLANS**

**A. School Employees Retirement System**

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

Funding Policy - 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 School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2013, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$636,368, \$668,500 and \$607,357, respectively; 70.22 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**B. State Teachers Retirement System of Ohio**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 14 - PENSION PLANS - (Continued)**

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

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

Funding Policy - For fiscal year 2013, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$1,902,589, \$2,060,079 and \$2,179,928, respectively; 84.19 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$102,797 made by the School District and \$73,427 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2013, certain members of the Board of Education have elected Social Security. The School District's liability is 6.2 percent of wages paid.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 15 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The School District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2013, 0.16 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the actuarially determined amount was \$20,525.

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

The School District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2013, 2012 and 2011 were \$83,288, \$102,406 and \$146,197, respectively; 70.22 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$35,947, \$39,478 and \$39,085, respectively; 70.22 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)**

**B. State Teachers Retirement System of Ohio**

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$146,353, \$158,468 and \$167,687, respectively; 84.19 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

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

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ (2,459,482)
Net adjustment for revenue accruals	(793,994)
Net adjustment for expenditure accruals	1,077,945
Net adjustment for other sources/uses	(256,850)
Funds budgeted elsewhere	(20,775)
Adjustment for encumbrances	478,961
GAAP basis	\$ (1,974,195)

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

**NOTE 17 - CONTINGENCIES**

**Grants**

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**Litigation**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 18 - SET-ASIDES**

The School District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2012	\$ -
Current year set-aside requirement	560,912
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	-
Excess qualified expenditures from prior years	-
Current year offsets	-
Waiver granted by ODE	-
Prior year offset from bond proceeds	<u>(560,912)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2014	<u>\$ -</u>
Set-aside balance June 30, 2013	<u>\$ -</u>

During fiscal years 1984, 2009, 2011 and 2012, the School District issued a total of \$60,405,462 in capital related school improvement bonds. These proceeds may be used to reduce capital acquisition below zero for future years. The amount presented for Prior Year Offset from Bond Proceeds is limited to an amount needed to reduce the reserve for capital improvement to \$0. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$56,127,545 at June 30, 2013.



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 19 - OTHER COMMITMENTS**

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 519,852
Building fund	18,771
Other nonmajor governmental funds	<u>131,613</u>
Total	<u><u>670,236</u></u>

**NOTE 20 - SUBSEQUENT EVENT**

On November 5, 2013, School District voters approved a five-year 6.99-mill operating levy.



COMBINING STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES

SUPPLEMENTARY INFORMATION

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

**MAJOR FUNDS**

**General Fund**

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

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

**Uniform School Supply**

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

**Public School Support**

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

**Latchkey**

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

**Other Major Funds**

**Bond Retirement Fund**

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

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>	<u>Actual</u>	
<b>Uniform School Supply</b>			
Total Revenues and Other Sources	\$ 155,000	\$ 153,954	\$ (1,046)
Total Expenditures and Other Uses	<u>231,261</u>	<u>206,880</u>	<u>24,381</u>
Net Change in Fund Balances	(76,261)	(52,926)	23,335
Fund Balance at Beginning of Year	36,942	36,942	-
Prior Year Encumbrances Appropriated	<u>39,320</u>	<u>39,320</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 1</u>	<u>\$ 23,336</u>	<u>\$ 23,335</u>
<b>Public School Support</b>			
Total Revenues and Other Sources	\$ 225,000	\$ 241,037	\$ 16,037
Total Expenditures and Other Uses	<u>300,000</u>	<u>258,237</u>	<u>41,763</u>
Net Change in Fund Balances	(75,000)	(17,200)	57,800
Fund Balance at Beginning of Year	507,059	507,059	-
Prior Year Encumbrances Appropriated	<u>26,528</u>	<u>26,528</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 458,587</u>	<u>\$ 516,387</u>	<u>\$ 57,800</u>
<b>Latchkey</b>			
Total Revenues and Other Sources	\$ 350,000	\$ 352,568	\$ 2,568
Total Expenditures and Other Uses	<u>375,000</u>	<u>355,392</u>	<u>19,608</u>
Net Change in Fund Balances	(25,000)	(2,824)	22,176
Fund Balance at Beginning of Year	178,400	178,400	-
Prior Year Encumbrances Appropriated	<u>14,274</u>	<u>14,274</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 167,674</u>	<u>\$ 189,850</u>	<u>\$ 22,176</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over</u>
	<u>Final</u>	<u>Actual</u>	
<b>Bond Retirement</b>			
Total Revenues and Other Sources	\$ 3,585,000	\$ 4,001,861	\$ 416,861
Total Expenditures and Other Uses	<u>3,700,000</u>	<u>3,642,684</u>	<u>57,316</u>
Net Change in Fund Balances	(115,000)	359,177	474,177
Fund Balance, July 1	3,671,610	3,671,610	-
Prior Year Encumbrances Appropriated	<u>250</u>	<u>250</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 3,556,860</u>	<u>\$ 4,031,037</u>	<u>\$ 474,177</u>

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

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Fund - Building Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 433,633	\$ 158,766	\$ 592,399
Receivables:			
Accounts. . . . .	864	-	864
Intergovernmental . . . . .	300,761	-	300,761
Prepayments. . . . .	51	-	51
Materials and supplies inventory . . . . .	5,636	-	5,636
 Total assets. . . . .	 \$ 740,945	 \$ 158,766	 \$ 899,711
<b>Liabilities:</b>			
Retainage payable . . . . .	\$ -	\$ 81,724	\$ 81,724
Accrued wages and benefits . . . . .	157,558	-	157,558
Compensated absences payable . . . . .	2,654	-	2,654
Interfund loan payable . . . . .	143,792	-	143,792
Intergovernmental payable . . . . .	18,203	1,190	19,393
Pension obligation payable. . . . .	62,929	-	62,929
Due to other funds . . . . .	-	2,135,817	2,135,817
 Total liabilities. . . . .	 385,136	 2,218,731	 2,603,867
<b>Deferred inflows of resources:</b>			
Other nonexchange transactions not available. . . . .	231,054	-	231,054
Total deferred inflows of resources. . . . .	231,054	-	231,054
<b>Fund balances:</b>			
Nonspendable:			
Materials and supplies inventory . . . . .	5,636	-	5,636
Prepays . . . . .	51	-	51
Restricted:			
Food service operations . . . . .	278,099	-	278,099
Non-public schools . . . . .	14,003	-	14,003
Other purposes . . . . .	5,644	-	5,644
Extracurricular . . . . .	55,904	-	55,904
Committed:			
Other purposes . . . . .	6,009	-	6,009
Unassigned (deficit) . . . . .	(240,591)	(2,059,965)	(2,300,556)
 Total fund balances (deficits) . . . . .	 124,755	 (2,059,965)	 (1,935,210)
 Total liabilities, deferred inflows and fund balances. . .	 \$ 740,945	 \$ 158,766	 \$ 899,711

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Fund - Building Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>			
From local sources:			
Earnings on investments . . . . .	\$ 460	\$ 13,163	\$ 13,623
Charges for services . . . . .	651,714	-	651,714
Extracurricular . . . . .	158,436	-	158,436
Contributions and donations . . . . .	1,865	-	1,865
Contract services. . . . .	7,901	-	7,901
Other local revenues . . . . .	68,501	-	68,501
Intergovernmental - state . . . . .	259,029	-	259,029
Intergovernmental - federal . . . . .	1,828,917	-	1,828,917
	<u>2,976,823</u>	<u>13,163</u>	<u>2,989,986</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	108,820	-	108,820
Special . . . . .	886,423	-	886,423
Support services:			
Pupil . . . . .	165,246	-	165,246
Instructional staff. . . . .	113,962	-	113,962
Administration . . . . .	66,312	-	66,312
Business . . . . .	4,479	-	4,479
Operations and maintenance . . . . .	24,448	-	24,448
Central . . . . .	4,888	-	4,888
Operation of non-instructional services:			
Other non-instructional services. . . . .	281,190	-	281,190
Food service operations . . . . .	1,069,506	-	1,069,506
Extracurricular activities . . . . .	132,090	-	132,090
Facilities acquisition and construction . . . . .	-	3,299,668	3,299,668
	<u>2,857,364</u>	<u>3,299,668</u>	<u>6,157,032</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>119,459</u>	<u>(3,286,505)</u>	<u>(3,167,046)</u>
<b>Other financing uses:</b>			
Transfers (out) . . . . .	-	(2,000,000)	(2,000,000)
Total other financing uses . . . . .	<u>-</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>
Net change in fund balances . . . . .	119,459	(5,286,505)	(5,167,046)
<b>Fund balances at beginning of year . . . . .</b>	<u>5,296</u>	<u>3,226,540</u>	<u>3,231,836</u>
<b>Fund balances (deficit) at end of year. . . . .</b>	<u>\$ 124,755</u>	<u>\$ (2,059,965)</u>	<u>\$ (1,935,210)</u>



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

**COMBINING STATEMENTS - NONMAJOR FUNDS**

**Nonmajor Special Revenue Funds**

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

**Food Service**

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

**Special Trust**

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

**Athletics**

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

**Auxiliary Services**

To account for monies that are restricted to provide services and materials to pupils attending non-public schools with the School District.

**Education Jobs**

A fund used to account for revenues that are restricted for the compensation and benefits and other expenses, such as support services, necessary to retain existing employees, to recall or rehire former employees, and to hire new employees, in order to provide early childhood, elementary or secondary educational and related services.

