



Mary Taylor, CPA
Auditor of State



Dave Yost • Auditor of State

January 25, 2011

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 10, 2011. Thus, I am certifying this audit report for release under the signature of my predecessor.

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DAVE YOST
Auditor of State

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VANDALIA-BUTLER CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Schedule of Federal Awards Receipts and Expenditures – For the Fiscal Year Ended June 30, 2010	1
Notes to the Schedule of Federal Awards Receipts and Expenditures – For the Fiscal Year Ended June 30, 2010	2
Independent Accountants' Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Required By <i>Government Auditing Standards</i>	3
Independent Accountants' Report on Compliance with Requirements Applicable To Each Major Federal Program and on Internal Control over Compliance Required by OMB Circular A-133	5
Schedule of Findings.....	7
Schedule of Prior Audit Findings.....	11

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

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Cash Receipts	Non-Cash Receipts	Cash Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE					
<i>Passed Through Ohio Department of Education</i>					
National School Lunch Program	10.555				
Cash Assistance		\$360,465		\$360,465	
Non-Cash Assistance (Food Distribution)			\$35,984		\$35,984
Total National School Lunch Program		<u>360,465</u>	<u>35,984</u>	<u>360,465</u>	<u>35,984</u>
Total United States Department of Agriculture		<u>360,465</u>	<u>35,984</u>	<u>360,465</u>	<u>35,984</u>
UNITED STATES DEPARTMENT OF EDUCATION					
<i>Passed Through Ohio Department of Education</i>					
Title I, Part A Cluster:					
Title I Grants to Local Educational Agencies	84.010	384,453		426,999	
ARRA-Title I Grants to Local Educational Agencies	84.389			62,490	
Total Title I, Part A Cluster		<u>384,453</u>		<u>489,489</u>	
Special Education Cluster:					
Special Education_Grants to States	84.027	709,803		629,784	
ARRA-Special Education Grants to States	84.391			420,362	
Special Education_Preschool Grants	84.173	7,837		7,819	
ARRA-Special Education-Preschool Grants	84.392			24,691	
Total Special Education Cluster		<u>717,640</u>		<u>1,082,656</u>	
Safe and Drug-Free Schools and Communities_State Grants	84.186	9,069		9,912	
State Grants for Innovative Programs	84.298	273			
Educational Technology State Grants	84.318	3,764		3,727	
Improving Teacher Quality State Grants	84.367	102,295		106,861	
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	227,744		255,803	
Total United States Department of Education		<u>1,445,238</u>		<u>1,948,448</u>	
Total Federal Financial Assistance		<u>\$1,805,703</u>	<u>\$35,984</u>	<u>\$2,308,913</u>	<u>\$35,984</u>

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

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

NOTE D - MATCHING REQUIREMENTS

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



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vandalia-Butler City School District, Montgomery County, (the School District) as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 23, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2010-001 through 2010-002 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated December 23, 2010.

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

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

Mary Taylor, CPA
Auditor of State

December 23, 2010



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of Vandalia-Butler City School District (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Vandalia-Butler City School District's major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the Vandalia-Butler City School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

**Internal Control Over Compliance
(Continued)**

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

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

We noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the School District's management in a separate letter dated December 23, 2010.

Schedule of Federal Awards Receipts and Expenditures

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 School District) as of and for the year ended June 30, 2010, and have issued our report thereon dated December 23, 2010. Our audit was performed to form an opinion on the financial statements that collectively comprise the School District's basic financial statements taken as a whole. The accompanying schedule of federal awards receipts and expenditures (the schedule) provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Mary Taylor, CPA
Auditor of State

December 23, 2010

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Title I, Part A Cluster: CFDA #84.010 - Title I Grants to Local Educational Agencies: CFDA #84.389 - ARRA-Title I Grants to Local Educational Agencies Special Education Cluster: CFDA #84.027 - Special Education_Grants to States CFDA#84.391 - ARRA-Special Education Grants to States, CFDA #84.173 - Special Education_Preschool Grants CFDA#84.392 - ARRA-Special Education Preschool Grants CFDA#84.394 - ARRA-State Fiscal Stabilization Fund (SFSF) – Education State Grants
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2010-001

Material Weakness – GAAP Conversion

Certain deficiencies were noted in the School District's conversion to report year end GAAP financial statements as follows:

- The School District computed accruals for property taxes receivable and deferred revenue to be recorded on the basic financial statements. In its calculation, the District did not use the Official Fiscal Year 2011 Certificate of Estimated Resources, but rather the Certificate of the Total Amount from All Sources Available for Expenditures and Balances. This resulted in the following financial statement misstatements:
 - Taxes Receivable, Tax Revenue, and Deferred Revenue in the Bond Retirement Fund (major fund) was overstated by \$220,470, \$19,801 and \$200,669 respectively;
 - Taxes Receivable, Tax Revenue, and Deferred Revenue in the General Fund (major fund) were understated by \$1,599,058, \$19,801 and \$1,579,257 respectively on the financial statements.

The adjustment for the General Fund and Bond Retirement Fund represented 7.5% understatement and a 7.2% overstatement of liabilities respectively. The accompanying financial statements have been adjusted to reflect the above noted overstatements and understatements. The District should use the following fiscal year's Official Certificate of Estimated Resources in its property taxes receivable calculation.

- Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, Paragraphs 48 – 51, requires governments to classify revenues on the Statement of Activities at the government wide financial reporting level as either program revenues or general revenues.

The School District recorded building fund investment income and restricted general fund intergovernmental revenue in the amounts of \$1,556,062 and \$200,094 respectively as general revenues rather than as program revenue. Additionally, the School District posted various other program revenues to the incorrect expense function. The School District should implement procedures to verify that all program revenues are properly identified and netted against the appropriate expenditures function.

- Governmental Accounting Standards Board Statement 34, Paragraph 112a(1), states interfund loans are amounts provided with a requirement for repayment. Interfund loans should be reported as interfund receivables in lender funds and interfund payables in borrower funds. This activity should not be reported as other financing sources or uses in the fund financial statements. If repayment is not expected within a reasonable time, the interfund balances should be reduced and the amount that is not expected to be repaid should be reported as a transfer from the fund that made the loan to the fund that received the loan.

The District's Summer Intervention fund had an interfund payable from previous years in the amount of \$65,525 that was to be repaid to the General Fund with grant monies that were to be received from the State of Ohio, however it was determined that the District would not receive these grant monies. The accompanying financial statements have been adjusted to report a transfer from the general fund to the summer intervention fund in the amount of \$65,525 and to remove the interfund receivable and payable.

FINDING NUMBER 2010-001

The District should implement procedures to determine when loaned funds should be written off based on if the funds with interfund loans will have the necessary resources and the ability to pay the loans back in a timely manner.

Implementing these procedures over the GAAP reporting process would assist the School District in producing a more accurate set of year-end financial statements.

Officials' Response:

School District Officials declined to respond to this finding.

FINDING NUMBER 2010-002

Material Weakness - Budgetary vs. Actual Statements

The School District prepared budgetary schedules as part of the Comprehensive Annual Financial Report (CAFR). The following errors were noted during the testing of the Budget to Actual Statements:

- General Fund Actual Intergovernmental Revenues were understated by \$169,073 and Earnings on Investment were overstated by \$78,807.
- Actual Expenditures for the Building Fund were overstated by \$66,312 due to the inclusion of the mark to market accrual.
- Final Budgeted Revenues for the Special Education Fund were understated by \$840,007.
- Final Budgeted Revenues for the Title I Fund were understated by \$248,888.

Other small variances were also noted. An audit adjustment was required to correctly present the Final Budgeted Revenues for the Special Education and Title I Funds. All other variances noted above did not require adjustment.

Accurate budgetary financial statements can be a very useful part of management's decision making, can serve as a tool to analyze the School District's operations and fiscal performance, and reflect activity for potential users of the Comprehensive Annual Financial Report (CAFR). The School District should implement procedures to compare amounts on these Statements to budgeted and actual amounts to provide for accuracy of the statements.

Officials' Response:

District Officials declined to respond to this finding.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Calculation of Property Tax Receivables	No	Repeated as Finding Number 2010-001
2009-002	Classification of Premium on Bond Issued	Yes	

**VANDALIA-BUTLER CITY SCHOOL DISTRICT
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
For the Fiscal Year ended June 30, 2010**



306 South Dixie Drive, Vandalia, Ohio 45377

VANDALIA-BUTLER CITY SCHOOL DISTRICT
VANDALIA, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Issued by:
Daniel Schall
Treasurer

Introductory Section

Vandalia-Butler City School District
Vandalia, Ohio
Comprehensive Annual Financial Report
Table of Contents
For the Fiscal Year Ended June 30, 2010

INTRODUCTORY SECTION

Table of Contents	i
Letter of Transmittal	iv
GFOA Certificate of Achievement.....	ix
List of Principal Officials.....	x
Organizational Chart	xi

FINANCIAL SECTION

Independent Accountants' Report.....	1
Management's Discussion and Analysis	3

Basic Financial Statements:

Government-wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities	11

Fund Financial Statements:

Balance Sheet – Governmental Funds.....	12
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – (Non-GAAP Budgetary Basis) General Fund	16
Statement of Fiduciary Assets and Liabilities – Fiduciary Fund.....	17
Notes to the Basic Financial Statements	18

Combining and Individual Fund Financial Statements and Schedules:

Combining Statements – Nonmajor Governmental Funds:	
Fund Descriptions	46

Combining Balance Sheet – Nonmajor Special Revenue Funds.....	50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) – Nonmajor Special Revenue Funds.....	56
Statement of Changes in Assets and Liabilities – Agency Fund	62
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis):	
Bond Retirement Fund	63
Building Fund.....	63
Food Service Fund	64
Special Trust Fund	64
Uniform School Supply Fund.....	64
Public School Support Fund.....	65
Latchkey Fund.....	65
Athletics Fund	65
Auxiliary Services Fund.....	66
Management Information Systems Fund.....	66
Ohio Educational Computer Network Fund.....	66
SchoolNet Professional Development Fund.....	67
Miscellaneous State Grants Fund	67
Special Education Fund.....	67
State Fiscal Stabilization Fund.....	68
Title I Fund.....	68
Title V Fund	68
Drug Free Schools Fund.....	69
Preschool Handicapped Grant Fund.....	69
Title II-A Fund	69
Miscellaneous Federal Grants Fund.....	70

STATISTICAL SECTION

Statistical Tables Contents 71

Net Assets by Component – Last Nine Fiscal Years..... 73

Changes in Net Assets – Last Nine Fiscal Years 74

Fund Balances – Governmental Funds – Last Nine Fiscal Years 76

Changes in Fund Balances – Governmental Funds – Last Nine Fiscal Years..... 78

Assessed and Estimated Actual Value of Taxable Property –
 Last Ten Collection (Calendar) Years 80

Principal Property Taxpayers – Real Estate Tax, Tangible Personal Property Tax,
 Public Utilities Tax - Fiscal Years 2010 and 2001 82

Property Tax Rates – Direct and Overlapping Governments
 Last Ten Collection (Calendar) Years 85

Property Tax Levies and Collections – Real Estate Tax, Tangible Personal Property Tax,
 Public Utilities Tax -Last Ten Collection (Calendar) Years 86

Ratio of Net General Obligation Bonded Debt to Assessed Value
 and Net Bonded Debt Per Capita – Last Ten Years..... 87

Computation of Legal Debt Margin – Last Nine Years 88

Ratio of Outstanding Debt by Type – Last Ten Fiscal Years..... 89

Computation of Direct and Overlapping Debt – June 30, 2010 90

Ratio of Annual Debt Service Expenditures for General Obligation Bonded
 Debt to Total General Fund Expenditures – Last Ten Fiscal Years 91

Demographic Statistics – Last Ten Years 92

Principal Employers – Current Year and Four Years Ago 93

Full-Time Equivalent District Employees by Type – Last Ten Fiscal Years 94

Building Statistics – Last Ten Fiscal Years..... 95

Operating Statistics – Last Eight Fiscal Years 96

December 23, 2010

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

We are pleased to present the 2010 Comprehensive Annual Financial Report (CAFR) for the Vandalia-Butler City School District. This report, for the fiscal year ended June 30, 2010, 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 (School District). The responsibility for the accuracy and completeness of all data presented, and the fairness of the presentation, rests with the School District, specifically with the School District Treasurer's office.

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

DISTRICT OVERVIEW

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

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

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

The current charter as the Vandalia-Butler City School District was adopted in 1956. Today, the 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. The high school is currently under significant renovations and one of the middle schools (Morton Middle School) is being constructed in a new location. Both buildings are expected to be completed during the 2011-2012 fiscal year.

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 access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units also include organizations that are fiscally dependent on the School District in that the School District approves the organization's budget, the issuance of its debt or the levying of its taxes. Currently, the School District does not have any component units.

The School District is associated with the Southwestern Ohio Education Purchasing Council (SOEPC), which is defined as a jointly governed organization. It is a purchasing cooperative comprised of over 126 school districts in 18 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. This organization is presented in Note 17.

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 17.

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 17.

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

ECONOMIC CONDITION AND OUTLOOK

The Vandalia-Butler City School District serves the residents of the City of Vandalia and Butler Township, who despite lack of state dollars and removal of personal property from the tax base realize the importance of strong schools. Over the past 5 years the community has passed all tax requests for renewals and new levies, and the School District has been proactive in making reductions so as only to ask for taxes when valued programs are in jeopardy. Additionally, on November 4, 2008 the community supported a bond issue for \$49,950,000. The tax rate for the bond issue was effective January 1, 2010 and began collection as a previous emergency levy expired. The School District committed to no increase in taxes for building the new facilities and has delivered on that promise.