**Race to the Top**

A fund used to account for revenues that are restricted to provide for either a new program or expansion of an existing program to support initiatives in the following areas: standards and assessments; using data to improve instruction; great teachers and leaders; and turning around the lowest achieving schools.

**Special Education**

This fund accounts for federal funds that are restricted for the 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 II-D**

A fund used to account for revenues that are restricted to improve State academic achievement through technology in schools; to assist students in becoming technologically literate by the end of eighth grade, and; to encourage effective integration of technology with teacher training and curriculum development to establish successful research-based instructional methods.

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

**COMBINING STATEMENTS - NONMAJOR FUNDS**

**Nonmajor Special Revenue Funds (Continued)**

**Title I**

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

**Preschool Handicapped Grant**

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

**Title II-A**

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

**Nonmajor Capital Projects Fund**

Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments. A description of the School District's nonmajor capital projects fund follows:

**Building Fund**

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



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

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2013

	<u>Food Services</u>	<u>Special Trust</u>	<u>Athletics</u>	<u>Auxiliary Services</u>
<b>Assets:</b>				
Equity in pooled cash and investments . . . . .	\$ 326,865	\$ 6,009	\$ 55,904	\$ 28,454
Receivables:				
Accounts . . . . .	864	-	-	-
Intergovernmental . . . . .	69,707	-	-	-
Prepayments . . . . .	51	-	-	-
Materials and supplies inventory . . . . .	5,636	-	-	-
Total assets . . . . .	<u>\$ 403,123</u>	<u>\$ 6,009</u>	<u>\$ 55,904</u>	<u>\$ 28,454</u>
<b>Liabilities:</b>				
Accrued wages and benefits . . . . .	\$ 66,880	\$ -	\$ -	\$ 11,281
Compensated absences payable . . . . .	2,654	-	-	-
Interfund loans payable . . . . .	-	-	-	-
Intergovernmental payable . . . . .	3,106	-	-	419
Pension obligation payable . . . . .	46,697	-	-	2,751
Total liabilities . . . . .	<u>119,337</u>	<u>-</u>	<u>-</u>	<u>14,451</u>
<b>Deferred inflows of resources:</b>				
Other nonexchange transactions not available . . . . .	-	-	-	-
Total deferred inflows of resources . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>				
Nonspendable:				
Materials and supplies inventory . . . . .	5,636	-	-	-
Prepays . . . . .	51	-	-	-
Restricted:				
Food service operations . . . . .	278,099	-	-	-
Non-public schools . . . . .	-	-	-	14,003
Extracurricular . . . . .	-	-	55,904	-
Other purposes . . . . .	-	-	-	-
Committed:				
Other purposes . . . . .	-	6,009	-	-
Unassigned (deficit) . . . . .	-	-	-	-
Total fund balances (deficits) . . . . .	<u>283,786</u>	<u>6,009</u>	<u>55,904</u>	<u>14,003</u>
Total liabilities, deferred inflows and fund balances . . . . .	<u>\$ 403,123</u>	<u>\$ 6,009</u>	<u>\$ 55,904</u>	<u>\$ 28,454</u>

<b>Education Jobs</b>	<b>Race to the Top</b>	<b>Special Education</b>	<b>Title II D</b>	<b>Title I</b>	<b>Preschool Handicapped Grant</b>	<b>Title II-A</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ 4,944	\$ 700	\$ 9,923	\$ -	\$ 1	\$ -	\$ 833	\$ 433,633
-	-	-	-	-	-	-	864
-	-	27,319	-	186,927	-	16,808	300,761
-	-	-	-	-	-	-	51
-	-	-	-	-	-	-	5,636
<u>\$ 4,944</u>	<u>\$ 700</u>	<u>\$ 37,242</u>	<u>\$ -</u>	<u>\$ 186,928</u>	<u>\$ -</u>	<u>\$ 17,641</u>	<u>\$ 740,945</u>
\$ -	\$ -	\$ 37,137	\$ -	\$ 42,260	\$ -	\$ -	\$ 157,558
-	-	-	-	-	-	-	2,654
-	-	12,821	-	122,907	-	8,064	143,792
-	-	11,741	-	2,515	74	348	18,203
-	-	6,087	-	7,394	-	-	62,929
-	-	67,786	-	175,076	74	8,412	385,136
-	-	27,319	-	186,927	-	16,808	231,054
-	-	27,319	-	186,927	-	16,808	231,054
-	-	-	-	-	-	-	5,636
-	-	-	-	-	-	-	51
-	-	-	-	-	-	-	278,099
-	-	-	-	-	-	-	14,003
-	-	-	-	-	-	-	55,904
4,944	700	-	-	-	-	-	5,644
-	-	-	-	-	-	-	6,009
-	-	(57,863)	-	(175,075)	(74)	(7,579)	(240,591)
4,944	700	(57,863)	-	(175,075)	(74)	(7,579)	124,755
<u>\$ 4,944</u>	<u>\$ 700</u>	<u>\$ 37,242</u>	<u>\$ -</u>	<u>\$ 186,928</u>	<u>\$ -</u>	<u>\$ 17,641</u>	<u>\$ 740,945</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES / (DEFICITS)  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Food Service</u>	<u>Special Trust</u>	<u>Athletics</u>	<u>Auxiliary Services</u>
<b>Revenues:</b>				
From local sources:				
Earnings on investments . . . . .	\$ 348	\$ -	\$ -	\$ 112
Charges for services . . . . .	651,714	-	-	-
Extracurricular . . . . .	-	-	158,436	-
Contributions and donations . . . . .	-	1,865	-	-
Contract services . . . . .	7,901	-	-	-
Other local revenues . . . . .	64,634	3,867	-	-
Intergovernmental - state . . . . .	9,907	-	-	249,122
Intergovernmental - federal . . . . .	454,386	-	-	-
Total revenues . . . . .	<u>1,188,890</u>	<u>5,732</u>	<u>158,436</u>	<u>249,234</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	-	-	-	45,246
Special . . . . .	-	-	-	29,940
Support services:				
Pupil . . . . .	-	2,000	-	-
Instructional staff . . . . .	-	-	-	15,395
Administration . . . . .	7,368	-	-	8,240
Business . . . . .	4,479	-	-	-
Operations and maintenance . . . . .	24,448	-	-	-
Central . . . . .	-	4,888	-	-
Operation of non-instructional services:				
Other non-instructional services . . . . .	-	-	-	232,954
Food service operations . . . . .	1,069,506	-	-	-
Extracurricular activities . . . . .	-	-	132,090	-
Total expenditures . . . . .	<u>1,105,801</u>	<u>6,888</u>	<u>132,090</u>	<u>331,775</u>
Net change in fund balances . . . . .	83,089	(1,156)	26,346	(82,541)
<b>Fund balances (deficits) at beginning of year . . . . .</b>	<u>200,697</u>	<u>7,165</u>	<u>29,558</u>	<u>96,544</u>
<b>Fund balances (deficits) at end of year . . . . .</b>	<u>\$ 283,786</u>	<u>\$ 6,009</u>	<u>\$ 55,904</u>	<u>\$ 14,003</u>

<b>Education Jobs</b>	<b>Race to the Top</b>	<b>Special Education</b>	<b>Title II D</b>	<b>Title I</b>	<b>Preschool Handicapped Grant</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,944	716	660,588	2,663	613,415	18,298
<u>4,944</u>	<u>716</u>	<u>660,588</u>	<u>2,663</u>	<u>613,415</u>	<u>18,298</u>
-	-	-	-	-	9,954
-	-	431,535	-	424,874	74
-	-	163,246	-	-	-
-	-	34,500	-	43,800	-
-	-	24,191	-	26,513	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	28,658	-	19,578	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	<u>682,130</u>	-	<u>514,765</u>	<u>10,028</u>
4,944	716	(21,542)	2,663	98,650	8,270
-	(16)	<u>(36,321)</u>	<u>(2,663)</u>	<u>(273,725)</u>	<u>(8,344)</u>
<u>\$ 4,944</u>	<u>\$ 700</u>	<u>\$ (57,863)</u>	<u>\$ -</u>	<u>\$ (175,075)</u>	<u>\$ (74)</u>

-- (Continued)

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES / (DEFICITS)  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<b>Title II-A</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>Revenues:</b>		
From local sources:		
Earnings on investments . . . . .	\$ -	\$ 460
Charges for services . . . . .	-	651,714
Extracurricular . . . . .	-	158,436
Contributions and donations . . . . .	-	1,865
Contract services . . . . .	-	7,901
Other local revenues . . . . .	-	68,501
Intergovernmental - state . . . . .	-	259,029
Intergovernmental - federal . . . . .	73,907	1,828,917
	<u>73,907</u>	<u>1,828,917</u>
Total revenues . . . . .	<u>73,907</u>	<u>2,976,823</u>
<b>Expenditures:</b>		
Current:		
Instruction:		
Regular . . . . .	53,620	108,820
Special . . . . .	-	886,423
Support services:		
Pupil . . . . .	-	165,246
Instructional staff . . . . .	20,267	113,962
Administration . . . . .	-	66,312
Business . . . . .	-	4,479
Operations and maintenance . . . . .	-	24,448
Central . . . . .	-	4,888
Operation of non-instructional services:		
Other non-instructional services . . . . .	-	281,190
Food service operations . . . . .	-	1,069,506
Extracurricular activities . . . . .	-	132,090
	<u>73,887</u>	<u>2,857,364</u>
Total expenditures . . . . .	<u>73,887</u>	<u>2,857,364</u>
Net change in fund balances . . . . .	20	119,459
<b>Fund balances (deficits) at beginning of year . . . . .</b>	<u>(7,599)</u>	<u>5,296</u>
<b>Fund balances (deficits) at end of year . . . . .</b>	<u>\$ (7,579)</u>	<u>\$ 124,755</u>



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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>		
<b>Food Service</b>			
Total Revenues and Other Sources	\$ 1,100,000	\$ 1,153,140	\$ 53,140
Total Expenditures and Other Uses	<u>1,300,000</u>	<u>1,171,221</u>	<u>128,779</u>
Net Change in Fund Balances	(200,000)	(18,081)	181,919
Fund Balance at Beginning of Year	106,436	106,436	-
Prior Year Encumbrances Appropriated	<u>144,258</u>	<u>144,258</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 50,694</u>	<u>\$ 232,613</u>	<u>\$ 181,919</u>
<b>Special Trust</b>			
Total Revenues and Other Sources	\$ 5,327	\$ 5,732	\$ 405
Total Expenditures and Other Uses	<u>10,000</u>	<u>7,095</u>	<u>2,905</u>
Net Change in Fund Balances	(4,673)	(1,363)	3,310
Fund Balance at Beginning of Year	4,147	4,147	-
Prior Year Encumbrances Appropriated	<u>3,163</u>	<u>3,163</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 2,637</u>	<u>\$ 5,947</u>	<u>\$ 3,310</u>
<b>Athletics</b>			
Total Revenues and Other Sources	\$ 165,000	\$ 158,874	\$ (6,126)
Total Expenditures and Other Uses	<u>183,000</u>	<u>163,179</u>	<u>19,821</u>
Net Change in Fund Balances	(18,000)	(4,305)	13,695
Fund Balance at Beginning of Year	41,689	41,689	-
Prior Year Encumbrances Appropriated	<u>3,670</u>	<u>3,670</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 27,359</u>	<u>\$ 41,054</u>	<u>\$ 13,695</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>	<u>Actual</u>	
<b>Auxiliary Services</b>			
Total Revenues and Other Sources	\$ 249,232	\$ 249,234	\$ 2
Total Expenditures and Other Uses	<u>354,052</u>	<u>337,292</u>	<u>16,760</u>
Net Change in Fund Balances	(104,820)	(88,058)	16,762
Fund Balance at Beginning of Year	<u>104,820</u>	<u>104,820</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 16,762</u>	<u>\$ 16,762</u>
<b>Education Jobs</b>			
Total Revenues and Other Sources	\$ -	\$ 4,944	\$ 4,944
Total Expenditures and Other Uses	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	4,944	4,944
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 4,944</u>	<u>\$ 4,944</u>
<b>Race to the Top</b>			
Total Revenues and Other Sources	\$ 700	\$ 700	\$ -
Total Expenditures and Other Uses	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	700	700	-
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 700</u>	<u>\$ 700</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>	<u>Actual</u>	
<b>Special Education</b>			
Total Revenues and Other Sources	\$ 994,948	\$ 964,836	\$ (30,112)
Total Expenditures and Other Uses	<u>994,948</u>	<u>964,836</u>	<u>30,112</u>
Net Change in Fund Balances	-	-	-
Fund Balance (Deficit) at Beginning of Year	(22,099)	(22,099)	-
Prior Year Encumbrances Appropriated	<u>22,099</u>	<u>22,099</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Title II-D</b>			
Total Revenues and Other Sources	\$ 2,663	\$ 2,663	\$ -
Total Expenditures and Other Uses	<u>2,663</u>	<u>2,663</u>	<u>-</u>
Net Change in Fund Balances	-	-	-
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Title I</b>			
Total Revenues and Other Sources	\$ 801,656	\$ 736,322	\$ (65,334)
Total Expenditures and Other Uses	<u>801,656</u>	<u>736,322</u>	<u>65,334</u>
Net Change in Fund Balances	-	-	-
Fund Balance (Deficit) at Beginning of Year	(1,399)	(1,399)	-
Prior Year Encumbrances Appropriated	<u>1,399</u>	<u>1,399</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>	<u>Actual</u>	
<b>Preschool Handicapped Grant</b>			
Total Revenues and Other Sources	\$ 18,298	\$ 18,298	\$ -
Total Expenditures and Other Uses	<u>18,298</u>	<u>18,298</u>	<u>-</u>
Net Change in Fund Balances	-	-	-
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>Title II-A</b>			
Total Revenues and Other Sources	\$ 92,071	\$ 81,971	\$ (10,100)
Total Expenditures and Other Uses	<u>92,071</u>	<u>81,971</u>	<u>10,100</u>
Net Change in Fund Balances	-	-	-
Fund Balance (Deficit) at Beginning of Year	(158)	(158)	-
Prior Year Encumbrances Appropriated	<u>158</u>	<u>158</u>	<u>-</u>
Fund Balance at End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>Building</b>			
Total Revenues and Other Sources	\$ -	\$ -	\$ -
Total Expenditures and Other Uses	<u>6,483,147</u>	<u>6,343,152</u>	<u>139,995</u>
Net Change in Fund Balances	(6,483,147)	(6,343,152)	139,995
Fund Balance (Deficit), July 1	(57,776)	(57,776)	-
Prior Year Encumbrances Appropriated	<u>4,405,106</u>	<u>4,405,106</u>	<u>-</u>
Fund Balance (Deficit), June 30	<u><u>\$ (2,135,817)</u></u>	<u><u>\$ (1,995,822)</u></u>	<u><u>\$ 139,995</u></u>

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

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<b>Beginning Balance July 1, 2012</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance June 30, 2013</b>
<b>Student Managed Activities</b>				
<b>Assets:</b>				
Equity in pooled cash and investments . . . . .	\$ 111,530	\$ 70,889	\$ 75,152	\$ 107,267
Cash in segregated accounts . . . . .	5,510	6,029	5,510	6,029
Accounts receivable . . . . .	-	20	-	20
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets . . . . .	<u>\$ 117,040</u>	<u>\$ 76,938</u>	<u>\$ 80,662</u>	<u>\$ 113,316</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 10,240	\$ -	\$ 10,240	\$ -
Due to students . . . . .	101,290	70,909	64,912	107,287
Due to others . . . . .	5,510	6,029	5,510	6,029
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities. . . . .	<u>\$ 117,040</u>	<u>\$ 76,938</u>	<u>\$ 80,662</u>	<u>\$ 113,316</u>



## STATISTICAL SECTION





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

STATISTICAL SECTION

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

**Table of Contents**

**Pages**

**Financial Trends**

These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.

**86-95**

**Revenue Capacity**

These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax.

**96-101**

**Debt Capacity**

These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.

**102-108**

**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place.

**109**

**Operating Information**

These schedules contain service and capital asset data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.

**110-116**

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. Fiscal year 2006 was the School District's first year implementation of the GASB 44 statistical tables. Fiscal year 2011 was the School District's first year implementation of GASB 54.

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

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

	<u>2004</u>	<u>2005</u>	<u>2006*</u>	<u>2007</u>
<b>Governmental activities</b>				
Net investment in capital assets	\$ 4,058,741	\$ 3,911,791	\$ 5,809,079	\$ 5,824,345
Restricted for:				
Capital projects	-	-	-	-
Debt service	37,476	954,666	643,080	355,688
Other purposes	467,944	473,601	788,260	880,038
Unrestricted (deficit)	<u>7,313,663</u>	<u>7,749,776</u>	<u>6,990,405</u>	<u>9,655,411</u>
Total Net Position	<u>\$ 11,877,824</u>	<u>\$ 13,089,834</u>	<u>\$ 14,230,824</u>	<u>\$ 16,715,482</u>

**Source:** School District financial records.

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

\*\* Amount restated to correctly reflect net position classifications.

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

\*\*\*\*Amounts restated due to revaluation of School District capital assets and the implementation of GASB Statement No. 65.

<b>2008</b>	<b>2009**</b>	<b>2010***</b>	<b>2011</b>	<b>2012****</b>	<b>2013</b>
\$ 6,349,688	\$ 6,673,756	\$ 4,724,275	\$ 3,621,319	\$ 3,101,819	\$ 170,125
-	-	-	-	680,976	-
92,852	553,078	2,845,942	3,301,165	3,872,121	3,617,997
874,087	655,543	867,851	190,180	230,913	268,390
11,812,661	11,227,150	7,324,258	6,829,611	(35,065)	(2,496,294)
<u>\$ 19,129,288</u>	<u>\$ 19,109,527</u>	<u>\$ 15,762,326</u>	<u>\$ 13,942,275</u>	<u>\$ 7,850,764</u>	<u>\$ 1,560,218</u>