Butler Township continues to experience some commercial growth in conjunction with declining real estate values. With the redesign of the Interstate 70 and Interstate 75 exchange that began in 2002, the township has opened a new exit ramp at the Benchwood Road interchange and closed the Little York Road exchange. Among many new projects, York Commons is an 80 acre regional retail project located at the new I-75 Benchwood interchange, six miles north of downtown Dayton and within 10 minutes of the Dayton International Airport. The property is zoned B-3 allowing for most business enterprises. Tax incentives are being offered as 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. Similarly to the township they are offering business and residents modified infrastructure to attract more development. 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 county auditor's office is trying to finalize the 2010 valuation inside the School District at the time of this report. The Board of Revisions has approved drastic reductions in several of the School District's largest commercial properties and the County Treasurer's Office has taken a more direct role in helping taxpayers enroll in payment plans. The combination of these actions with already diminished valuation makes it more difficult to set appropriate tax rates. The resulting reduction in valuation and tax collection will also impact the School District's levy requests. The extent of the impact is unknown, but should be available by January of 2011.

MAJOR INITIATIVES

Vandalia-Butler City Schools achieved an "Excellent" rating for the sixth year in a row, as awarded by the State of Ohio on the local report card. We continue to improve as we examine weaknesses in student achievement and design targeted interventions to better align our instruction and our financial resources. Additionally, capital spending was reduced in anticipation of the new and renovated buildings. The School District is analyzing and realigning its facility plan to maximize building project dollars. Building design and selected alternates are being evaluated against the impact the building will have on the operating budget.

FINANCIAL INFORMATION

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

Internal Controls

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

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

Federal and State Assistance

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

Budgetary Controls

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

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

Financial Condition

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

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

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

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

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

Cash Management

The School District approved an investment policy at its organizational meeting in January 2009, and has used Multi-Bank Services, Ltd. as an investment consultant. With the guidance of Multi-Bank Services, the School District pursues an aggressive cash management program by expediting the receipt of revenues and prudently investing available cash pursuant to the School District's investment policy. The total interest earned by the School District's governmental funds was \$1,924,940 for the fiscal year ended June 30, 2010. A majority of the School District's deposits are collateralized by pooled collateral. By law, financial institutions may establish a collateral pool to cover all public deposits. The collateral is held by trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions. The School District regularly reviews the market value of the pool to ensure that adequate collateral is provided. A more detailed description of School District's investments is presented in Note 5.

Risk Management

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

OTHER INFORMATION

Independent Audit

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Vandalia-Butler City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009. 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 Balestra, Harr and Scherer Consulting for the guidance and assistance in preparing this report.



Daniel Schall
Treasurer



Christy Donnelly, Ph.D.
Superintendent

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Vandalia-Butler City
School District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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



President

Executive Director

Vandalia-Butler City School District
List of Principal Officials
For the Fiscal Year Ended June 30, 2010

ELECTED OFFICIALS

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

ADMINISTRATIVE OFFICIALS

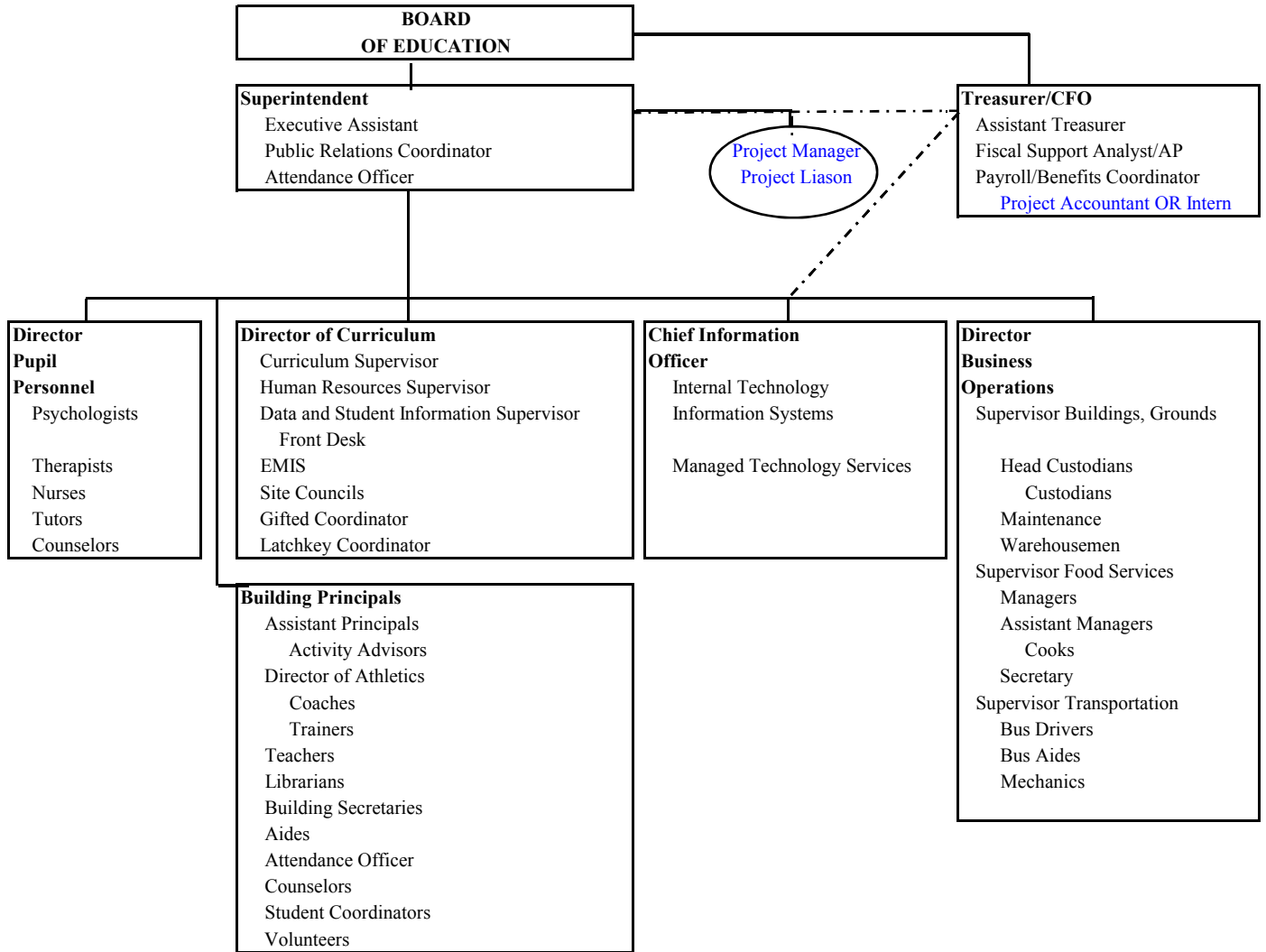
Superintendent	Dr. Christy Donnelly
Treasurer	Mr. Daniel Schall
Director of Curriculum	Mrs. Laura Bemus
Director of Technology and Professional Staff	Mr. Jeff Cassell
Director of Business Operations	Mr. Chuck Stewart
Director of Pupil Personnel	Mr. Dan Heaton

OFFICE OF THE TREASURER

Treasurer	Mr. Daniel Schall
Assistant Treasurer	Mrs. Kay Altenburger
Payroll Supervisor	Mrs. Suzanne Chualas
Fiscal Support Analyst	Mrs. Tiffany Hiser
Central Office Coordinator	Mrs. Betty Spencer

Vandalia-Butler City School District
 Organizational Chart
 June 30, 2010

Blue - Temporary



Financial Section



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vandalia-Butler City School District, Montgomery County, Ohio (the School District), as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Vandalia-Butler City School District, Montgomery County, Ohio, as of June 30, 2010, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2010, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



Mary Taylor, CPA
Auditor of State

December 23, 2010

Vandalia-Butler City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Vandalia-Butler City School District's (the School District) discussion and analysis of the annual financial reports provides a review of the financial performance for the fiscal year ended June 30, 2010. 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 transmittal letter, notes to the basic financial statements, and the basic financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- The School District's assets exceeded its liabilities at June 30, 2010 by \$15,458,017.
- The School District's net assets of governmental activities decreased \$3,651,510 which represents a 19 percent decrease from 2009.
- General revenues accounted for \$34,435,922 in revenue, or 87 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions accounted for \$5,266,256, or 13 percent of total revenues of \$39,702,178.
- The School District had \$43,353,688 in expenses related to governmental activities; only \$5,266,256 of these expenses was offset by program specific charges for services and sales, grants, and contributions.

USING THIS ANNUAL FINANCIAL REPORT

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

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

REPORTING THE DISTRICT AS A WHOLE

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

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

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

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

Vandalia-Butler City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited)

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the School District's funds begins on page 6. Fund financial statements provide detailed information about the School District's major funds – not the School District as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Treasurer with approval from the Board to help control, manage, and report money received for a particular purpose or to show that the School District is meeting legal responsibilities for use of grants. The Vandalia-Butler City School District's major funds are the General Fund, Bond Retirement Fund, and the Building Capital Project 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 the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

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

THE DISTRICT AS A WHOLE

As stated previously, the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2010 compared to 2009.

Table 1
Net Assets
Governmental Activities

	2010	2009*
Assets:		
Current and Other Assets	\$84,597,107	\$91,425,567
Capital Assets, Net	11,234,229	7,200,733
Total Assets	95,831,336	98,626,300
Liabilities:		
Current and Other Liabilities	25,567,742	49,986,676
Long-Term Liabilities	54,805,577	29,530,097
Total Liabilities	80,373,319	79,516,773
Net Assets:		
Invested in Capital Assets, Net of Related Debt	4,724,275	6,673,756
Restricted	3,713,793	1,208,621
Unrestricted	7,019,949	11,227,150
Total Net Assets	\$15,458,017	\$19,109,527

*Certain balances were reclassified for consistency between years. There was no effect on total net assets.

Vandalia-Butler City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited)

Total net assets of the School District, as a whole, decreased \$3,651,510. The decrease to current assets is due to a decrease in cash on hand at June 30, 2010 that resulted from expenditures for construction projects and a decrease to taxes receivable. The increase to capital assets, net is due to the increase of construction in progress and other asset additions, which were offset by deletions and current year depreciation. The decrease to current and other liabilities is due to the payment of a bond anticipation note during the fiscal year. The increase to long-term liabilities is due to the issuance of general obligation and capital appreciation bonds.

Table 2 shows the changes in net assets for the fiscal years ended June 30, 2010 and June 30, 2009.

Table 2
Change in Net Assets
Governmental Activities

	2010	2009
Revenues		
Program Revenues:		
Charges for Services and Sales	\$2,362,517	\$2,243,542
Operating Grants and Contributions	2,903,739	2,144,181
Total Program Revenues	<u>5,266,256</u>	<u>4,387,723</u>
General Revenues:		
Property Taxes	20,951,256	22,083,111
Grants and Entitlements not Restricted	11,453,032	10,842,857
Investment Earnings	1,924,940	854,137
Gain on Disposal of Capital Assets	475	5,593
Miscellaneous	106,219	300,262
Total General Revenues	<u>34,435,922</u>	<u>34,085,960</u>
Total Revenues	<u>39,702,178</u>	<u>38,473,683</u>
Program Expenses		
Instruction		
Regular	17,703,515	15,730,676
Special	4,378,332	3,890,156
Vocational	571,985	350,555
Other	1,667,234	2,426,088
Support Services		
Pupils	2,760,487	2,380,064
Instructional Staff	2,413,756	2,214,753
Board of Education	104,129	84,508
Administration	2,502,717	2,271,269
Business and Fiscal	1,112,230	1,156,290
Operation of Maintenance of Plant	2,644,333	2,668,596
Pupil Transportation	1,616,443	1,516,657
Central	1,526,642	616,236
Non-Instructional Services	1,855,888	1,563,537
Extracurricular Activities	522,064	544,252
Interest and Fiscal Charges	1,973,933	1,082,807
Total Expenses	<u>43,353,688</u>	<u>38,496,444</u>
Decrease in Net Assets	(3,651,510)	(22,761)
Net Assets at Beginning of Year	19,109,527	19,132,288
Net Assets at End of Year	<u>\$15,458,017</u>	<u>\$19,109,527</u>

Vandalia-Butler City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited)

Governmental Activities

Property taxes comprised 53 percent of revenue for governmental activities of the Vandalia-Butler City School District for fiscal year 2010 and represents the largest source of revenue. The decrease to tax revenue is due to the phase out of personal property tax. Grants and entitlements comprised 29 percent of revenue for governmental activities during 2010. The increase to operating grants and contributions and grants and entitlements is due to the changes on restrictions of state funding as well as the receipt of stimulus funding.

As indicated by governmental program expenses, total instruction is emphasized. Total instruction comprised 56 percent of governmental program expenses with support services comprising 34 percent of governmental expenses. The Board of Education relies on taxes to support increased student achievement within the School District. The increase to regular instruction is due to the increase of accrued wages and benefit obligations and non-capitalized costs incurred from the School District's construction project. The increase to special instruction is a component of student needs. Higher needs students continue to drive special instruction costs up. Pupil expenditure increases are a result of the School District's program based budget model. Focus and priority is given to expenditure on items that impact instruction. Increases to central and non-instructional services are due to non-capitalized costs incurred from the School District's construction project.

The Statement of Activities shows the cost of program services and the charges for services and sales, and grants and contributions offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2010 as compared to 2009. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Total and Net Cost of Program Services
Governmental Activities

	2010		2009	
	Total Cost of Services	Net Cost Of Services	Total Cost of Services	Net Cost of Services
Instruction	\$24,321,066	\$22,596,878	\$22,397,475	\$20,676,172
Support Services	14,680,737	12,778,975	12,908,373	11,969,701
Non-instructional Services	1,855,888	410,695	1,563,537	27,656
Extracurricular Activities	522,064	327,760	544,252	352,385
Interest and Fiscal Charges	1,973,933	1,973,124	1,082,807	1,082,807
Total Expenses	\$43,353,688	\$38,087,432	\$38,496,444	\$34,108,721

THE DISTRICT'S FUNDS

Information about the District's governmental funds begins on page 12. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$63,912,242 and expenditures of \$47,482,512.

The fund balance of the General Fund decreased in the amount of \$3,335,065. This decrease is due primarily to decrease in tax revenue and an increase in expenditures. The Bond Retirement Fund balance increased \$1,944,984 due to an increase in tax revenue received in fiscal year 2010. The fund balance of the Building Fund increased \$18,094,549 due to receipts exceeding disbursements.

Vandalia-Butler City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited)

General Fund Budgeting Highlights

The School District's budget is adopted on a fund basis.

During the course of the fiscal year 2010, the School District amended its General Fund budget. Actual revenues and other financing sources for the fiscal year 2010 was \$32,115,140. This represents a \$1,044,597 decrease from the final and original budgeted revenues, which is primarily due to tax revenues and intergovernmental revenues.

The actual budget basis expenditures and other financing uses for fiscal year 2010 totaled \$35,981,244 which was \$727,462 less than the original budgeted appropriations and \$1,411,869 less than final budgeted appropriations which is due primarily to conservative budgeting by the School District.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2010, the School District had \$11,234,229 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows the fiscal year 2010 balances compared to 2009. For additional information on capital assets, see Note 8 to the basic financial statements.

Table 4
 Capital Assets
 (Net of Accumulated Depreciation)

	Governmental Activities	
	2010	2009
Land	\$623,099	\$623,099
Construction in Progress	4,580,544	560,558
Land Improvements	542,513	587,077
Buildings and Improvements	3,242,914	3,423,046
Furniture and Equipment	1,337,105	1,470,380
Vehicles	908,054	536,573
Totals	\$11,234,229	\$7,200,733

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

Vandalia-Butler City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited)

Debt

At June 30, 2010 the District had \$51,621,060 in notes and bonds outstanding. Table 5 summarizes the bonds outstanding:

Table 5
 Outstanding Debt at Year End
 Governmental Activities

	2010	2009
Bond Anticipation Notes	\$0	\$24,000,000
General Obligation Bonds	49,645,000	25,760,000
Premium	1,298,102	755,926
Capital Appreciation Bonds	304,309	189,991
Accretion	373,649	199,531
Total	\$51,621,060	\$50,905,448

For additional information on debt, see Notes 14 and 15 to the basic financial statements.

At June 30, 2010 the School District's overall legal debt margin was \$9,828,807 with an unvoted debt margin of \$638,108.

FOR THE FUTURE

Vandalia-Butler City Schools continues to improve on student achievement while having achieved "Excellent" as measured by the State of Ohio on the local report card six years in a row. In November of 2008, the School District passed a bond issue for \$49,950,000 in order to renovate the high school and replace a middle school. The payment on the bond equals \$3,585,000, the same amount as an emergency levy that ended in 2009. No increase in taxes was issued for the debt as the emergency levy ended and the bond issue collection began.

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

Vandalia-Butler City School District
Statement of Net Assets
 June 30, 2010

	Governmental Activities
ASSETS	
Equity in Pooled Cash and Investments	\$61,536,965
Receivables:	
Taxes	21,395,626
Interest	206,721
Accounts	28,134
Intergovernmental	856,473
Unamortized Bond Issuance Costs	573,188
Non-Depreciable Capital Assets	5,203,643
Depreciable Capital Assets, Net	6,030,586
<i>Total Assets</i>	95,831,336
LIABILITIES	
Accounts Payable	436,049
Accrued Wages and Benefits	3,286,914
Contracts Payable	1,099,876
Accrued Interest Payable	472,563
Unearned Revenue	18,802,537
Matured Compensated Absences Payable	139,850
Intergovernmental Payable	1,329,953
Long-Term Liabilities:	
Due Within One Year	392,004
Due In More Than One Year	54,413,573
<i>Total Liabilities</i>	80,373,319
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	4,724,275
Restricted for:	
Debt Service	2,845,942
Other Purposes	867,851
Unrestricted (Deficit)	7,019,949
<i>Total Net Assets</i>	\$15,458,017

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

Vandalia-Butler City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2010

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES				
Instruction:				
Regular	\$17,703,515	\$572,286	\$95,496	(\$17,035,733)
Special	4,378,332	80,051	925,413	(3,372,868)
Vocational	571,985	12,938	0	(559,047)
Other	1,667,234	38,004	0	(1,629,230)
Support Services:				
Pupils	2,760,487	59,836	182,621	(2,518,030)
Instructional Staff	2,413,756	252,167	762,977	(1,398,612)
Board of Education	104,129	2,426	0	(101,703)
Administration	2,502,717	56,602	60,057	(2,386,058)
Business and Fiscal	1,112,230	25,875	0	(1,086,355)
Operation and Maintenance of Plant	2,644,333	51,777	281,617	(2,310,939)
Pupil Transportation	1,616,443	33,961	43,542	(1,538,940)
Central	1,526,642	16,980	71,324	(1,438,338)
Non-Instructional Services	1,855,888	964,501	480,692	(410,695)
Extracurricular Activities	522,064	194,304	0	(327,760)
Interest and Fiscal Charges	1,973,933	809	0	(1,973,124)
<i>Total Governmental Activities</i>	<u>\$43,353,688</u>	<u>\$2,362,517</u>	<u>\$2,903,739</u>	<u>(38,087,432)</u>

GENERAL REVENUES

Property Taxes Levied for:	
General Purposes	19,070,956
Debt Service	1,880,300
Grants and Entitlements not Restricted to Specific Programs	11,453,032
Investment Earnings	1,924,940
Gain on the Disposal of Capital Assets	475
Miscellaneous	106,219
<i>Total General Revenues</i>	<u>34,435,922</u>
Change in Net Assets	(3,651,510)
<i>Net Assets Beginning of Year</i>	<u>19,109,527</u>
<i>Net Assets End of Year</i>	<u>\$15,458,017</u>

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

Vandalia-Butler City School District
Balance Sheet
Governmental Funds
June 30, 2010

	General	Bond Retirement	Building	Other Governmental Funds	Total Governmental Funds
ASSETS					
Equity in Pooled Cash and Investments	\$13,453,043	\$2,369,140	\$44,119,479	\$1,595,303	\$61,536,965
Receivables:					
Taxes	18,684,185	2,711,441	0	0	21,395,626
Accounts	28,134	0	0	0	28,134
Interest	13,150	0	193,571	0	206,721
Intergovernmental	37,543	0	0	818,930	856,473
Interfund	929,666	0	0	0	929,666
<i>Total Assets</i>	<u>\$33,145,721</u>	<u>\$5,080,581</u>	<u>\$44,313,050</u>	<u>\$2,414,233</u>	<u>\$84,953,585</u>
LIABILITIES					
Accounts Payable	\$340,490	\$0	\$9,625	\$85,934	\$436,049
Accrued Wages and Benefits	3,097,459	0	0	189,455	3,286,914
Matured Compensated Absences Payable	139,850	0	0	0	139,850
Contracts Payable	0	0	1,099,876	0	1,099,876
Deferred Revenue	17,797,728	2,582,519	0	758,578	21,138,825
Interfund Payable	0	0	0	929,666	929,666
Intergovernmental Payable	1,180,197	0	0	149,756	1,329,953
<i>Total Liabilities</i>	<u>22,555,724</u>	<u>2,582,519</u>	<u>1,109,501</u>	<u>2,113,389</u>	<u>28,361,133</u>
FUND BALANCES					
Reserved for Encumbrances	493,597	986	18,084,688	238,467	18,817,738
Reserved for Property Taxes	866,656	148,723	0	0	1,015,379
Unreserved					
Undesignated - Reported In					
General Fund	9,229,744	0	0	0	9,229,744
Special Revenue Funds	0	0	0	62,377	62,377
Debt Service Fund	0	2,348,353	0	0	2,348,353
Capital Projects Fund	0	0	25,118,861	0	25,118,861
Total Fund Balances	<u>10,589,997</u>	<u>2,498,062</u>	<u>43,203,549</u>	<u>300,844</u>	<u>56,592,452</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$33,145,721</u>	<u>\$5,080,581</u>	<u>\$44,313,050</u>	<u>\$2,414,233</u>	<u>\$84,953,585</u>

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

Vandalia-Butler City School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2010*

Total Governmental Fund Balances	\$	56,592,452
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		11,234,229
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Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Taxes Receivable	1,577,710	
Intergovernmental	758,578	
Unamortized Bond Issuance Costs	<u>573,188</u>	

Total		2,909,476
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Long-term liabilities, including accrued interest, capital lease obligations, general obligation bonds, and the long-term portion of compensated absences, are not due and payable in the current period and therefore are not reported in the funds.

Interest Payable	(472,563)	
Compensated Absences	(2,570,705)	
General Obligation Bonds	(49,645,000)	
Premium on General Obligation Bonds	(1,298,102)	
Capital Appreciation Bonds	(304,309)	
Accreted Amount on Bonds	(373,649)	
Capital Lease Obligations	<u>(613,812)</u>	

Total		<u>(55,278,140)</u>
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Net Assets of Governmental Activities	\$	<u><u>15,458,017</u></u>
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The notes to the basic financial statements are an integral part of this statement.

Vandalia-Butler City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2010

	General	Bond Retirement	Building	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$19,018,840	\$1,512,619	\$0	\$0	\$20,531,459
Intergovernmental	11,327,501	169,073	0	2,151,564	13,648,138
Earnings on Investments	368,878	0	1,555,272	790	1,924,940
Tuition and Fees	786,255	0	0	187,752	974,007
Charges for Services	22,339	0	0	964,501	986,840
Extracurricular	0	0	0	401,670	401,670
Gifts and Donations	0	0	0	188,406	188,406
Other	95,890	0	0	10,329	106,219
<i>Total Revenues</i>	<u>31,619,703</u>	<u>1,681,692</u>	<u>1,555,272</u>	<u>3,905,012</u>	<u>38,761,679</u>
EXPENDITURES					
Current:					
Instruction					
Regular	16,599,638	0	725,371	271,655	17,596,664
Special	3,484,569	0	0	899,250	4,383,819
Vocational	567,326	0	0	0	567,326
Other	1,654,689	0	0	12,545	1,667,234
Support Services:					
Pupils	2,623,750	0	0	154,909	2,778,659
Instructional Staff	1,535,001	0	0	793,228	2,328,229
Board of Education	104,125	0	0	0	104,125
Administration	2,384,353	0	0	44,794	2,429,147
Business and Fiscal	1,097,731	0	0	0	1,097,731
Operation and Maintenance of Plant	2,210,827	0	154,253	246,009	2,611,089
Pupil Transportation	1,454,841	0	2,868	0	1,457,709
Central	735,734	0	721,280	38,069	1,495,083
Non-Instructional Services	0	0	288,933	1,548,063	1,836,996
Extracurricular Activities	280,318	0	0	236,753	517,071
Capital Outlay	515,659	0	3,837,586	0	4,353,245
Debt Service					
Principal	146,259	0	0	0	146,259
Interest	11,901	17,265	1,729,750	0	1,758,916
Issuance Costs	0	287,685	0	0	287,685
<i>Total Expenditures</i>	<u>35,406,721</u>	<u>304,950</u>	<u>7,460,041</u>	<u>4,245,275</u>	<u>47,416,987</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,787,018)	1,376,742	(5,904,769)	(340,263)	(8,655,308)
OTHER FINANCING SOURCES (USES)					
Bonds Issued	0	0	23,999,318	0	23,999,318
Premium on Bonds Issued	0	568,242	0	0	568,242
Transfers In	0	0	0	65,525	65,525
Transfers Out	(65,525)	0	0	0	(65,525)
Inception of Capital Lease	515,659	0	0	0	515,659
Proceeds from the Sale of Assets	1,819	0	0	0	1,819
<i>Total Other Financing Sources (USES)</i>	<u>451,953</u>	<u>568,242</u>	<u>23,999,318</u>	<u>65,525</u>	<u>25,085,038</u>
Net Change in Fund Balances	(3,335,065)	1,944,984	18,094,549	(274,738)	16,429,730
Fund Balances at					
Beginning of Year	13,925,062	553,078	25,109,000	575,582	40,162,722
Fund Balances at End of Year	<u>\$10,589,997</u>	<u>\$2,498,062</u>	<u>\$43,203,549</u>	<u>\$300,844</u>	<u>\$56,592,452</u>

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

Vandalia-Butler City School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2010*