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

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Expenses</b>				
Governmental activities:				
Instruction				
Regular	\$ 13,262,778	\$ 13,225,486	\$ 14,432,299	\$ 15,229,451
Special	2,629,998	2,835,810	3,124,624	3,236,123
Vocational	370,998	361,120	433,138	386,732
Other	1,496,692	1,951,924	2,015,458	1,998,815
Support services:				
Pupil	1,924,211	2,022,213	2,081,843	2,424,073
Instructional staff	2,072,071	1,719,059	1,682,870	1,650,892
Board of education	-	48,587	29,154	52,233
Administration	1,731,639	1,752,783	1,869,063	1,959,594
Business and Fiscal	918,560	827,939	1,082,477	1,272,569
Operations and maintenance of plant	2,542,499	2,479,785	2,696,638	2,872,016
Pupil transportation	1,251,468	1,212,371	1,375,441	1,416,041
Central	-	559,962	464,177	792,962
Other	724,605	-	-	-
Operation of non-instructional services	1,410,629	1,235,849	1,289,241	1,293,966
Extracurricular activities	642,708	647,621	636,916	552,196
Interest and fiscal charges	122,668	95,214	68,052	40,863
Total expenses	<u>31,101,524</u>	<u>30,975,723</u>	<u>33,281,391</u>	<u>35,178,526</u>
<b>Program Revenues</b>				
Charges for services:				
Instruction:				
Regular	23,901	267,746	338,195	384,061
Special	1,813	18,221	33,210	39,924
Vocational	294	2,803	5,415	5,521
Other instructional	1,177	14,617	24,546	28,032
Support services:				
Pupil	1,264	17,383	75,448	24,634
Instructional staff	279,114	292,404	274,315	217,609
Board of education	-	400	-	849
Administration	1,322	12,815	22,742	27,672
Business and fiscal	729	6,207	12,995	18,263
Operations and maintenance of plant	8,492	731,162	36,376	41,329
Pupil transportation	993	8,610	15,883	22,510
Central	-	3,404	5,054	10,193
Other	560	-	-	-
Operation of non-instructional services	994,008	213,902	983,582	999,650
Extracurricular activities	300,286	306,588	320,686	287,597
Interest and fiscal charges	-	-	-	-
Total charges for services	<u>1,613,953</u>	<u>1,896,262</u>	<u>2,148,447</u>	<u>2,107,844</u>

	2008*	2009	2010	2011	2012	2013
\$	17,039,496	\$ 15,730,676	\$ 17,703,515	\$ 16,444,712	\$ 15,546,421	\$ 14,805,862
	3,034,996	3,890,156	4,378,332	4,775,357	4,494,513	5,366,398
	354,079	350,555	571,985	359,027	361,995	216,339
	2,220,027	2,426,088	1,667,234	1,815,093	2,290,890	2,125,598
	1,918,595	2,380,064	2,760,487	2,803,360	3,198,284	3,098,615
	2,016,335	2,214,753	2,413,756	2,442,475	2,965,382	2,840,679
	33,985	84,508	104,129	41,511	74,555	35,205
	2,158,771	2,271,269	2,502,717	2,616,962	2,067,949	2,183,002
	969,903	1,156,290	1,112,230	1,228,794	941,986	1,055,196
	3,426,603	2,668,596	2,644,333	1,003,893	1,174,709	2,545,988
	1,330,428	1,516,657	1,616,443	1,619,405	1,556,238	1,395,055
	514,061	616,236	1,526,642	779,088	479,170	347,349
	-	-	-	-	-	-
	1,340,845	1,563,537	1,855,888	1,724,481	1,622,333	1,671,353
	527,892	544,252	522,064	548,283	666,247	983,793
	11,280	1,082,807	1,973,933	2,426,901	2,507,261	2,612,752
	36,897,296	38,496,444	43,353,688	40,629,342	39,947,933	41,283,184
	517,617	483,746	572,286	471,470	419,419	386,273
	57,384	59,287	80,051	186,588	343,259	59,224
	7,605	6,375	12,938	-	-	-
	36,643	45,900	38,004	-	-	-
	31,803	40,800	59,836	-	-	-
	289,707	243,268	252,167	198,366	174,060	103,189
	691	1,912	2,426	-	-	-
	50,812	42,075	56,602	-	13,535	29,345
	20,742	23,587	25,875	-	16,188	75,927
	76,317	49,182	51,777	25,757	27,951	46,133
	33,186	27,412	33,961	154,333	21,172	67,251
	9,679	10,837	16,980	-	-	-
	-	-	-	-	-	-
	1,058,346	1,017,294	964,501	918,380	989,722	665,285
	283,983	191,867	194,304	191,473	167,726	625,596
	-	-	809	-	-	-
	2,474,515	2,243,542	2,362,517	2,146,367	2,173,032	2,058,223

- Continued

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

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Operating grants and contributions:				
Instruction:				
Regular	158,653	148,382	92,447	59,200
Special	579,785	563,911	592,802	609,594
Vocational	-	-	-	-
Other instructional	9,886	6,000	4,000	6,000
Support services:				
Pupil	319,430	590,800	715,842	660,531
Instructional staff	168,759	199,740	131,569	121,112
Administration	64,518	42,248	16,349	76,998
Business and fiscal	-	-	-	-
Operations and maintenance of plant	3,186	211,956	-	274,787
Pupil transportation	571,617	564,197	584,698	592,384
Central	-	31,147	35,890	42,999
Other	10,093	-	-	-
Operation of non-instructional services	268,458	145,482	322,005	181,928
Extracurricular activities	-	11,526	-	-
Interest and fiscal charges	54,447	28,567	-	-
Total operating grants and contributions	<u>2,208,832</u>	<u>2,543,956</u>	<u>2,495,602</u>	<u>2,625,533</u>
Capital grants and contributions:				
Instruction:				
Regular	-	-	-	-
Support services:				
Instructional staff	-	-	-	-
Operations and maintenance of plant	-	-	-	-
Pupil transportation	-	-	-	-
Central	-	29,820	-	-
Operation of non-instructional services	-	-	-	-
Total capital grants and contributions	<u>-</u>	<u>29,820</u>	<u>-</u>	<u>-</u>
Total program revenues	<u>3,822,785</u>	<u>4,470,038</u>	<u>4,644,049</u>	<u>4,733,377</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	<u>\$ (27,278,739)</u>	<u>\$ (26,505,685)</u>	<u>\$ (28,637,342)</u>	<u>\$ (30,445,149)</u>
<b>General Revenues</b>				
Property taxes levied for:				
General purposes	\$ 17,528,902	\$ 21,538,766	\$ 21,635,454	\$ 24,426,863
Debt service	471,793	218,398	-	-
Grants and entitlements not restricted to specific programs	5,953,345	5,559,312	5,682,030	7,598,194
Investment earnings	152,253	285,612	582,104	698,845
Gain on the disposal of capital assets	-	-	-	-
Payment in lieu of taxes	-	-	-	-
Miscellaneous	124,591	115,575	34,531	205,905
Total governmental activities	<u>24,230,884</u>	<u>27,717,663</u>	<u>27,934,119</u>	<u>32,929,807</u>
<b>Change in Net Position</b>				
Governmental activities	<u>\$ (3,047,855)</u>	<u>\$ 1,211,978</u>	<u>\$ (703,223)</u>	<u>\$ 2,484,658</u>

**Source:** School District financial records.

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

<u>2008*</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
87,484	103,868	95,496	172,678	132,328	105,106
523,771	1,017,565	925,413	1,184,703	1,045,720	899,614
-	-	-	16,829	16,829	-
386,081	4,562	-	34,838	-	-
337,222	213,635	182,621	370,791	192,362	180,450
216,747	164,960	762,977	506,002	227,715	242,744
44,467	43,887	60,057	48,690	57,511	64,700
-	-	-	-	1,192	2,144
143,610	7,900	281,617	276,564	4,082	11,702
32,010	39,627	43,542	50,494	56,280	-
54,327	29,590	71,324	21,853	8,213	4,068
-	-	-	-	-	-
317,083	518,587	480,692	640,755	644,783	737,245
3,900	-	-	-	-	-
-	-	-	-	-	-
<u>2,146,702</u>	<u>2,144,181</u>	<u>2,903,739</u>	<u>3,324,197</u>	<u>2,387,015</u>	<u>2,247,773</u>
-	-	-	12,301	63,383	926,230
-	-	-	-	1,367	-
-	-	-	17,748	4,258	7,326
-	-	-	16	742	-
-	-	-	12,640	13,180	-
-	-	-	1,885	2,670	-
-	-	-	<u>44,590</u>	<u>85,600</u>	<u>933,556</u>
<u>4,621,217</u>	<u>4,387,723</u>	<u>5,266,256</u>	<u>5,515,154</u>	<u>4,645,647</u>	<u>5,239,552</u>
\$ (32,276,079)	\$ (34,108,721)	\$ (38,087,432)	\$ (35,114,188)	\$ (35,302,286)	\$ (36,043,632)
\$ 22,977,944	\$ 22,083,111	\$ 19,070,956	\$ 19,236,044	\$ 18,564,918	\$ 16,412,104
-	-	1,880,300	2,994,457	3,221,788	2,843,668
10,614,335	10,842,857	11,453,032	10,478,849	9,560,768	9,579,912
955,637	854,137	1,924,940	104,608	75,846	43,354
-	5,593	475	-	-	-
-	-	-	437,386	584,391	865,818
144,969	300,262	106,219	42,793	48,817	8,230
<u>34,692,885</u>	<u>34,085,960</u>	<u>34,435,922</u>	<u>33,294,137</u>	<u>32,056,528</u>	<u>29,753,086</u>
<u>\$ 2,416,806</u>	<u>\$ (22,761)</u>	<u>\$ (3,651,510)</u>	<u>\$ (1,820,051)</u>	<u>\$ (3,245,758)</u>	<u>\$ (6,290,546)</u>