Net Change in Fund Balances - Total Governmental Funds		\$ 16,429,730
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions exceeded depreciation in the current period.</p>		
Capital Asset Additions	4,771,604	
Current Year Depreciation	<u>(736,764)</u>	
Total		4,034,840
<p>Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities a gain or loss is reported for each disposal. This is the amount of the gain on the disposal of capital assets and the proceeds from the sale of capital assets.</p>		
Proceeds from Sale of Capital Assets	(1,819)	
Gain on Disposal of Capital Assets	<u>475</u>	
Total		(1,344)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Taxes	419,797	
Intergovernmental	<u>520,227</u>	
Total		940,024
<p>New lease obligations in the statement of revenues, expenditures and changes in fund balances that are reported as other financing sources are not reported as revenues in the statement of activities.</p>		
		(515,659)
<p>Bond issuance costs are recorded as an expenditure in the governmental funds, but are recognized as an asset and are not recorded in the statement of activities.</p>		
		287,685
<p>Proceeds and premiums from the sale of bonds in the statement of revenues, expenditures and changes in fund balances that are reported as other financing sources are not reported as revenues in the statement of activities.</p>		
		(24,567,560)
<p>Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of net assets.</p>		
Annual Accretion of Capital Appreciation Bonds	(174,118)	
Accrued Interest	(56,768)	
Premium	26,066	
Issuance Costs	<u>(10,197)</u>	
Total		(215,017)
<p>Repayment of capital leases obligations are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net assets and does not result in an expense in the statement of activities.</p>		
		146,259
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Increase in Compensated Absences		<u>(190,468)</u>
Net Change in Net Assets of Governmental Activities		<u>\$ (3,651,510)</u>

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

Vandalia-Butler City School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget: Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$19,747,984	\$19,747,984	\$19,179,641	(\$568,343)
Intergovernmental	11,812,323	11,812,323	11,303,294	(509,029)
Earnings on Investments	285,127	285,127	355,728	70,601
Tuition and Fees	798,401	798,401	775,423	(22,978)
Rent	23,001	23,001	22,339	(662)
Other	47,382	47,382	46,018	(1,364)
<i>Total Revenues</i>	<u>32,714,218</u>	<u>32,714,218</u>	<u>31,682,443</u>	<u>(1,031,775)</u>
EXPENDITURES				
Current:				
Instruction:				
Regular	17,114,950	17,025,233	16,382,403	642,830
Special	3,260,872	3,577,649	3,442,566	135,083
Vocational	349,500	357,761	344,253	13,508
Other	2,378,071	2,072,151	1,993,912	78,239
Support Services:				
Pupils	2,246,613	2,693,273	2,591,582	101,691
Instructional Staff	1,906,693	1,605,453	1,544,835	60,618
Board of Education	95,587	114,594	110,267	4,327
Administration	2,330,013	2,485,610	2,391,760	93,850
Business and Fiscal	1,401,549	1,190,140	1,145,203	44,937
Operation and Maintenance of Plant	3,027,460	2,349,684	2,260,966	88,718
Pupil Transportation	1,636,572	1,660,755	1,598,049	62,706
Central	686,735	766,144	737,216	28,928
Extracurricular Activities	274,091	287,942	277,070	10,872
<i>Total Expenditures</i>	<u>36,708,706</u>	<u>36,186,389</u>	<u>34,820,082</u>	<u>1,366,307</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,994,488)</u>	<u>(3,472,171)</u>	<u>(3,137,639)</u>	<u>334,532</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Assets	1,873	1,873	1,819	(54)
Refund of Prior Year Expenditures	59,780	59,780	58,060	(1,720)
Advances In	383,866	383,866	372,818	(11,048)
Refund of Prior Year Receipt	0	(255,127)	(245,494)	9,633
Advances Out	0	(951,597)	(915,668)	35,929
Total Other Financing Sources (Uses)	<u>445,519</u>	<u>(761,205)</u>	<u>(728,465)</u>	<u>32,740</u>
Net Change in Fund Balance	(3,548,969)	(4,233,376)	(3,866,104)	367,272
Fund Balance at Beginning of Year	15,495,595	15,495,595	15,495,595	0
Prior Year Encumbrances Appropriated	<u>1,147,232</u>	<u>1,147,232</u>	<u>1,147,232</u>	<u>0</u>
Fund Balance at End of Year	<u>\$13,093,858</u>	<u>\$12,409,451</u>	<u>\$12,776,723</u>	<u>\$367,272</u>

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

Vandalia-Butler City School District
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
June 30, 2010

	<u>Agency</u>
ASSETS	
Equity in Pooled Cash and Investments	<u>\$104,324</u>
<i>Total Assets</i>	<u><u>\$104,324</u></u>
LIABILITIES	
Due to Students	<u>\$104,324</u>
<i>Total Liabilities</i>	<u><u>\$104,324</u></u>

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

Vandalia-Butler City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

1. DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

The School District

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. This Board of Education controls the School District's nine instructional/support facilities staffed by 180 non-certified and 263 certificated full time teaching personnel who provide services to 3,351 students and other community members.

Reporting Entity

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

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

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

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

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

Butler Township – The township government is also a separate body politic and corporate. A three member Board of Trustees are elected independent of any School District relationships and 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.

Vandalia-Butler City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

1. DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY (Continued)

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. These organizations are discussed in Notes 17 and 18 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Fund Accounting

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

Governmental Funds

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

General Fund

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

Bond Retirement Fund

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

Building Fund

The Building Fund is used to account for all monies received and expended in connection with contracts entered into by the School District for the acquisition, construction or improvement of capital facilities.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds

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

Basis of Presentation

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Measurement Focus

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

Vandalia-Butler City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions

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

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

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

Unearned/Deferred Revenue

Unearned/deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, have been recorded as unearned/deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned/deferred revenue. On the governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Vandalia-Butler City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenses/Expenditures

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) principal and interest on general long-term debt and capital lease obligations, which is recorded when due, 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.

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 2010.

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.

A budgetary schedule was not presented for the Entry Year Program Fund and the Summer Intervention Fund. There were no appropriations and estimated resources at fiscal year-end in these funds.

Encumbrances

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

Cash and Investments

Cash received by the School District is deposited into one of several bank accounts with individual fund balance integrity maintained 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 earned amounted to \$1,924,940 in which \$368,878 was recorded in the General Fund, \$1,555,272 in the Building Fund, and \$790 in other non-major governmental funds.

Vandalia-Butler City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The School District records all its investments at fair value. For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. The School District has invested in the State Treasury Asset Reserve of Ohio (STAROhio), Certificates of Deposit, Federal Home Loan Bank Bonds, Federal National Mortgage Association Bonds, and Federal Home Loan Mortgage Corp. Bonds during fiscal year 2010. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2010.

Capital Assets and Depreciation

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

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

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

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

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

Interfund Balances

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

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.

Vandalia-Butler City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities, that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and 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.

Net Assets

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

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

Of the School District's \$3,713,793 in restricted net assets, none is restricted by enabling legislation.

Fund Balance Reserves

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

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.

Vandalia-Butler City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Unamortized Bond Issuance Costs/Bond Premium and Discount

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

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.

3. ACCOUNTABILITY AND COMPLIANCE

Accountability

The Early Entry Program, Special Education, Title I, Drug Free Schools, Preschool Handicapped Grant, Title II-A and Miscellaneous Federal Grants special revenue funds had deficit fund balances of \$14,000, \$647,365, \$197,477, \$843, \$781, \$8,527, and \$253, respectively which were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however this is done when cash is needed rather than when accruals occur.

Compliance

At June 30, 2010, the Athletics fund had final appropriations plus fund balance in excess of final estimated revenues in the amount of \$13,861.

At June 30, 2010, the MIS and the Title II-A Funds had expenditures plus encumbrances in excess of appropriations in the amount of \$16, and \$3,942, respectively.

4. BUDGETARY BASIS OF ACCOUNTING

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

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

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

Vandalia-Butler City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund:

Net Change in Fund Balance	General
GAAP Basis	(\$3,335,065)
Adjustments:	
Revenue and Other Financing Sources Accruals	(22,041)
Expenditure Accruals	167,322
Encumbrances	(676,320)
Budget Basis	(\$3,866,104)

5. DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States treasury notes, bills, bonds, or other obligations of or securities issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. Interim deposits in the eligible institutions applying for interim money as provided in section 135.08 of the Revised Code;

Vandalia-Butler City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

5. DEPOSITS AND INVESTMENTS (Continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio);
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time;
9. Linked deposits as authorized by ordinance adopted pursuant to section 135.80 of the Revised Code;
10. Commercial paper notes issued by any entity that is defined in division (D) of section 1705.01 of the Revised Code and has assets exceeding five hundred million dollars, and to which notes are rated at the time of purchase in the highest classification established by at least two standard rating services; the aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation; the notes mature no later than one hundred eighty days after purchase; and
11. Bankers' acceptances of banks that are members of the federal deposit insurance corporation to which obligations both the following apply: obligations are eligible for purchase by the federal reserve system and the obligations mature no later than one hundred eighty days after purchase.

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

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

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

Cash on Hand

At year end, the School District had \$2,650 in undeposited cash on hand which is included on the basic financial statements of the School District as part of "Equity in Pooled Cash and Investments."

Deposits

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

Vandalia-Butler City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

5. DEPOSITS AND INVESTMENTS (Continued)

As of June 30, 2010, the School District's bank balance of \$6,055,565 was either covered by FDIC or collateralized by the financial institutions' public entity deposit pools in the manner described above.

Investments

The School District had the following investments at June 30, 2010:

	Fair Value	< 1 Year	1-2 Years	3-5 Years
Federal Home Loan Bank	\$22,520,232	\$3,330,052	\$2,000,000	\$17,190,180
Federal National Mort. Assn.	11,697,953	0	0	11,697,953
Federal Home Loan Mortgage	5,492,182	377,285	0	5,114,897
STAROhio	16,044,643	16,044,643	0	0
Total Investments	\$55,755,010	\$19,751,980	\$2,000,000	\$34,003,030

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

Credit risk –Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District limits their investments to STAROhio, Federal Home Loan Bank Bonds, Federal National Mortgage Association Bonds, and Federal Home Loan Mortgage Corp. Bonds. Investments in STAROhio were rated AAAM by Standard & Poor's. Investments in Federal Home Loan Bank Bonds, Federal National Mortgage Association Bonds, and Federal Home Loan Mortgage Corp. Bonds were rated AAA by Standard & Poor's and Aaa by Moody's. The School District does not have an investment policy dealing with credit risk beyond the requirements of state statutes.

Concentration of credit risk – The School District does not have an investment policy addressing this risk, but limits investments to STAROhio, Securities of Federal Agencies or Instrumentalities and Certificates of Deposit. The School District has invested 40.3% in Federal Home Loan Bank Bonds, 21.0% in Federal National Mortgage Association Bonds, 9.9% in Federal Home Loan Mortgage Bonds, and the remaining 28.8% in STAROhio.

Custodial credit risk - Custodial credit risk is the risk that in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the School District's securities are either insured and registered in the name of the School District or at least registered in the name of the School District. The School District has no investment policy dealing with investment custodial credit 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.

Vandalia-Butler City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2010 represents collections of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed value listed as of January 1, 2009, the lien date. Assessed values for real property taxes are established by state law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2010 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien December 31, 2008, were levied after April 1, 2009 and are collected in 2010 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after April 1, 2009, on the value as of December 31, 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

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, 2010 are available to finance fiscal year 2010 operations. At June 30, 2010, \$866,656 was available as an advance to the General Fund and \$148,723 for the Bond Retirement Fund. The amount available as an advance can vary depending upon when tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2010 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

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

Vandalia-Butler City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

6. PROPERTY TAXES (Continued)

The assessed values upon which fiscal year 2010 taxes were collected are:

	2009 Second- Half Collections		2010 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$632,699,010	98.0%	\$626,926,220	98.2%
Public Utility	10,904,770	1.7%	10,654,960	1.7%
Tangible Personal Property	2,342,340	0.3%	527,300	0.1%
Total Assessed Value	<u>\$645,946,120</u>	<u>100.00%</u>	<u>\$638,108,480</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$53.69		\$53.72	

7. RECEIVABLES

Receivables at June 30, 2010, consisted of property taxes, interest, accounts, interfund, and intergovernmental grants. All receivables are considered collectible in full and will be received within one year. A summary of the principal items of intergovernmental receivables follows:

<u>Fund</u>	<u>Amount</u>
General	\$37,543
Non-major Funds:	
Title I	169,328
Title II-A	7,834
Miscellaneous Federal Grants	253
Auxilliary Services	21,782
Preschool Handicapped Grant	25,473
Drug-Free Schools	844
Special Education	<u>593,416</u>
Total Non-major Funds	<u>818,930</u>
Total Intergovernmental Receivables	<u>\$856,473</u>

Vandalia-Butler City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

8. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2010, was as follows:

	Ending Balance 06/30/09	Additions	Deletions	Ending Balance 06/30/10
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 623,099	\$ -	\$ -	\$ 623,099
Construction in Progress	560,558	4,019,986		4,580,544
Total Capital Assets, Not Being Depreciated	<u>1,183,657</u>	<u>4,019,986</u>	<u>-</u>	<u>5,203,643</u>
Capital Assets Being Depreciated				
Land Improvements	1,517,780	5,100	-	1,522,880
Buildings and Improvements	16,000,630	15,840	-	16,016,470
Furniture and Equipment	3,996,204	208,930	-	4,205,134
Vehicles	2,045,541	521,748	(13,440)	2,553,849
Total Capital Assets, Being Depreciated	<u>23,560,155</u>	<u>751,618</u>	<u>(13,440)</u>	<u>24,298,333</u>
Less Accumulated Depreciation:				
Land Improvements	(930,703)	(49,664)	-	(980,367)
Buildings and Improvements	(12,577,584)	(195,972)	-	(12,773,556)
Furniture and Equipment	(2,525,824)	(342,205)	-	(2,868,029)
Vehicles	(1,508,968)	(148,923)	12,096	(1,645,795)
Total Accumulated Depreciation	<u>(17,543,079)</u>	<u>(736,764)</u>	<u>12,096</u>	<u>(18,267,747)</u>
Total Capital Assets Being Depreciated, Net	<u>6,017,076</u>	<u>14,854</u>	<u>(1,344)</u>	<u>6,030,586</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,200,733</u>	<u>\$ 4,034,840</u>	<u>\$ (1,344)</u>	<u>\$ 11,234,229</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$454,970
Special	6,828
Support Services:	
Pupils	3,030
Instructional Staff	34,952
Administration	25,412
Business and Fiscal	8,336
Operation and Maintenance of Plant	18,199
Pupil Transportation	153,514
Central	19,901
Non-Instructional Services	6,994
Extracurricular Activities	4,628
Total Depreciation Expense	<u>\$736,764</u>

Vandalia-Butler City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

9. 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 2010 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 \$1,000 deductible and a \$97,544,195 limit.

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

For fiscal year 2010, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the school district by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating School Districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Hunter Consulting, provides administrative, cost control and actuarial services to the GRP.

10. DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by 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 or by calling toll free (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under *Employers/Audit Resources*.

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. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year 2010, the allocation to pension and death benefits is 12.78 percent. The remaining 1.22 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The School District's contributions to SERS which were allocated for pension and death benefits for the fiscal years ended June 30, 2010, 2009 and 2008 were \$452,614, \$391,591, and \$422,176, respectively; 55 percent of the required contribution has been made for fiscal year 2010 and 100 percent of the required contribution has been made for fiscal years 2009 and 2008. \$375,294 represents the unpaid contribution for fiscal year 2010 and is recorded as a liability within the respective funds.

State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system.

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

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

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

Vandalia-Butler City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

10. DEFINED BENEFIT PENSION PLANS (Continued)

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

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

For the fiscal years ended June 30, 2010, 2009, and 2008, 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.

The School District's contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$1,951,255, \$1,961,225, and \$2,109,234, respectively; 85 percent of the required contribution has been made for fiscal year 2010 and 100 percent of the required contribution has been made for fiscal years 2009 and 2008. \$348,865 represents the unpaid contribution for fiscal year 2010 and is recorded as a liability within the respective funds. Contributions to the DC and Combined Plans for fiscal year 2010 were \$104,959 made by the plan members and \$146,943 made by the School District.

STRS Ohio issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771 or by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2010, two members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

11. POSTEMPLOYMENT BENEFITS

State Teachers Retirement System

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

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

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll-free 1-888-227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2010, 2009 and 2008. The 14 percent employer contribution rate is the maximum rate established under Ohio law. For the School District, these amounts equaled \$175,148, \$151,142, and \$163,361, for fiscal years 2010, 2009, and 2008, respectively, which were equal to the required allocations for each year.

Vandalia-Butler City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

11. POSTEMPLOYMENT BENEFITS (Continued)

School Employees Retirement System

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

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2010 was \$96.40 for most participants, but could be as high as \$353.60 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal years 2010, 2009, and 2008, the actuarially required allocations were 0.76 percent, 0.75 percent, and 0.66 percent. For the School District, contributions for the years ended June 30, 2010, 2009, and 2008, were \$39,046, \$33,613, and \$31,254, which equaled the required allocations for each year.

Health Care Plan

Ohio Revised Code 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including 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 Ohio Revised Code provides the statutory authority to fund SERS' post-employment benefits through employer contributions. Active members do not make contributions to the post-employment benefit plans.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. At June 30, 2010, 2009, and 2008, the health care allocations were 0.46 percent, 4.16 percent, and 4.18 percent, respectively. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2010, 2009, and 2008 fiscal years equaled \$119,857, \$277,203, and \$248,787 respectively, which equaled the required allocations for each year.

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

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

Vandalia-Butler City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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 five to twenty-five days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who are not on a twelve month contract do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to and not to exceed 255 days. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum accumulation of 68 paid days for certified employees. Classified employees receive twenty-five percent of accrued sick with no maximum paid days.

B. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through 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.

13. CAPITALIZED LEASES – LESSEE DISCLOSURE

During fiscal year 2010 the School District entered into leases for the purpose of purchasing copiers and buses. In previous fiscal years, the School District entered into leases for the purpose of purchasing copiers. In previous fiscal years, the School District entered into a lease for the purpose of purchasing a telephone system. The terms of the agreements provide options to purchase the equipment. These leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 “Accounting for Leases,” which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

The capital assets acquired by the leases have been capitalized in the statement of net assets for governmental activities in the amount of \$1,102,868 which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded on the statement of net assets for governmental activities. Principal payments in fiscal year 2010 totaled \$146,259 in the General Fund.

The assets acquired through the capital lease are as follows:

	Asset Value	Accumulated Depreciation	Net Book Value
Assets:			
Telephone System	\$339,953	\$222,578	\$117,375
Copiers	247,256	82,613	164,643
Copiers 2010	50,977	10,195	40,782
Buses	464,682	75,580	389,102

Vandalia-Butler City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

13. CAPITALIZED LEASES – LESSEE DISCLOSURE (Continued)

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2010:

Fiscal Year Ending June 30,	Total Payments
2011	\$165,857
2012	154,320
2013	151,933
2014	125,843
2015	94,481
Total Minimum Lease Payments	692,434
Less: Amount Representing Interest	(78,622)
Present Value of Minimum Lease Payments	\$613,812

14. NOTES PAYABLE

A summary of the note transactions for the year ended June 30, 2010 follows:

	Balance 7/1/2009	Additions	Deletions	Balance 6/30/2010
Bond Anticipation Notes:				
BAN 5/14/09, 3/1/10, 1.5%	\$15,000,000	\$0	\$15,000,000	\$0
BAN 6/3/09, 3/1/10, 1.5%	9,000,000	0	9,000,000	0
	\$24,000,000	\$0	\$24,000,000	\$0

All of the notes are backed by the full faith and credit of the School District. The note liability is reflected in the fund which received the proceeds and will be retired from the issuance of bonds of the School District.

Vandalia-Butler City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

15. LONG-TERM DEBT AND OTHER OBLIGATIONS

Long-term debt and other obligations at June 30, 2010 and the related transactions for the year then ended are summarized below:

	Balance 7/1/2009	Additions	Deductions	Balance 6/30/2010	Amounts Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds:					
2009 School Improvement Bonds					
Serial and Term 3-4.70%	\$25,760,000	\$0	\$0	\$25,760,000	\$25,000
Premium	755,926	0	26,066	729,860	0
2009 Capital Appreciation Bonds					
Accretion	189,991	0	0	189,991	0
	199,531	53,713	0	253,244	0
2010 School Improvement Bonds					
Serial and Term 2-5%	0	23,885,000	0	23,885,000	0
Premium	0	568,242	0	568,242	0
2010 Capital Appreciation Bonds					
Accretion	0	114,318	0	114,318	0
	0	120,405	0	120,405	0
Compensated Absences Payable	2,380,237	1,440,142	1,249,674	2,570,705	229,690
Obligations Under Capital Leases	244,412	515,659	146,259	613,812	137,314
Total Governmental Activities	<u>\$29,530,097</u>	<u>\$26,697,479</u>	<u>\$1,421,999</u>	<u>\$54,805,577</u>	<u>\$392,004</u>

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.

Vandalia-Butler City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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

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

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.

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.

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.

Vandalia-Butler City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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

Principal and interest requirements to retire general obligation debt at June 30, 2010 are as follows:

Fiscal Year Ending	2009 School Improvement			2010 School Improvement		
	Principal	Interest	Accretion	Principal	Interest	Accretion
2011	\$25,000	\$1,202,275	\$0	\$0	\$1,302,046	\$0
2012	630,000	1,192,450	0	155,000	1,024,132	0
2013	645,000	1,173,325	0	215,000	1,020,432	0
2014	665,000	1,153,675	0	235,000	1,015,932	0
2015	685,000	1,133,425	0	270,000	1,010,882	0
2016-2020	1,979,991	5,350,950	1,785,009	1,719,318	4,945,368	415,683
2021-2025	4,235,000	4,819,494	0	3,610,000	4,455,670	0
2026-2030	5,320,000	3,704,083	0	4,655,000	3,617,742	0
2031-2035	6,795,000	2,179,278	0	5,710,000	2,536,595	0
2036-2038	4,970,000	390,525	0	7,430,000	895,500	0
Totals	<u>\$25,949,991</u>	<u>\$22,299,480</u>	<u>\$1,785,009</u>	<u>\$23,999,318</u>	<u>\$21,824,299</u>	<u>\$415,683</u>

At June 30, 2010 the School District's overall legal debt margin was \$9,828,807 with an unvoted debt margin of \$638,108.

Compensated absences will be paid from the fund from which the employees' salaries are paid, with the most significant fund being the General Fund. The capital leases are paid from the General Fund.

16. INTERFUND ACTIVITY

Advances: Interfund balances at June 30, 2010, consist of the following individual fund receivables and payables, which are expected to be repaid during the 2011 fiscal year:

<u>Interfund Loans</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 929,666	\$ -
Nonmajor Special Revenue Funds		
Entry Year Program	-	14,000
Title I	-	166,042
Special Education	-	714,505
Management Information System	-	16
Drug Free Schools	-	843
Preschool Handicapped	-	25,472
Title II-A	-	8,535
Miscellaneous Federal Grants	-	253
Total Nonmajor Special Revenue Funds	<u>-</u>	<u>929,666</u>
Total Interfund Receivables/Payables	<u>\$ 929,666</u>	<u>\$ 929,666</u>

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

Transfers: The School District transferred \$65,525 from the General Fund to subsidize the Summer Intervention Fund due to the close out of the grant.

Vandalia-Butler City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

17. JOINTLY GOVERNED ORGANIZATIONS

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 2010, the School District paid \$256,927 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, Director, 303 Corporate Center Drive, 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.

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

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

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 2010, the School District paid \$11,980 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Larry Pogue, who serves as Director, 150 East Sixth Street, Franklin, Ohio 45005.

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

Vandalia-Butler City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

17. JOINTLY GOVERNED ORGANIZATIONS (Continued)

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 2010, the School District paid \$73,891 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.

18. 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.

19. SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

	Textbooks and Instructional Materials	Capital Maintenance
Set Aside Reserve Balance as of June 30, 2009	\$ -	\$ -
Current Year Set Aside Requirement	556,244	556,244
Prior Year Offset from Bond Proceeds	-	(287,804)
Excess Qualified Expenditures from Prior years	(1,445,802)	-
Current Year Qualifying Disbursements	(507,298)	(268,440)
Total	\$ (1,396,856)	\$ -
Balance Carried Forward to Fiscal Year 2011	\$ (1,396,856)	\$ -
Set Aside Reserve Balance as of June 30, 2010	\$ -	\$ -

19. SET-ASIDE CALCULATIONS AND FUND RESERVES (Continued)

The School District had qualifying disbursements during the year that reduced the set-aside amounts below zero for the textbooks/instructional materials reserve. These extra amounts may be used to reduce the set-aside requirement for future years. The negative amounts are therefore presented as being carried forward to the next fiscal year. During fiscal year 1984, the School District issued \$5,450,000 in capital related school improvement bonds. These proceeds may be used to reduce capital acquisition below zero for future years. The amount presented for Prior Year Offset from Bond Proceeds is limited to an amount needed to reduce the reserve for capital improvement to \$0. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$1,732,995 at June 30, 2010.

20. CONTINGENT LIABILITIES

Grants

The School District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims would not have a material effect on the overall financial position of the School District at June 30, 2010.

Litigation

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

21. CHANGE IN ACCOUNTING PRINCIPLES

For 2010, the School District has implemented Governmental Accounting Standard Boards (GASB) Statement No. 51, "Accounting and Financial Reporting for Intangible Assets," Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments," Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans," and Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies."

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any material change to the School District's basic financial statements.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. It requires governments to measure derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, at fair value in their economic resources measurement focus financial statements. The implementation of this statement did not result in any change in the School District's basic financial statements.

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements in this Statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting and clarify that OPEB measures reported by agent multiple-employer OPEB plans and their participating employers should be determined at the same minimum frequency and as of a common date to improve the consistency of reporting with regard to funded status and funding progress information. The implementation of this statement did not result in any change in the School District's basic financial statements.

Vandalia-Butler City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

21. CHANGE IN ACCOUNTING PRINCIPLES (Continued)

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this statement will provide more consistent recognition, measurement, display and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of this statement did not result in any change in the School District's basic financial statements.

22. CONTRACT COMMITMENTS

The School District had the following contractual commitments as of June 30, 2010 for the purpose of constructing and remodeling School District buildings:

<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Paid June 30, 2010</u>	<u>Amount Remaining</u>
SHP, Inc	\$3,081,189	\$1,848,712	\$1,232,477
Bon Builders	326,836	312,482	14,354
Butler County Electric	299,960	285,545	14,415
Precision Piping	698,508	608,198	90,310
LeVan's	1,108,662	178,688	929,974
Sturdisteel	814,800	30,960	783,840
Environmental Assurance	329,325	203,581	125,744
Ferguson Construction	12,242,600	0	12,242,600
Reddy Electric	2,367,000	39,794	2,327,206
Feldkamp	4,001,000	0	4,001,000
Emerald Fire Protection	308,150	0	308,150
R.L. Fender	103,149	0	103,149
Carey Electric	6,945	0	6,945
Stan and Associates	148,230	25,199	123,031
Alt & Witzig Engineering	168,912	0	168,912
Proactive Consulting	91,900	25,880	66,020

23. SUBSEQUENT EVENTS

On July 15, 2010 the School District issued \$2,998,210 in Energy Conservation Improvement Bonds and \$999,878 in School Improvement Bonds.