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

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	624,920	1,506,744	1,585,879	1,696,523
Unreserved	<u>6,876,628</u>	<u>7,664,158</u>	<u>6,340,288</u>	<u>8,900,584</u>
Total general fund	<u>\$ 7,501,548</u>	<u>\$ 9,170,902</u>	<u>\$ 7,926,167</u>	<u>\$ 10,597,107</u>
All Other Governmental Funds:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned (deficit)	-	-	-	-
Reserved	18,070	-	306,865	150,736
Unreserved (deficit), undesignated				
Reported in:				
Special revenue funds	400,103	620,760	598,047	864,887
Debt service funds	999,523	954,666	643,080	355,688
Capital projects funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 1,417,696</u>	<u>\$ 1,575,426</u>	<u>\$ 1,547,992</u>	<u>\$ 1,371,311</u>
Total governmental funds	<u>\$ 8,919,244</u>	<u>\$ 10,746,328</u>	<u>\$ 9,474,159</u>	<u>\$ 11,968,418</u>

**Source:** School District financial records.

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

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



<b>2008</b>	<b>2009</b>	<b>2010 (1)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
\$ -	\$ -	\$ -	\$ 54,661	\$ 91,411	\$ 11,692
-	-	-	290,362	-	-
-	-	-	856,719	2,914,113	1,019,637
-	-	-	7,045,032	-	-
2,368,466	1,928,918	1,360,253	-	-	-
10,430,489	11,996,144	9,931,060	-	-	-
<u>\$ 12,798,955</u>	<u>\$ 13,925,062</u>	<u>\$ 11,291,313</u>	<u>\$ 8,246,774</u>	<u>\$ 3,005,524</u>	<u>\$ 1,031,329</u>
\$ -	\$ -	\$ -	\$ 92,318	\$ 47,721	\$ 5,687
-	-	-	23,010,472	7,464,292	4,502,573
-	-	-	6,081	7,165	6,009
-	-	-	(650,271)	(363,168)	(2,300,556)
142,803	233,905	18,472,864	-	-	-
537,780	382,958	(638,939)	-	-	-
92,852	553,078	2,348,353	-	-	-
-	25,067,719	25,118,861	-	-	-
<u>\$ 773,435</u>	<u>\$ 26,237,660</u>	<u>\$ 45,301,139</u>	<u>\$ 22,458,600</u>	<u>\$ 7,156,010</u>	<u>\$ 2,213,713</u>
<u>\$ 13,572,390</u>	<u>\$ 40,162,722</u>	<u>\$ 56,592,452</u>	<u>\$ 30,705,374</u>	<u>\$ 10,161,534</u>	<u>\$ 3,245,042</u>

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

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Revenues</b>				
Taxes	\$ 18,134,688	\$ 21,446,972	\$ 22,050,412	\$ 24,221,096
Payment in lieu of taxes	-	-	-	-
Intergovernmental	8,040,567	8,231,051	8,191,569	10,224,675
Earnings on investments	152,253	285,612	582,104	698,845
Tuition and fees	165,048	316,955	480,625	561,959
Transportation fees	-	-	-	-
Extracurricular	587,461	627,802	638,961	506,251
Gifts and donations	-	2,426	2,617	3,719
Charges for services	861,444	951,505	1,028,861	1,039,634
Classroom materials and fees	-	-	-	-
Contract services	-	-	-	-
Rentals	-	-	-	-
Other	124,591	115,575	34,531	205,905
<b>Total revenues</b>	<u>28,066,052</u>	<u>31,977,898</u>	<u>33,009,680</u>	<u>37,462,084</u>
<b>Expenditures</b>				
Current:				
Instructional:				
Regular	12,981,494	12,515,638	14,828,961	14,775,783
Special	2,594,420	2,758,507	3,226,990	3,215,832
Vocational	386,614	360,607	434,558	385,444
Other	1,496,058	1,952,356	2,015,751	2,052,903
Support services:				
Pupil	1,919,710	1,951,995	2,152,792	2,386,619
Instructional staff	2,084,466	1,714,441	1,725,202	1,522,694
Board of education	-	48,587	29,154	52,233
Administration	1,711,274	1,630,201	1,872,581	1,978,425
Business and fiscal	881,534	821,296	1,121,730	1,245,643
Operations and maintenance and plant	2,549,713	2,447,864	2,774,847	2,794,547
Pupil transportation	1,123,948	1,142,790	1,347,666	1,589,850
Central	-	556,416	459,922	760,045
Other	765,825	-	-	-
Enterprise operations	19,985	-	-	-
Operation of non-instructional services	1,388,839	1,202,039	1,269,391	1,297,968
Extracurricular activities	612,437	606,651	607,050	546,820
Facilities acquisition and construction	-	-	-	-
Capital outlay	221,940	-	50,644	-
Debt service:				
Principal retirement	306,013	344,240	347,202	320,854
Interest and fiscal charges	124,671	97,218	68,052	42,165
Issuance costs	-	-	-	-
<b>Total expenditures</b>	<u>31,168,941</u>	<u>30,150,846</u>	<u>34,332,493</u>	<u>34,967,825</u>
Excess of revenues over (under) expenditures	(3,102,889)	1,827,052	(1,322,813)	2,494,259
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	-	-	-	-
General obligation bonds issued	-	-	-	-
Premiums on bonds issued	-	-	-	-
Inception of capital lease	221,940	-	50,644	-
Transfers in	302,709	250,000	-	374,046
Transfers (out)	(302,709)	(250,000)	-	(374,046)
<b>Total other financing sources (uses)</b>	<u>221,940</u>	<u>-</u>	<u>50,644</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ (2,880,949)</u>	<u>\$ 1,827,052</u>	<u>\$ (1,272,169)</u>	<u>\$ 2,494,259</u>
Capital expenditures	\$ 309,933	\$ -	\$ 187,363	\$ 251,311
Debt service as a percentage of noncapital expenditures	1.40%	1.46%	1.22%	1.05%

**Source:** School District financial records.

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
\$	23,059,926	\$ 21,910,877	\$ 20,531,459	\$ 22,660,821	\$ 21,836,503	\$ 19,315,037
	-	-	722,946	437,386	584,391	865,818
	12,357,720	13,047,494	12,925,192	13,844,448	12,093,364	11,667,858
	955,637	854,137	1,924,940	120,913	180,237	57,965
	829,998	796,844	974,007	647,343	616,916	291,393
	-	-	-	-	-	67,251
	552,173	396,386	401,670	388,489	340,665	444,982
	52,242	52,268	188,406	157,148	127,025	126,865
	1,092,344	1,050,312	986,840	654,254	724,992	651,714
	-	-	-	166,398	166,489	154,104
	-	-	-	279,553	320,731	433,559
	-	-	-	10,464	3,239	15,220
	144,969	300,262	106,219	52,341	58,558	76,731
	<u>39,045,009</u>	<u>38,408,580</u>	<u>38,761,679</u>	<u>39,419,558</u>	<u>37,053,110</u>	<u>34,168,497</u>
	17,086,953	15,620,976	17,596,664	16,700,879	17,887,657	12,977,157
	3,065,502	3,855,994	4,383,819	4,748,449	4,421,866	4,800,457
	333,872	325,696	567,326	350,118	353,800	211,102
	2,220,027	2,426,088	1,667,234	1,815,093	2,290,890	1,855,777
	1,932,553	2,377,913	2,778,659	2,800,822	3,043,247	2,774,072
	1,922,243	2,144,165	2,328,229	2,381,820	2,983,229	2,223,037
	33,985	81,358	104,125	44,665	74,555	30,735
	2,116,008	2,232,250	2,429,147	2,562,957	2,111,998	1,968,872
	968,032	1,247,597	1,097,731	1,327,498	1,277,509	1,214,661
	3,427,665	2,716,408	2,611,089	3,147,375	2,412,479	2,216,800
	1,585,204	1,430,948	1,457,709	1,490,673	1,460,668	1,093,416
	534,389	602,677	1,495,083	1,400,496	1,052,395	364,777
	-	-	-	-	-	-
	-	-	-	-	-	-
	1,369,880	1,552,635	1,836,996	1,801,985	1,766,159	1,378,967
	544,462	539,360	517,071	543,071	543,835	845,119
	-	-	-	25,427,970	13,300,538	3,299,668
	-	805,946	4,353,245	349,038	-	-
	284,275	51,954	146,259	162,314	1,184,039	1,336,798
	15,988	467,481	1,758,916	2,616,768	2,431,919	2,493,574
	-	295,700	287,685	90,849	38,155	-
	<u>37,441,038</u>	<u>38,775,146</u>	<u>47,416,987</u>	<u>69,762,840</u>	<u>58,634,938</u>	<u>41,084,989</u>
	1,603,971	(366,566)	(8,655,308)	(30,343,282)	(21,581,828)	(6,916,492)
	-	5,593	1,819	18,319	-	-
	-	25,949,991	23,999,318	3,997,998	999,833	-
	-	755,926	568,242	90,849	38,155	-
	-	245,388	515,659	349,038	-	-
	153,630	-	65,525	28,714	168,355	2,161,733
	(153,630)	-	(65,525)	(28,714)	(168,355)	(2,161,733)
	-	26,956,898	25,085,038	4,456,204	1,037,988	-
\$	<u>1,603,971</u>	<u>\$ 26,590,332</u>	<u>\$ 16,429,730</u>	<u>\$ (25,887,078)</u>	<u>\$ (20,543,840)</u>	<u>\$ (6,916,492)</u>
\$	855,078	\$ 1,409,895	\$ 4,771,604	\$ 29,805,295	\$ 19,546,340	\$ 365,939
	0.82%	1.39%	4.47%	6.96%	9.25%	9.41%

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

*ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN COLLECTION (CALENDAR) YEARS*

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial/ Industrial/PU		Assessed Value	Estimated Actual Value
2004	395,305,200	159,498,440	1,585,153,257	17,945,880	71,783,520
2005	403,838,260	159,494,010	1,609,520,771	17,155,580	68,622,320
2006	436,988,010	174,764,120	1,747,863,229	19,648,530	78,594,120
2007	446,666,200	183,158,190	1,799,498,257	14,913,620	59,654,480
2008	454,070,050	181,147,250	1,814,906,571	10,958,200	43,832,800
2009	446,871,220	185,827,790	1,807,711,457	10,904,770	43,619,080
2010	443,985,460	182,940,760	1,791,217,771	10,654,960	42,619,840
2011	445,175,230	177,802,380	1,779,936,029	11,106,770	44,427,080
2012	420,603,010	159,402,950	1,657,159,886	11,348,140	45,392,560
2013	419,653,230	154,655,690	1,640,882,629	12,070,370	48,281,480

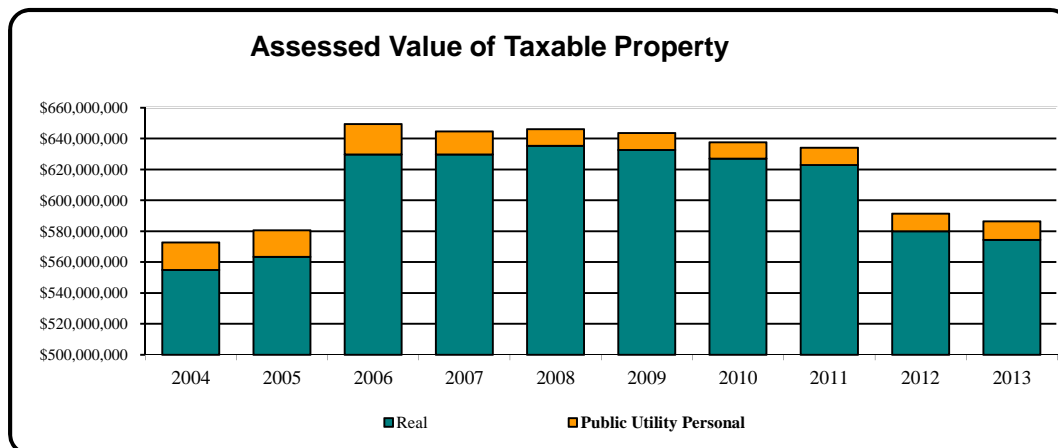
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal. The assessed value of real property (including public utility real property) is 35 percent of estimated true value.

Personal property tax prior to 2006 was assessed on all tangible personal property used in business in Ohio. Prior to 2006 machinery and equipment were taxed at 25 percent and inventories at 23 percent. Beginning in 2006, the general business tangible personal property tax was phased out. The listing percentage is 18.75 percent for 2006, 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed. Beginning in the 2006 collection year, the \$10,000 exemption for commercial/industrial property has been eliminated.

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

Tangible Personal Property General Business		Total			Total Direct Rate
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	
92,384,592	369,538,368	665,134,112	2,026,475,145	32.82%	44.36
100,759,655	403,038,620	681,247,505	2,081,181,711	32.73%	43.46
101,007,884	404,031,536	732,408,544	2,230,488,885	32.84%	48.86
58,949,395	235,797,580	703,687,405	2,094,950,317	33.59%	53.30
35,462,720	141,850,880	681,638,220	2,000,590,251	34.07%	53.30
2,342,340	9,369,360	645,946,120	1,860,699,897	34.72%	53.69
527,300	2,109,200	638,108,480	1,835,946,811	34.76%	53.69
-	-	634,084,380	1,824,363,109	34.76%	54.61
-	-	591,354,100	1,702,552,446	34.73%	55.51
-	-	586,379,290	1,689,164,109	34.71%	55.57



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

*PRINCIPAL PROPERTY TAX PAYERS  
REAL ESTATE TAX  
CURRENT CALENDAR YEAR AND SEVEN YEARS AGO (1)*

Name of Taxpayer	2013	
	Assessed Value	Percent of Real Property Assessed Value
Dayton, City of	\$ 10,836,490	1.89%
Wal-Mart Stores, Inc.	2,285,620	0.40%
Sand Lake Plaza, LLC	2,126,040	0.37%
MO Northwoods, LLC	2,051,850	0.36%
A Ray Brown Family Investment	1,875,460	0.33%
Garrett-Ryan, LLC	1,871,280	0.33%
Moor Partners, LLP	1,760,380	0.31%
W2005/Fargo Hotels (Poolc) Realty, LP	1,724,610	0.30%
Floriday, LLC	1,705,850	0.30%
Delphi Properties Management, LLC	1,620,920	0.28%
Totals	<u>\$ 27,858,500</u>	<u>4.85%</u>
Total Assessed Valuation	<u>\$ 574,308,920</u>	

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

Source: Montgomery County Auditor

(1) Information prior to 2006 was unavailable

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

*PRINCIPAL PROPERTY TAX PAYERS  
PUBLIC UTILITY TAX  
CURRENT CALENDAR YEAR AND SEVEN YEARS AGO (1)*

Name of Taxpayer	2013	
	Assessed Value	Percent of Public Utility Assessed Value
Dayton Power and Light, Co.	\$ 11,109,140	92.04%
Vectren Energy Delivery of Ohio	958,550	7.94%
Buckeye Power, Inc.	1,070	0.01%
<b>Total</b>	<b>\$ 12,068,760</b>	<b>99.99%</b>
<b>Total Assessed Valuation</b>	<b>\$ 12,070,370</b>	

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

Source: Montgomery County Auditor

(1) Information prior to 2006 was unavailable

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

*PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
(PER \$1,000 OF ASSESSED VALUATION)  
LAST TEN COLLECTION (CALENDAR) YEARS (1)  
2003-2012*

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		
							General	Bond Retirement	Total
2012	17.74	3.31	16.40	4.14	17.13	2.58	49.54	6.03	55.57
2011	17.74	1.75	16.40	4.14	17.13	2.58	49.51	6.00	55.51
2010	20.94	1.75	16.94	4.14	17.13	2.58	49.06	5.55	54.61
2009	20.94	1.75	16.94	4.14	17.13	2.58	48.93	4.76	53.69
2008	20.94	1.25	16.94	4.14	17.13	2.58	53.69	-	53.69
2007	18.24	1.25	16.94	4.14	17.13	2.58	53.30	-	53.30
2006	18.24	1.25	16.94	4.14	15.67	2.58	53.30	-	53.30
2005	18.24	1.25	16.94	4.14	15.67	2.58	48.86	-	48.86
2004	17.24	0.26	16.94	4.14	15.67	2.58	43.46	-	43.46
2003	17.24	0.26	16.94	4.14	15.67	2.58	44.36	-	44.36

Source: Montgomery County Auditor.

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



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

*PROPERTY TAX LEVIES AND COLLECTIONS - REAL, PERSONAL, AND PUBLIC UTILITY PROPERTY  
LAST TEN COLLECTION (CALENDAR) YEARS  
2003-2012*

Collection Year	Current Levy (1)	Current Collection (2)	Percent of Current Levy Collected	Delinquent Collection (4)	Total Collection (2)	Percent of Total Tax Collections to Current Levy (4)	Outstanding Delinquent Taxes (3)	Total Collection As a Percent of Current Levy
2012	\$ 23,966,930	\$ 23,164,343	96.65%	\$ 416,890	\$ 23,581,233	98.39%	\$ 606,196	2.53%
2011	24,470,420	23,624,490	96.54%	763,997	24,388,487	99.67%	1,097,593	4.49%
2010	23,904,272	23,027,122	96.33%	676,669	23,703,791	99.16%	1,322,018	5.53%
2009	24,161,467	22,980,834	95.11%	492,965	23,473,799	97.15%	1,420,253	5.88%
2008	25,583,060	24,455,231	95.59%	538,071	24,993,302	97.69%	1,151,419	4.50%
2007	27,008,398	25,765,307	95.40%	997,537	26,762,844	99.09%	1,429,944	5.29%
2006	23,527,932	22,914,175	97.39%	936,177	23,850,352	101.37%	1,100,718	4.68%
2005	22,550,823	21,755,463	96.47%	795,361	22,550,824	100.00%	1,276,852	5.66%
2004	20,355,804	19,838,772	97.46%	559,071	20,397,843	100.21%	1,740,537	8.55%
2003	20,747,620	19,584,235	94.39%	771,308	20,355,543	98.11%	1,495,650	7.21%

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

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

*RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE  
AND NET BONDED DEBT PER CAPITA  
LAST TEN YEARS  
2004-2013*

Collection Year	Population (1)	Total Assessed Value (2)	Gross Bonded Debt (3)	Less Restricted for Debt Service	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita	Percentage of Personal Income (4)
2013	23,140	\$ 586,379,290	\$ 54,383,411	\$ 3,617,997	\$ 50,765,414	8.66%	\$2,194	9.07%
2012	23,140	591,354,100	55,469,764	3,872,121	51,597,643	8.73%	\$2,230	9.21%
2011	23,140	634,084,380	55,409,097	3,301,165	52,107,932	8.22%	\$2,252	9.31%
2010	22,985	638,108,480	51,621,060	2,845,942	48,775,118	7.64%	2,122	8.77%
2009	22,985	645,946,120	26,905,448	553,078	26,352,370	4.08%	1,147	4.74%
2008	22,985	681,638,220	-	92,852	(92,852)	-0.01%	0	-0.02%
2007	22,985	703,687,405	250,000	355,688	(105,688)	-0.02%	0	-0.02%
2006	22,985	732,408,544	500,000	643,080	(143,080)	-0.02%	0	-0.03%
2005	22,985	681,247,505	750,000	954,666	(204,666)	-0.03%	0	-0.04%
2004	22,985	665,134,112	1,000,000	37,476	962,524	0.14%	42	0.17%

Sources:

- (1) Census data for 2010, estimates from the City of Vandalia and Butler Township.
- (2) Montgomery County Auditor, calendar year basis.
- (3) Gross Bonded Debt includes premiums and accreted debt associated with the general obligation bonds.
- (4) Personal Income reported as \$24,828 in 2010 Census data multiplied times the population to yield total personal income.