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

Vandalia-Butler City School District
Fund Descriptions

Special Revenue Funds

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

Nonmajor Special Revenue Funds

Food Service

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

Special Trust

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

Uniform School Supply

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

Public School Support

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

Latchkey

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

Athletics

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

Auxilliary Services

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

Management Information Systems

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

Entry Year Program

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

Ohio Educational Computer Network

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

Vandalia-Butler City School District
Fund Descriptions

Nonmajor Special Revenue Funds (Continued)

School Net Professional Development

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

Summer Intervention

A fund used to account for summer intervention services satisfying criteria defined in division (E) of section 3313.608 of the Revised Code. This fund did not have a final budget and is not reported in the budgetary schedules.

Miscellaneous State Grants

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

Special Education

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

State Fiscal Stabilization

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

Title I

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

Education Career Incentive Act (ECIA) - Title V

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

Drug-Free Schools

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

Preschool Handicapped Grant

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

Title II-A

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

Vandalia-Butler City School District
Fund Descriptions

Nonmajor Special Revenue Funds (Continued)

Miscellaneous Federal Grants

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



Vandalia-Butler City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2010

	Food Service	Special Trust	Uniform School Supply
ASSETS			
Equity in Pooled Cash and Investments	\$441,877	\$67,984	\$108,518
Intergovernmental Receivable	0	0	0
<i>Total Assets</i>	<u>\$441,877</u>	<u>\$67,984</u>	<u>\$108,518</u>
LIABILITIES			
Accounts Payable	\$1,097	\$3,157	\$8,200
Accrued Wages and Benefits	82,669	0	0
Deferred Revenue	0	0	0
Intergovernmental Payable	53,031	0	0
Interfund Payable	0	0	0
<i>Total Liabilities</i>	<u>136,797</u>	<u>3,157</u>	<u>8,200</u>
FUND BALANCES			
Reserved for Encumbrances	22,836	1,115	32,114
Unreserved, Undesignated	282,244	63,712	68,204
<i>Total Fund Balances</i>	<u>305,080</u>	<u>64,827</u>	<u>100,318</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$441,877</u>	<u>\$67,984</u>	<u>\$108,518</u>

Public School Support	Latchkey	Athletics	Auxilliary Services
\$389,080	\$248,414	\$49,456	\$55,309
0	0	0	21,782
<u>\$389,080</u>	<u>\$248,414</u>	<u>\$49,456</u>	<u>\$77,091</u>
\$8,938	\$1,285	\$9,901	\$711
0	6,810	0	13,692
0	0	0	0
0	19,463	0	3,375
0	0	0	0
<u>8,938</u>	<u>27,558</u>	<u>9,901</u>	<u>17,778</u>
14,400	17,773	27,763	5,019
365,742	203,083	11,792	54,294
<u>380,142</u>	<u>220,856</u>	<u>39,555</u>	<u>59,313</u>
<u>\$389,080</u>	<u>\$248,414</u>	<u>\$49,456</u>	<u>\$77,091</u>

(Continued)

Vandalia-Butler City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2010

	Management Information Systems	Entry Year Program	Ohio Educational Computer Network
ASSETS			
Equity in Pooled Cash and Investments	\$14	\$0	\$0
Intergovernmental Receivable	0	0	0
<i>Total Assets</i>	<u>\$14</u>	<u>\$0</u>	<u>\$0</u>
LIABILITIES			
Accounts Payable	\$0	\$0	\$0
Accrued Wages and Benefits	0	0	0
Deferred Revenue	0	0	0
Intergovernmental Payable	0	0	0
Interfund Payable	16	14,000	0
<i>Total Liabilities</i>	<u>16</u>	<u>14,000</u>	<u>0</u>
FUND BALANCES			
Reserved for Encumbrances	16	0	0
Unreserved, Undesignated	(18)	(14,000)	0
<i>Total Fund Balances</i>	<u>(2)</u>	<u>(14,000)</u>	<u>0</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$14</u>	<u>\$0</u>	<u>\$0</u>

<u>School Net Professional Development</u>	<u>Summer Intervention</u>	<u>Miscellaneous State Grants</u>	<u>Special Education</u>
\$0	\$0	\$0	\$222,796
<u>0</u>	<u>0</u>	<u>0</u>	<u>593,416</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$816,212</u>
\$0	\$0	\$0	\$47,232
0	0	0	45,289
0	0	0	589,294
0	0	0	67,257
<u>0</u>	<u>0</u>	<u>0</u>	<u>714,505</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>1,463,577</u>
0	0	0	110,989
<u>0</u>	<u>0</u>	<u>0</u>	<u>(758,354)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>(647,365)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$816,212</u>

(Continued)

Vandalia-Butler City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2010

	State Fiscal Stabilization	Title I	Title V	Drug Free Schools
ASSETS				
Equity in Pooled Cash and Investments	\$0	\$11,323	\$1	\$0
Intergovernmental Receivable	0	169,328	0	844
<i>Total Assets</i>	<u>\$0</u>	<u>\$180,651</u>	<u>\$1</u>	<u>\$844</u>
LIABILITIES				
Accounts Payable	\$0	\$4,963	\$0	\$0
Accrued Wages and Benefits	0	40,995	0	0
Deferred Revenue	0	159,571	0	844
Intergovernmental Payable	0	6,557	0	0
Interfund Payable	0	166,042	0	843
<i>Total Liabilities</i>	<u>0</u>	<u>378,128</u>	<u>0</u>	<u>1,687</u>
FUND BALANCES				
Reserved for Encumbrances	0	6,362	0	0
Unreserved, Undesignated	0	(203,839)	1	(843)
<i>Total Fund Balances</i>	<u>0</u>	<u>(197,477)</u>	<u>1</u>	<u>(843)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$0</u>	<u>\$180,651</u>	<u>\$1</u>	<u>\$844</u>

Preschool Handicapped Grant	Title II-A	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$0	\$531	\$0	\$1,595,303
25,473	7,834	253	818,930
<u>\$25,473</u>	<u>\$8,365</u>	<u>\$253</u>	<u>\$2,414,233</u>
\$0	\$450	\$0	\$85,934
0	0	0	189,455
782	7,834	253	758,578
0	73	0	149,756
25,472	8,535	253	929,666
<u>26,254</u>	<u>16,892</u>	<u>506</u>	<u>2,113,389</u>
0	80	0	238,467
(781)	(8,607)	(253)	62,377
<u>(781)</u>	<u>(8,527)</u>	<u>(253)</u>	<u>300,844</u>
<u>\$25,473</u>	<u>\$8,365</u>	<u>\$253</u>	<u>\$2,414,233</u>

Vandalia-Butler City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2010

	Food Service	Special Trust	Uniform School Supply
REVENUES			
Intergovernmental	\$369,444	\$0	\$0
Earnings on Investments	725	0	0
Tuition and Fees	0	0	185,702
Extracurricular	0	0	0
Gifts and Donations	0	63,406	0
Charges for Services	673,989	0	0
Other	440	9,461	0
<i>Total Revenues</i>	<u>1,044,598</u>	<u>72,867</u>	<u>185,702</u>
EXPENDITURES			
Current:			
Instruction			
Regular	0	0	179,639
Special	0	0	0
Other	0	0	0
Support Services:			
Pupils	0	2,500	0
Instructional Staff	0	0	0
Administration	0	0	0
Operation and Maintenance of Plant	0	0	0
Central	0	10,962	0
Non-Instructional Services	1,115,699	0	0
Extracurricular Activities	0	0	0
<i>Total Expenditures</i>	<u>1,115,699</u>	<u>13,462</u>	<u>179,639</u>
Excess of Revenues Over/(Under) Expenditures	(71,101)	59,405	6,063
Other Financing Sources (Uses)			
Transfers In	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Net Change in Fund Balances	(71,101)	59,405	6,063
Fund Balances (Deficit) at Beginning of Year	<u>376,181</u>	<u>5,422</u>	<u>94,255</u>
Fund Balances (Deficit) at End of Year	<u><u>\$305,080</u></u>	<u><u>\$64,827</u></u>	<u><u>\$100,318</u></u>

<u>Public School Support</u>	<u>Latchkey</u>	<u>Athletics</u>	<u>Auxilliary Services</u>
\$0	\$0	\$0	\$250,558
0	0	0	65
2,050	0	0	0
213,835	0	187,835	0
125,000	0	0	0
0	290,512	0	0
356	0	0	72
<u>341,241</u>	<u>290,512</u>	<u>187,835</u>	<u>250,695</u>
8,094	0	0	57,950
0	0	0	31,816
0	0	0	0
0	0	0	0
200,923	0	0	10,618
0	0	0	7,500
2,751	0	0	0
0	0	0	0
0	290,585	0	86,597
0	0	236,753	0
<u>211,768</u>	<u>290,585</u>	<u>236,753</u>	<u>194,481</u>
129,473	(73)	(48,918)	56,214
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
129,473	(73)	(48,918)	56,214
<u>250,669</u>	<u>220,929</u>	<u>88,473</u>	<u>3,099</u>
<u>\$380,142</u>	<u>\$220,856</u>	<u>\$39,555</u>	<u>\$59,313</u>

(Continued)

Vandalia-Butler City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Nonmajor Special Revenue Funds (continued)
For the Fiscal Year Ended June 30, 2010

	Management Information Systems	Entry Year Program	Ohio Educational Computer Network
REVENUES			
Intergovernmental	\$5,975	\$0	\$13,718
Earnings on Investments	0	0	0
Tuition and Fees	0	0	0
Extracurricular	0	0	0
Gifts and Donations	0	0	0
Charges for Services	0	0	0
Other	0	0	0
<i>Total Revenues</i>	<u>5,975</u>	<u>0</u>	<u>13,718</u>
EXPENDITURES			
Current:			
Instruction			
Regular	0	0	0
Special	0	0	0
Other	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Administration	0	0	0
Operation and Maintenance of Plant	0	0	0
Central	13,119	0	13,988
Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
<i>Total Expenditures</i>	<u>13,119</u>	<u>0</u>	<u>13,988</u>
Excess of Revenues Over/(Under) Expenditures	(7,144)	0	(270)
Other Financing Sources (Uses)			
Transfers In	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(7,144)	0	(270)
Fund Balances (Deficit) at Beginning of Year	<u>7,142</u>	<u>(14,000)</u>	<u>270</u>
Fund Balances (Deficit) at End of Year	<u><u>(\$2)</u></u>	<u><u>(\$14,000)</u></u>	<u><u>\$0</u></u>

School Net Professional Development	Summer Intervention	Miscellaneous State Grants	Special Education	State Fiscal Stabilization	Title I
\$0	\$0	\$0	\$713,925	\$255,803	\$394,210
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>713,925</u>	<u>255,803</u>	<u>394,210</u>
444	0	16,744	0	0	0
0	0	0	488,763	0	346,161
0	0	0	0	12,545	0
0	0	0	142,496	0	0
0	0	0	428,902	0	100,914
0	0	0	18,077	0	19,217
0	0	0	0	243,258	0
0	0	0	0	0	0
0	0	0	23,290	0	31,392
0	0	0	0	0	0
<u>444</u>	<u>0</u>	<u>16,744</u>	<u>1,101,528</u>	<u>255,803</u>	<u>497,684</u>
(444)	0	(16,744)	(387,603)	0	(103,474)
<u>0</u>	<u>65,525</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>65,525</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(444)	65,525	(16,744)	(387,603)	0	(103,474)
<u>444</u>	<u>(65,525)</u>	<u>16,744</u>	<u>(259,762)</u>	<u>0</u>	<u>(94,003)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$647,365)</u>	<u>\$0</u>	<u>(\$197,477)</u>

(Continued)

Vandalia-Butler City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Nonmajor Special Revenue Funds (continued)
For the Fiscal Year Ended June 30, 2010

	Title V	Drug Free Schools	Preschool Handicapped Grant
REVENUES			
Intergovernmental	\$273	\$9,070	\$32,529
Earnings on Investments	0	0	0
Tuition and Fees	0	0	0
Extracurricular	0	0	0
Gifts and Donations	0	0	0
Charges for Services	0	0	0
Other	0	0	0
<i>Total Revenues</i>	<u>273</u>	<u>9,070</u>	<u>32,529</u>
EXPENDITURES			
Current:			
Instruction			
Regular	0	0	0
Special	0	0	32,510
Other	0	0	0
Support Services:			
Pupils	0	9,913	0
Instructional Staff	0	0	0
Administration	0	0	0
Operation and Maintenance of Plant	0	0	0
Central	0	0	0
Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>9,913</u>	<u>32,510</u>
Excess of Revenues Over/(Under) Expenditures	273	(843)	19
Other Financing Sources (Uses)			
Transfers In	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	273	(843)	19
Fund Balances (Deficit) at Beginning of Year	<u>(272)</u>	<u>0</u>	<u>(800)</u>
Fund Balances (Deficit) at End of Year	<u>\$1</u>	<u>(\$843)</u>	<u>(\$781)</u>

Title II-A	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$102,295	\$3,764	\$2,151,564
0	0	790
0	0	187,752
0	0	401,670
0	0	188,406
0	0	964,501
0	0	10,329
<u>102,295</u>	<u>3,764</u>	<u>3,905,012</u>
8,784	0	271,655
0	0	899,250
0	0	12,545
0	0	154,909
48,644	3,227	793,228
0	0	44,794
0	0	246,009
0	0	38,069
0	500	1,548,063
0	0	236,753
<u>57,428</u>	<u>3,727</u>	<u>4,245,275</u>
44,867	37	(340,263)
<u>0</u>	<u>0</u>	<u>65,525</u>
<u>0</u>	<u>0</u>	<u>65,525</u>
44,867	37	(274,738)
<u>(53,394)</u>	<u>(290)</u>	<u>575,582</u>
<u>(\$8,527)</u>	<u>(\$253)</u>	<u>\$300,844</u>