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

*COMPUTATION OF LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS*

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Tax Valuation	<u>\$ 665,134,112</u>	<u>\$ 681,247,505</u>	<u>\$ 732,408,544</u>	<u>\$ 703,687,405</u>
Debt Limit - 9% of Taxable Valuation	<u>59,862,070</u>	<u>61,312,275</u>	<u>65,916,769</u>	<u>63,331,866</u>
Amount of Debt Applicable to Debt Limit				
General obligation bonds	1,000,000	750,000	500,000	250,000
Less: amount available in debt service	<u>(999,523)</u>	<u>(954,666)</u>	<u>-</u>	<u>-</u>
Amount of Debt Subject to Limit	<u>477</u>	<u>(204,666)</u>	<u>500,000</u>	<u>250,000</u>
Legal debt margin	<u>\$ 59,861,593</u>	<u>\$ 61,516,941</u>	<u>\$ 65,416,769</u>	<u>\$ 63,081,866</u>
Legal debt margin as a percentage of the debt limit	100.00%	100.33%	99.24%	99.61%
Energy conservation debt limit - 0.90% of assessed value (1)	5,986,207	6,131,228	6,591,677	6,333,187
Amount of Debt Subject to Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unvoted legal debt margin	<u>\$ 5,986,207</u>	<u>\$ 6,131,228</u>	<u>\$ 6,591,677</u>	<u>\$ 6,333,187</u>
Unvoted legal debt margin as a percentage of the debt limit	100.00%	100.00%	100.00%	100.00%
Unvoted debt limit - 0.10% of taxable valuation (1)	665,134	681,248	732,409	703,687
Amount of Debt Subject to Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unvoted legal debt margin	<u>\$ 665,134</u>	<u>\$ 681,248</u>	<u>\$ 732,409</u>	<u>\$ 703,687</u>
Unvoted legal debt margin as a percentage of the debt limit	100.00%	100.00%	100.00%	100.00%

Source: Montgomery County Auditor and District Financial Records

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

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

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>\$ 681,638,220</u>	<u>\$ 645,946,120</u>	<u>\$ 638,108,480</u>	<u>\$ 634,084,380</u>	<u>\$ 591,354,100</u>	<u>\$ 586,379,290</u>
<u>61,347,440</u>	<u>58,135,151</u>	<u>57,429,763</u>	<u>57,067,594</u>	<u>53,221,869</u>	<u>52,774,136</u>
-	25,949,991	49,949,309	50,924,187	50,044,187	49,084,187
-	(553,078)	(2,348,353)	(3,356,092)	(3,924,174)	(4,148,923)
-	<u>25,396,913</u>	<u>47,600,956</u>	<u>47,568,095</u>	<u>46,120,013</u>	<u>44,935,264</u>
<u>\$ 61,347,440</u>	<u>\$ 32,738,238</u>	<u>\$ 9,828,807</u>	<u>\$ 9,499,499</u>	<u>\$ 7,101,856</u>	<u>\$ 7,838,872</u>
100.00%	56.31%	17.11%	16.65%	13.34%	14.85%
6,134,744	5,813,515	5,742,976	5,706,759	5,322,187	5,277,414
-	-	-	2,998,120	3,827,953	3,592,953
<u>\$ 6,134,744</u>	<u>\$ 5,813,515</u>	<u>\$ 5,742,976</u>	<u>\$ 2,708,639</u>	<u>\$ 1,494,234</u>	<u>\$ 1,684,461</u>
100.00%	100.00%	100.00%	47.46%	28.08%	31.92%
681,638	645,946	638,108	634,084	591,354	586,379
-	-	-	-	-	-
<u>\$ 681,638</u>	<u>\$ 645,946</u>	<u>\$ 638,108</u>	<u>\$ 634,084</u>	<u>\$ 591,354</u>	<u>\$ 586,379</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

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

Fiscal Year	Governmental Activities			Total Primary Government	Per Capita (2)	Ratio of Total Debt Outstanding to Personal Income (2)
	General Obligation Bonds (1)	Notes Payable	Capital Leases			
2004	\$ 1,000,000	\$ -	\$ 296,905	\$ 1,296,905	56.42	0.23%
2005	750,000	-	202,665	952,665	41.45	0.17%
2006	500,000	-	156,107	656,107	28.53	0.12%
2007	250,000	-	85,253	335,253	14.58	0.06%
2008	-	-	50,978	50,978	2.22	0.01%
2009	26,905,448	24,000,000	244,412	51,149,860	2,225.36	9.20%
2010	51,621,060	-	613,812	52,234,872	2,272.56	9.39%
2011	55,409,097	-	658,261	56,067,358	2,422.96	10.01%
2012	55,469,764	4,245,000	524,222	60,238,986	2,603.24	10.83%
2013	54,383,411	3,925,000	382,424	58,690,835	2,536.34	10.22%

SOURCE: School District Records

(1) General obligation bonds include any premiums and accreted debt associated with the general obligation bond.

(2) Personal Income reported at \$24,828 in 2010 Census data multiplied times the population of 23,140 to yield total personal income.

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

*COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
June 30, 2013*

Governmental Unit	Gross General Obligation	Percent Applicable to District	Amount Applicable to District
<b>Direct:</b>			
Vandalia-Butler City School District	\$ 58,690,835 **	100.00%	\$ 58,690,835
<b>Overlapping:</b>			
Montgomery County	31,017,203	6.60%	2,047,135
Butler Township (1)	81,100	100.00%	81,100
City of Dayton (2)	35,409,844	8.06%	2,854,033
City of Union (3)	1,054,250	0.25% *	2,636
City of Vandalia (4)	10,801,616	100.00%	10,801,616
<b>Total overlapping</b>	<b>\$ 78,364,013</b>		<b>\$ 15,786,520</b>
<b>Total direct and overlapping debt</b>	<b>\$ 137,054,848</b>		<b>\$ 74,477,355</b>

Source: Montgomery County Auditor

(1) 2010/2011 Audit Report. Information as of June 30, 2013 was not available.

(2) City of Dayton 2012 CAFR

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

(4) City of Vandalia 2012 Audit Report

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

\*\* Amount includes premiums and accreted debt associated with the general obligation bond and capital leases.

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

*Ratio of Annual Debt Service Expenditures for  
General Obligation Bonded Debt to Total General Fund Expenditures  
Last Ten Fiscal Years  
2004-2013*

Fiscal Year	Principal (1)	Interest and Issuance Costs (1)	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures
2013	\$ 1,195,000	\$ 2,357,341	\$ 3,552,341	\$ 31,717,335	11.20%
2012	1,050,000	2,438,446	3,488,446	35,361,480	9.87%
2011	25,000	2,596,382	2,621,382	35,446,786	7.40%
2010	-	2,034,700	2,034,700	35,406,721	5.75%
2009	-	755,377	755,377	33,682,084	2.24%
2008	250,000	12,836	262,836	33,310,714	0.79%
2007	250,000	37,392	287,392	30,777,654	0.93%
2006	250,000	61,586	311,586	30,460,840	1.02%
2005	250,000	88,119	338,119	27,421,979	1.23%
2004	250,000	115,685	365,685	27,256,338	1.34%

Source: Vandalia-Butler City School District Financial Records.  
(1) Excludes principal and interest paid on tax anticipation notes.



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

*DEMOGRAPHIC STATISTICS  
LAST TEN YEARS  
2004-2013*

Year	Population (1)	Per Capita Income (2)	Personal Income	School Enrollment (3)	Average Federal Income (4)	Unemployment Rate Montgomery County (5)
2013	23,140	\$25,225	\$583,706,500	3,324	\$44,322	7.8%
2012	23,140	24,828	574,519,920	3,325	\$43,965	9.4%
2011	23,140	24,199	559,964,860	3,331	\$41,611	10.7%
2010	22,985	24,199	556,214,015	3,351	\$45,237	11.6%
2009	22,985	24,199	556,214,015	3,422	Information not available	11.8%
2008	22,985	24,199	556,214,015	3,411	Information not available	7.8%
2007	22,985	24,199	556,214,015	3,440	Information not available	NA
2006	22,985	24,199	556,214,015	3,434	\$50,174	6.0%
2005	22,985	24,199	556,214,015	3,382	Information not available	6.3%
2004	22,985	24,199	556,214,015	3,518	\$41,846	6.4%

Sources:

- (1) Based on 2010 data - Ohio Department of Development.
- (2) U.S. Census Bureau - Montgomery County, 2011 information most recent available.
- (3) Vandalia-Butler City School District Financial Records.
- (4) Social Security Administration National Average Wage Index as of 2012
- (5) Ohio Department of Jobs and Family Services - annual average 2012.

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

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

Employer	Nature of Business	2012			2006		
		Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
CBS Personnel Services	Employment Agency	1,058	1	2.00%	-		0.00%
Vandalia-Butler Schools	School	573	2	1.09%	396	3	1.22%
GE Aviation (formerly Smiths Aerospace)	Aerospace Engineering & Manufacturing	538	3	1.02%	466	2	1.43%
City of Vandalia	Local Government	527	4	1.00%	325	6	1.00%
Delphi Automotive System	Automotive Manufacturing & Engineering	461	5	0.87%	1,557	1	4.79%
SAIA Burgess, Inc. (formerly Johnson Controls)	Electronics Manufacturing	296	6	0.56%	365	4	1.12%
IMDS Holding Corp (Formerly Leis Medical)	Medical Device Design & Manufacturing	264	7	0.50%	346	5	1.06%
Kroger Limited Partnership	Grocery Retail	216	8	0.41%	-		0.00%
Aptalis Pharmatech Inc	Specialty Pharmaceutical Company	207	9	0.39%	-		0.00%
Beau Townsend Ford, Inc.	Automotive Sales & Service	194	10	0.37%	-		0.00%
P&G Pet Care (formerly Iams)	Headquarters - Cat & Dog Food	-		0.00%	282	7	0.87%
Cintas Corporation	Work Uniforms & Custom Corporate Apparel	-		0.00%	229	8	0.70%
Mazer Corporation	Headquarters - Services to Educational Publishers	-		0.00%	215	9	0.66%
Evenflo	Headquarters - Juvenile Products Manufacturer	-		0.00%	209	10	0.64%
Total		<u>4,334</u>		<u>8.21%</u>	<u>4,390</u>		<u>13.51%</u>
Total Employment within the School District		<u>52,789</u>			<u>32,505</u>		

Source: City of Vandalia CAFR as of December 31, 2012. Will be reported for current year and nine years before when enough information is available.  
Number of employees are based on W-2's filed within the City income tax department without direct contact or confirmation from the employers.  
The totals may not include part-time and temporary employees.  
(1) - Information not available for Butler Township

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

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Instruction</b>										
Classroom Teachers	197.53	188.86	193.22	188.48	188.27	194.01	191.60	186.40	171.70	149.78
Special Education Teachers and Tutors	24.98	26.4	45.65	42.64	42.39	42.28	43.86	41.8	46.4	45.6
Educational/Media Aides	33.5	35.5	31.17	30.18	32	30	32	31	32	29
Counselor	5	5	5	6.37	6	6	6	6	6	7.1
<b>Total Instruction</b>	<b>261.01</b>	<b>255.76</b>	<b>275.04</b>	<b>267.67</b>	<b>268.66</b>	<b>272.29</b>	<b>273.46</b>	<b>265.20</b>	<b>256.10</b>	<b>231.48</b>
<b>Support and Administration</b>										
Central Office Support/Administrators	26	22	25.12	27	25	29.7	29	31.6	31.4	29.03
Principals	9	8	10	11	10	10	10	10	8	8
Clerical Support	25	25	14	16	16	18.5	18	17	17	11
Professional Support	8	8	10.37	10.1	8.05	6.05	6	6	5	5.36
Transportation	27	27	32.5	34	32	34	33	33	32.5	28
Food Service	16.8	17.4	17.3	37	39	38	38	39	41	36
Custodial	23	22	19	20	20	20	20	20	21	20
Maintenance and Mechanics	11.5	10.5	5.5	5	5	5	5	5	4	5
<b>Total Support and Administration</b>	<b>146.3</b>	<b>139.9</b>	<b>133.79</b>	<b>160.1</b>	<b>155.05</b>	<b>161.25</b>	<b>159</b>	<b>161.6</b>	<b>159.9</b>	<b>142.39</b>
<b>Total Employees</b>	<b>407.31</b>	<b>395.66</b>	<b>408.83</b>	<b>427.77</b>	<b>423.71</b>	<b>433.54</b>	<b>432.46</b>	<b>426.80</b>	<b>416.00</b>	<b>373.87</b>

Source: Fiscal Year October EMIS Reports

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

*BUILDING STATISTICS  
LAST TEN FISCAL YEARS*

	2004	2005	2006	2007	2008	2009
<b>Demmitt Elementary School</b>						
Constructed in 1957						
Total Building Square Footage 43,977						
Total Acres 11						
Enrollment Grades K-4	372	397	405	402	402	418
Student Capacity	368	368	368	368	368	368
Regular Instruction Classrooms 15	N/A	N/A	22	22	22	22
Regular Instruction Teachers	N/A	N/A	26	26	26	26
Special Instruction Classrooms	N/A	N/A	3	3	3	3
Special Instruction Teachers	N/A	N/A	4	4	4	4
<b>Helke Elementary School</b>						
Constructed in 1969						
Total Building Square Footage 42,456						
Total Acres 10.5						
Enrollment Grades K-4	405	391	399	446	455	445
Student Capacity	350	350	350	350	350	350
Regular Instruction Classrooms	N/A	N/A	16	16	16	16
Regular Instruction Teachers	N/A	N/A	24	24	24	24
Special Instruction Classrooms	N/A	N/A	1	1	1	1
Special Instruction Teachers	N/A	N/A	2	2	2	2
<b>Murlin Heights Elementary School</b>						
Constructed in 1952						
Total Building Square Footage 40,930						
Total Acres 15						
Enrollment Grades K-4	406	365	366	385	379	389
Student Capacity	335	335	335	335	335	335
Regular Instruction Classrooms	N/A	N/A	25	25	25	25
Regular Instruction Teachers	N/A	N/A	23	23	23	23
Special Instruction Classrooms	N/A	N/A	3	3	3	3
Special Instruction Teachers	N/A	N/A	3	3	3	3
<b>Morton Middle School</b>						
Constructed in 2011						
Total Building Square Footage 102,100						
Total Acres 16						
Enrollment Grades 5-8	513	533	516	495	487	483
Student Capacity	444	444	444	444	444	444
Regular Instruction Classrooms	N/A	N/A	32	32	32	32
Regular Instruction Teachers	N/A	N/A	32	32	32	32
Special Instruction Classrooms	N/A	N/A	3	3	3	3
Special Instruction Teachers	N/A	N/A	8	8	8	8

2010	2011	2012	2013
366	361	340	430
368	368	426	426
22	22	20	20
26	26	15	15
3	3	7	7
4	4	7	7
419	401	414	390
350	350	405	405
16	16	21	21
24	24	15	15
1	1	3	3
2	2	3	3
403	401	393	381
335	350	388	388
25	16	22	22
23	24	15	15
3	1	5	5
3	2	5	5
505	498	533	525
444	444	820	820
32	32	34	34
32	32	27	27
3	3	8	8
8	8	8	8

- Continued

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

*BUILDING STATISTICS (CONTINUED)  
LAST TEN FISCAL YEARS*

	2004	2005	2006	2007	2008	2009
<b>Smith Middle School</b>						
Constructed in 1969						
Total Building Square Footage 66,113						
Total Acres 84.5						
Enrollment Grades 5-8	549	529	528	504	489	507
Student Capacity	406	406	406	406	406	406
Regular Instruction Classrooms	N/A	N/A	32	32	32	32
Regular Instruction Teachers	N/A	N/A	32	32	32	32
Special Instruction Classrooms	N/A	N/A	5	5	5	5
Special Instruction Teachers	N/A	N/A	7	7	7	7
<b>Butler High School</b>						
Constructed in 1956, Renovated in 2011						
Total Building Square Footage 266,000						
Total Acres 23.8						
Enrollment Grades 9-12	1,218	1,202	1,224	1,234	1,175	1,180
Student Capacity	1,375	1,375	1,375	1,375	1,375	1,375
Regular Instruction Classrooms	N/A	N/A	64	64	64	64
Regular Instruction Teachers	N/A	N/A	62	62	62	62
Special Instruction Classrooms	N/A	N/A	4	4	4	4
Special Instruction Teachers	N/A	N/A	10	10	10	10

Source: Enrollment Oct Fiscal Year EMIS Report  
N/A - Information not available

2010	2011	2012	2013
530	546	553	524
406	406	511	511
32	32	32	32
32	32	27	27
5	5	6	6
7	7	7	7
1,128	1,125	1,092	1,074
1,375	1,375	1,455	1,455
64	64	50	50
62	62	42	42
4	4	12	12
10	10	12	12

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

*OPERATING STATISTICS  
LAST TEN FISCAL YEARS*

Fiscal Year	Expenses	Enrollment	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio
2004	\$ 31,101,524	3,463	\$ 8,981	1.58%	256	13.5
2005	30,975,723	3,417	9,065	0.94%	250	13.7
2006	33,281,391	3,434	9,692	6.91%	254	13.5
2007*	35,178,526	3,503	10,042	3.62%	254	13.8
2008*	36,897,296	3,259	11,322	12.74%	210	15.5
2009	38,496,444	3,422	11,250	-0.64%	233	14.7
2010	43,353,688	3,351	12,938	15.00%	231	14.5
2011	40,629,342	3,331	12,197	-5.72%	228	14.6
2012	39,947,933	3,325	12,014	-1.50%	218	15.3
2013	41,283,184	3,324	12,420	3.37%	195	17.0

Source: School District Records.

\*Included severance plan in 2007 and 2008





# Dave Yost • Auditor of State

**VANDALIA-BUTLER CITY SCHOOL DISTRICT**

**MONTGOMERY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 15, 2014**