Vandalia-Butler City School District
Statement of Changes in
Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2010

	Balance 07/01/09	Additions	Deductions	Balance 06/30/10
STUDENT MANAGED ACTIVITIES				
ASSETS				
Equity in Pooled Cash and Investments	\$95,800	\$97,013	\$88,489	\$104,324
Total Assets	\$ 95,800	\$ 97,013	\$ 88,489	\$ 104,324
LIABILITIES				
Due to Students	95,800	97,013	88,489	104,324
Total Liabilities	\$ 95,800	\$ 97,013	\$ 88,489	\$ 104,324

Vandalia-Butler City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted</u> <u>Amounts</u>		Variance with Final Budget: Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Bond Retirement			
Total Revenues and Other Sources	\$2,360,742	\$2,121,012	(\$239,730)
Total Expenditures and Other Uses	<u>304,950</u>	<u>304,950</u>	<u>0</u>
Net Change in Fund Balance	2,055,792	1,816,062	(239,730)
Fund Balance, July 1	<u>553,078</u>	<u>553,078</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$2,608,870</u></u>	<u><u>\$2,369,140</u></u>	<u><u>(\$239,730)</u></u>
Building			
Total Revenues and Other Sources	\$26,810,297	\$25,361,019	(\$1,449,278)
Total Expenditures and Other Uses	<u>73,982,735</u>	<u>49,467,073</u>	<u>24,515,662</u>
Net Change in Fund Balance	(47,172,438)	(24,106,054)	23,066,384
Fund Balance, July 1	49,527,945	49,527,945	0
Prior Year Encumbrances Appropriated	<u>46,628</u>	<u>46,628</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$2,402,135</u></u>	<u><u>\$25,468,519</u></u>	<u><u>\$23,066,384</u></u>

Vandalia-Butler City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		Variance with Final Budget: Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Food Service			
Total Revenues and Other Sources	\$994,585	\$1,044,598	\$50,013
Total Expenditures and Other Uses	<u>1,323,018</u>	<u>1,130,295</u>	<u>192,723</u>
Net Change in Fund Balance	(328,433)	(85,697)	242,736
Fund Balance, July 1	435,325	435,325	0
Prior Year Encumbrances Appropriated	<u>68,348</u>	<u>68,348</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$175,240</u></u>	<u><u>\$417,976</u></u>	<u><u>\$242,736</u></u>
Special Trust			
Total Revenues and Other Sources	\$72,784	\$72,867	\$83
Total Expenditures and Other Uses	<u>15,000</u>	<u>12,325</u>	<u>2,675</u>
Net Change in Fund Balance	57,784	60,542	2,758
Fund Balance, July 1	2,891	2,891	0
Prior Year Encumbrances Appropriated	<u>2,780</u>	<u>2,780</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$63,455</u></u>	<u><u>\$66,213</u></u>	<u><u>\$2,758</u></u>
Uniform School Supply			
Total Revenues and Other Sources	\$186,677	\$186,702	\$25
Total Expenditures and Other Uses	<u>248,837</u>	<u>219,506</u>	<u>29,331</u>
Net Change in Fund Balance	(62,160)	(32,804)	29,356
Fund Balance, July 1	67,996	67,996	0
Prior Year Encumbrances Appropriated	<u>33,011</u>	<u>33,011</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$38,847</u></u>	<u><u>\$68,203</u></u>	<u><u>\$29,356</u></u>

Vandalia-Butler City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted</u> <u>Amounts</u>		Variance with Final Budget: Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Public School Support			
Total Revenues and Other Sources	\$333,050	\$341,241	\$8,191
Total Expenditures and Other Uses	<u>435,000</u>	<u>237,522</u>	<u>197,478</u>
Net Change in Fund Balance	(101,950)	103,719	205,669
Fund Balance, July 1	231,285	231,285	0
Prior Year Encumbrances Appropriated	<u>30,835</u>	<u>30,835</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$160,170</u></u>	<u><u>\$365,839</u></u>	<u><u>\$205,669</u></u>
Latchkey			
Total Revenues and Other Sources	\$279,012	\$290,512	\$11,500
Total Expenditures and Other Uses	<u>306,959</u>	<u>306,583</u>	<u>376</u>
Net Change in Fund Balance	(27,947)	(16,071)	11,876
Fund Balance, July 1	236,367	236,367	0
Prior Year Encumbrances Appropriated	<u>9,059</u>	<u>9,059</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$217,479</u></u>	<u><u>\$229,355</u></u>	<u><u>\$11,876</u></u>
Athletics			
Total Revenues and Other Sources	\$167,214	\$187,835	\$20,621
Total Expenditures and Other Uses	<u>270,000</u>	<u>262,128</u>	<u>7,872</u>
Net Change in Fund Balance	(102,786)	(74,293)	28,493
Fund Balance, July 1	62,607	62,607	0
Prior Year Encumbrances Appropriated	<u>26,318</u>	<u>26,318</u>	<u>0</u>
Fund Balance, June 30	<u><u>(\$13,861)</u></u>	<u><u>\$14,632</u></u>	<u><u>\$28,493</u></u>

Vandalia-Butler City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted</u> <u>Amounts</u>		Variance with Final Budget: Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Auxiliary Services			
Total Revenues and Other Sources	\$228,908	\$228,914	\$6
Total Expenditures and Other Uses	<u>250,865</u>	<u>202,158</u>	<u>48,707</u>
Net Change in Fund Balance	(21,957)	26,756	48,713
Fund Balance, July 1	734	734	0
Prior Year Encumbrances Appropriated	<u>22,089</u>	<u>22,089</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$866</u></u>	<u><u>\$49,579</u></u>	<u><u>\$48,713</u></u>
Management Information Systems			
Total Revenues and Other Sources	\$5,975	\$5,991	\$16
Total Expenditures and Other Uses	<u>13,119</u>	<u>13,135</u>	<u>(16)</u>
Net Change in Fund Balance	(7,144)	(7,144)	-
Fund Balance, July 1	5,824	5,824	0
Prior Year Encumbrances Appropriated	<u>1,320</u>	<u>1,320</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
Ohio Educational Computer Network			
Total Revenues and Other Sources	\$13,718	\$13,718	\$0
Total Expenditures and Other Uses	<u>13,988</u>	<u>13,988</u>	<u>0</u>
Net Change in Fund Balance	(270)	(270)	0
Fund Balance, July 1	<u>270</u>	<u>270</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Vandalia-Butler City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted</u> <u>Amounts</u>		Variance with Final Budget: Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
SchoolNet Professional Development			
Total Revenues and Other Sources	\$0	\$0	\$0
Total Expenditures and Other Uses	444	444	0
Net Change in Fund Balance	(444)	(444)	0
Fund Balance, July 1	272	272	0
Prior Year Encumbrances Appropriated	172	172	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Miscellaneous State Grants			
Total Revenues and Other Sources	\$0	\$0	\$0
Total Expenditures and Other Uses	16,744	16,744	0
Net Change in Fund Balance	(16,744)	(16,744)	0
Fund Balance, July 1	16,744	16,744	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Special Education			
Total Revenues and Other Sources	\$1,626,386	\$1,424,308	(\$202,078)
Total Expenditures and Other Uses	1,626,386	1,424,308	202,078
Net Change in Fund Balance	0	0	0
Fund Balance, July 1	1	1	0
Fund Balance, June 30	<u>\$1</u>	<u>\$1</u>	<u>\$0</u>

Vandalia-Butler City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted</u> <u>Amounts</u>		Variance with Final Budget: Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
State Fiscal Stabilization			
Total Revenues and Other Sources	\$255,803	\$255,803	\$0
Total Expenditures and Other Uses	<u>255,803</u>	<u>255,803</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balance, July 1	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
Title I			
Total Revenues and Other Sources	\$740,536	\$550,495	(\$190,041)
Total Expenditures and Other Uses	<u>740,536</u>	<u>577,966</u>	<u>162,570</u>
Net Change in Fund Balance	0	(27,471)	(27,471)
Fund Balance, July 1	0	0	0
Prior Year Encumbrances Appropriated	<u>27,471</u>	<u>27,471</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$27,471</u></u>	<u><u>\$0</u></u>	<u><u>(\$27,471)</u></u>
Title V			
Total Revenues and Other Sources	\$273	\$273	\$0
Total Expenditures and Other Uses	<u>273</u>	<u>273</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balance, July 1	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Vandalia-Butler City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted</u> <u>Amounts</u>		Variance with Final Budget: Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Drug Free Schools			
Total Revenues and Other Sources	\$9,913	\$9,913	\$0
Total Expenditures and Other Uses	<u>9,913</u>	<u>9,913</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balance, July 1	<u>1</u>	<u>1</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$1</u></u>	<u><u>\$1</u></u>	<u><u>\$0</u></u>
Preschool Handicapped Grant			
Total Revenues and Other Sources	\$33,310	\$33,310	\$0
Total Expenditures and Other Uses	<u>33,310</u>	<u>33,310</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balance, July 1	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
Title II-A			
Total Revenues and Other Sources	\$116,888	\$110,830	(\$6,058)
Total Expenditures and Other Uses	<u>106,888</u>	<u>110,830</u>	<u>(3,942)</u>
Net Change in Fund Balance	10,000	0	(10,000)
Fund Balance, July 1	<u>1</u>	<u>1</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$10,001</u></u>	<u><u>\$1</u></u>	<u><u>(\$10,000)</u></u>

Vandalia-Butler City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted</u> <u>Amounts</u>		Variance with Final Budget: Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Miscellaneous Federal Grants			
Total Revenues and Other Sources	\$4,017	\$4,017	\$0
Total Expenditures and Other Uses	<u>4,017</u>	<u>4,017</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balance, July 1	<u>33</u>	<u>33</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$33</u></u>	<u><u>\$33</u></u>	<u><u>\$0</u></u>

Statistical Section

STATISTICAL TABLES

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

CONTENTS	PAGES
Financial Trends	73-79
These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.	
Revenue Capacity	80-86
These schedules contain information to help the reader assess the School District's most significant local revenue sources.	
Debt Capacity	87-91
These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	
Demographic and Economic Information	92
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating information	93-96
These schedules contain service and capital asset data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	

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



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

	2002	2003	2004	2005	2006*	2007	2008	2009**	2010
Invested in Capital Assets,									
Net of Related Debt	\$4,728,917	\$4,600,733	\$4,058,741	\$3,911,791	\$5,809,079	\$5,824,345	\$6,349,688	\$6,673,756	\$4,724,275
Restricted for:									
Capital Projects	0	218	0	0	0	0	0	0	0
Debt Service	0	0	37,476	954,666	643,080	355,688	92,852	553,078	2,845,942
Other Purposes	1,017,219	494,550	467,944	473,601	788,260	880,038	874,087	655,543	867,851
Unrestricted	11,657,834	10,140,744	7,313,663	7,749,776	6,990,405	9,655,411	11,815,661	11,227,150	7,019,949
Total Net Assets	\$17,403,970	\$15,236,245	\$11,877,824	\$13,089,834	\$14,230,824	\$16,715,482	\$19,132,288	\$19,109,527	\$15,458,017

Source: School District Financial Records.

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

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

** Amount restated to correctly reflect net asset classifications.

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenses									
Regular Instruction	\$12,774,549	\$12,878,701	\$13,262,778	\$13,225,486	\$14,432,299	\$15,229,451	\$17,039,496	\$15,730,676	\$17,703,515
Special Instruction	1,977,119	2,322,417	2,629,998	2,835,810	3,124,624	3,236,123	3,034,996	3,890,156	4,378,332
Vocational Instruction	337,788	373,908	370,998	361,120	433,138	386,732	354,079	350,555	571,985
Other Instruction	1,424,730	1,353,734	1,496,692	1,951,924	2,015,458	1,998,815	2,220,027	2,426,088	1,667,234
Pupil Support	1,282,535	1,972,949	1,924,211	2,022,213	2,081,843	2,424,073	1,918,595	2,380,064	2,760,487
Instructional Staff Support	969,693	1,581,473	2,072,071	1,719,059	1,682,870	1,650,892	2,016,335	2,214,753	2,413,756
Board of Education	0	0	0	48,587	29,154	52,233	33,985	84,508	104,129
Administration	1,747,480	1,985,350	1,731,639	1,752,783	1,869,063	1,959,594	2,158,771	2,271,269	2,502,717
Business and Fiscal	859,390	851,519	918,560	827,939	1,082,477	1,272,569	969,903	1,156,290	1,112,230
Operation and Maintenance of Plant	2,070,661	2,503,379	2,542,499	2,479,785	2,696,638	2,872,016	3,426,603	2,668,596	2,644,333
Pupil Transportation	1,079,505	1,098,435	1,251,468	1,212,371	1,375,441	1,416,041	1,330,428	1,516,657	1,616,443
Central	0	0	0	559,962	464,177	792,962	514,061	616,236	1,526,642
Other	732,740	1,058,763	724,605	0	0	0	0	0	0
Non-Instructional Services	1,209,458	1,360,262	1,410,629	1,235,849	1,289,241	1,293,966	1,340,845	1,563,537	1,855,888
Extracurricular Activities	662,700	713,987	642,708	647,621	636,916	552,196	527,892	544,252	522,064
Interest and Fiscal Charges	165,532	146,427	122,668	95,214	68,052	40,863	11,280	1,082,807	1,973,933
Total Expenses	27,293,880	30,201,304	31,101,524	30,975,723	33,281,391	35,178,526	36,897,296	38,496,444	43,353,688
Program Revenues									
Charges for Services									
Regular Instruction	\$178,908	\$18,626	\$23,901	\$267,746	\$338,195	\$384,061	\$517,617	\$483,746	\$572,286
Special Instruction	4,225	2,477	1,813	18,221	33,210	39,924	57,384	59,287	80,051
Vocational Instruction	794	446	294	2,803	5,415	5,521	7,605	6,375	12,938
Other Instruction	3,331	1,611	1,177	14,617	24,546	28,032	36,643	45,900	38,004
Pupil Support	2,702	1,792	1,264	17,383	75,448	24,634	31,803	40,800	59,836
Instructional Staff Support	278,186	254,965	279,114	292,404	274,315	217,609	289,707	243,268	252,167
Board of Education	0	0	0	400	0	849	691	1,912	2,426
Administration	3,886	2,273	1,322	12,815	22,742	27,672	50,812	42,075	56,602
Business and Fiscal	2,019	1,017	729	6,207	18,263	20,742	23,587	23,587	25,875
Operation and Maintenance of Plant	10,581	7,848	8,492	731,162	36,376	41,329	76,317	49,182	51,777
Pupil Transportation	2,536	1,312	993	8,610	15,883	22,510	33,186	27,412	33,961
Central	0	0	0	3,404	5,054	10,193	9,679	10,837	16,980
Other	1,968	5,567	560	0	0	0	0	0	0
Non-Instructional Services	920,229	947,062	994,008	213,902	983,582	999,650	1,058,346	1,017,294	964,501
Extracurricular Activities	307,825	301,642	300,286	306,588	320,686	287,597	283,983	191,867	194,304
Interest & Fiscal Charges	5	0	0	0	0	0	0	0	809
Total Charges for Services	\$1,717,195	\$1,546,638	\$1,613,953	\$1,896,262	\$2,148,447	\$2,107,844	\$2,474,515	\$2,243,542	\$2,362,517

Source: School District Financial Records.

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

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

(continued)

	2002	2003	2004	2005	2006	2007	2008*	2009	2010
Operating Grants and Contributions									
Regular Instruction	\$229,107	\$115,008	\$158,653	\$148,382	\$92,447	\$59,200	\$87,484	\$103,868	\$95,496
Special Instruction	237,057	329,619	579,785	563,911	592,802	609,594	523,771	1,017,565	925,413
Vocational Instruction	1,938	0	0	0	0	0	0	0	0
Other Instruction	23,453	12,883	9,886	6,000	4,000	6,000	386,081	4,562	0
Pupil Support	167,716	299,770	319,430	590,800	715,842	660,531	337,222	213,635	182,621
Instructional Staff Support	150,341	34,474	168,759	199,740	131,569	121,112	216,747	164,960	762,977
Administration	132,280	52,412	64,518	42,248	16,349	76,998	44,467	43,887	60,057
Business and Fiscal	4,931	0	0	0	0	0	0	0	0
Operation and Maintenance of Plant	15,840	22,992	3,186	211,956	0	274,787	143,610	7,900	281,617
Pupil Transportation	6,194	505,659	571,617	564,197	584,698	592,384	32,010	39,627	43,542
Central	0	0	0	31,147	35,890	42,999	54,327	29,590	71,324
Other	22,794	33,772	10,093	0	0	0	0	0	0
Non-Instructional Services	271,301	237,464	268,458	145,482	322,005	181,928	317,083	518,587	480,692
Extracurricular Activities	540	0	0	11,526	0	0	3,900	0	0
Interest & Fiscal Charges	13	0	54,447	28,567	0	0	0	0	0
Total Operating Grants and Contributions	1,263,505	1,644,053	2,208,832	2,543,956	2,495,602	2,625,533	2,146,702	2,144,181	2,903,739
Capital Grants and Contributions									
Central	0	0	0	29,820	0	0	0	0	0
Other	0	52,688	0	0	0	0	0	0	0
Total Capital Grants and Contributions	0	52,688	0	29,820	0	0	0	0	0
Total Program Revenues	2,980,700	3,243,379	3,822,785	4,470,038	4,644,049	4,733,377	4,621,217	4,387,723	5,266,256
Net Expense	(\$24,313,180)	(\$26,957,925)	(\$27,278,739)	(\$26,505,685)	(\$28,637,342)	(\$30,445,149)	(\$32,276,079)	(\$34,108,721)	(\$38,087,432)
General Revenues									
Property Taxes Levied for:									
General Purposes	\$18,354,537	\$18,114,703	\$17,528,902	\$21,538,766	\$21,635,454	\$24,426,863	\$22,977,944	\$22,083,111	\$19,070,956
Debt Service	464,031	467,626	471,793	218,398	0	0	0	0	1,880,300
Grants and Entitlements not Restricted to Specific Programs	5,749,985	5,535,238	5,953,345	5,559,312	5,682,030	7,598,194	10,614,335	10,842,857	11,453,032
Investment Earnings	608,935	277,791	152,253	285,612	582,104	698,845	955,637	854,137	1,924,940
Gain on the Disposal of Capital Assets	0	0	0	0	0	0	0	5,593	475
Miscellaneous	1,413,146	379,158	124,591	113,575	34,531	205,905	144,969	300,262	106,219
Total General Revenues	26,590,634	24,774,516	24,230,884	27,717,663	27,934,119	32,929,807	34,692,885	34,085,960	34,435,922
Change in Net Assets	\$2,277,454	(\$2,183,409)	(\$3,047,855)	\$1,211,978	(\$703,223)	\$2,484,658	\$2,416,806	(\$22,761)	(\$3,651,510)

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Fund				
Reserved	\$2,060,494	\$978,071	\$624,920	\$1,506,744
Unreserved	<u>9,796,859</u>	<u>9,373,573</u>	<u>6,876,628</u>	<u>7,664,158</u>
<i>Total General Fund</i>	<u>11,857,353</u>	<u>10,351,644</u>	<u>7,501,548</u>	<u>9,170,902</u>
All Other Governmental Funds				
Reserved	128,316	130,678	18,070	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	593,279	484,585	400,103	620,760
Debt Service Funds	702,810	833,068	999,523	954,666
Capital Projects Funds	<u>(33,000)</u>	<u>218</u>	<u>0</u>	<u>0</u>
Total All Other Governmental Funds	<u>1,391,405</u>	<u>1,448,549</u>	<u>1,417,696</u>	<u>1,575,426</u>
<i>Total Governmental Funds</i>	<u><u>\$13,248,758</u></u>	<u><u>\$11,800,193</u></u>	<u><u>\$8,919,244</u></u>	<u><u>\$10,746,328</u></u>

Source: School District Financial Records.

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

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$1,585,879	\$1,696,523	\$2,368,466	\$1,928,918	\$1,360,253
<u>6,340,288</u>	<u>8,900,584</u>	<u>10,430,489</u>	<u>11,996,144</u>	<u>9,229,744</u>
<u>7,926,167</u>	<u>10,597,107</u>	<u>12,798,955</u>	<u>13,925,062</u>	<u>10,589,997</u>
306,865	150,736	142,803	233,905	18,472,864
598,047	864,887	537,780	382,958	62,377
643,080	355,688	92,852	553,078	2,348,353
<u>0</u>	<u>0</u>	<u>0</u>	<u>25,067,719</u>	<u>25,118,861</u>
<u>1,547,992</u>	<u>1,371,311</u>	<u>773,435</u>	<u>26,237,660</u>	<u>46,002,455</u>
<u>\$9,474,159</u>	<u>\$11,968,418</u>	<u>\$13,572,390</u>	<u>\$40,162,722</u>	<u>\$56,592,452</u>

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

	2002	2003	2004	2005
Revenues				
Taxes	\$18,846,306	\$18,532,796	\$18,134,688	\$21,446,972
Intergovernmental	6,489,797	7,614,235	8,040,567	8,231,051
Earnings on Investments	608,935	277,791	152,253	285,612
Tuition and Fees	455,701	181,301	165,048	316,955
Extracurricular	592,232	559,850	587,461	627,802
Gifts and Donations	140,109	0	0	2,426
Charges for Services	669,262	583,383	861,444	951,505
Rentals	111,741	0	0	0
Other	1,299,270	601,262	124,591	115,575
<i>Total Revenues</i>	<u>29,213,353</u>	<u>28,350,618</u>	<u>28,066,052</u>	<u>31,977,898</u>
Expenditures				
Current:				
Instruction:				
Regular	12,066,082	12,403,628	12,981,494	12,515,638
Special	1,946,958	2,336,062	2,594,420	2,758,507
Vocational	319,744	371,467	386,614	360,607
Other	1,424,618	1,354,125	1,496,058	1,952,356
Support Services:				
Pupil	1,273,013	1,979,374	1,919,710	1,951,995
Instructional Staff	977,486	1,507,538	2,084,466	1,714,441
Board of Education	0	0	0	48,587
Administration	1,835,365	1,947,451	1,711,274	1,630,201
Business and Fiscal	878,034	863,719	881,534	821,296
Operation and Maintenance of Plant	2,409,906	2,463,836	2,549,713	2,447,864
Pupil Transportation	954,944	1,050,390	1,123,948	1,142,790
Central	0	0	0	556,416
Other	678,103	1,083,981	765,825	0
Enterprise Operations	0	0	19,985	0
Non-Instructional Services	1,196,624	1,345,178	1,388,839	1,202,039
Extracurricular Activities	628,362	682,719	612,437	606,651
Capital Outlay	408,278	0	221,940	0
Debt Service:				
Principal	439,755	269,220	306,013	344,240
Interest	167,535	148,431	124,671	97,218
Issuance Costs	0	0	0	0
<i>Total Expenditures</i>	<u>27,604,807</u>	<u>29,807,119</u>	<u>31,168,941</u>	<u>30,150,846</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,608,546</u>	<u>(1,456,501)</u>	<u>(3,102,889)</u>	<u>1,827,052</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	2,135	2,406	0	0
General Obligation Bonds Issued	0	0	0	0
Premium on Bonds Issued	0	0	0	0
Inception of Capital Lease	339,953	0	221,940	0
Transfers In	249,468	298,127	302,709	250,000
Transfers Out	(249,468)	(298,127)	(302,709)	(250,000)
<i>Total Other Financing Sources (Uses)</i>	<u>342,088</u>	<u>2,406</u>	<u>221,940</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>\$1,950,634</u>	<u>(\$1,454,095)</u>	<u>(\$2,880,949)</u>	<u>\$1,827,052</u>
Debt Service as a Percentage of				
Noncapital Expenditures (1)	2.23%	1.40%	1.39%	1.46%

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

Source: School District Financial Records.

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

2006	2007	2008	2009	2010
\$22,050,412	\$24,221,096	\$23,059,926	\$21,910,877	\$20,531,459
8,191,569	10,224,675	12,357,720	13,047,494	13,648,138
582,104	698,845	955,637	854,137	1,924,940
480,625	561,959	829,998	796,844	974,007
638,961	506,251	552,173	396,386	401,670
2,617	3,719	52,242	52,268	188,406
1,028,861	1,039,634	1,092,344	1,050,312	986,840
0	0	0	0	0
34,531	205,905	144,969	300,262	106,219
<u>33,009,680</u>	<u>37,462,084</u>	<u>39,045,009</u>	<u>38,408,580</u>	<u>38,761,679</u>
14,828,961	14,775,783	17,086,953	15,620,976	17,596,664
3,226,990	3,215,832	3,065,502	3,855,994	4,383,819
434,558	385,444	333,872	325,696	567,326
2,015,751	2,052,903	2,220,027	2,426,088	1,667,234
2,152,792	2,386,619	1,932,553	2,377,913	2,778,659
1,725,202	1,522,694	1,922,242	2,144,165	2,328,229
29,154	52,233	33,985	81,358	104,125
1,872,581	1,978,425	2,116,008	2,232,250	2,429,147
1,121,730	1,245,643	968,032	1,247,597	1,097,731
2,774,847	2,794,547	3,427,665	2,716,408	2,611,089
1,347,666	1,589,850	1,585,204	1,430,948	1,457,709
459,922	760,045	534,389	602,677	1,495,083
0	0	0	0	0
0	0	0	0	0
1,269,391	1,297,968	1,369,880	1,552,635	1,836,996
607,050	546,820	544,462	539,360	517,071
50,644	0	0	805,946	4,353,245
347,202	320,854	284,275	51,954	146,259
68,052	42,165	15,988	467,481	1,758,916
0	0	0	295,700	287,685
<u>34,332,493</u>	<u>34,967,825</u>	<u>37,441,037</u>	<u>38,775,146</u>	<u>47,416,987</u>
<u>(1,322,813)</u>	<u>2,494,259</u>	<u>1,603,972</u>	<u>(366,566)</u>	<u>(8,655,308)</u>
0	0	0	5,593	1,819
0	0	0	25,949,991	23,999,318
0	0	0	755,926	568,242
50,644	0	0	245,388	515,659
0	374,046	153,630	0	65,525
0	(374,046)	(153,630)	0	(65,525)
<u>50,644</u>	<u>0</u>	<u>0</u>	<u>26,956,898</u>	<u>25,085,038</u>
<u>(\$1,272,169)</u>	<u>\$2,494,259</u>	<u>\$1,603,972</u>	<u>\$26,590,332</u>	<u>\$16,429,730</u>
1.21%	1.04%	0.80%	2.15%	5.14%

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

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

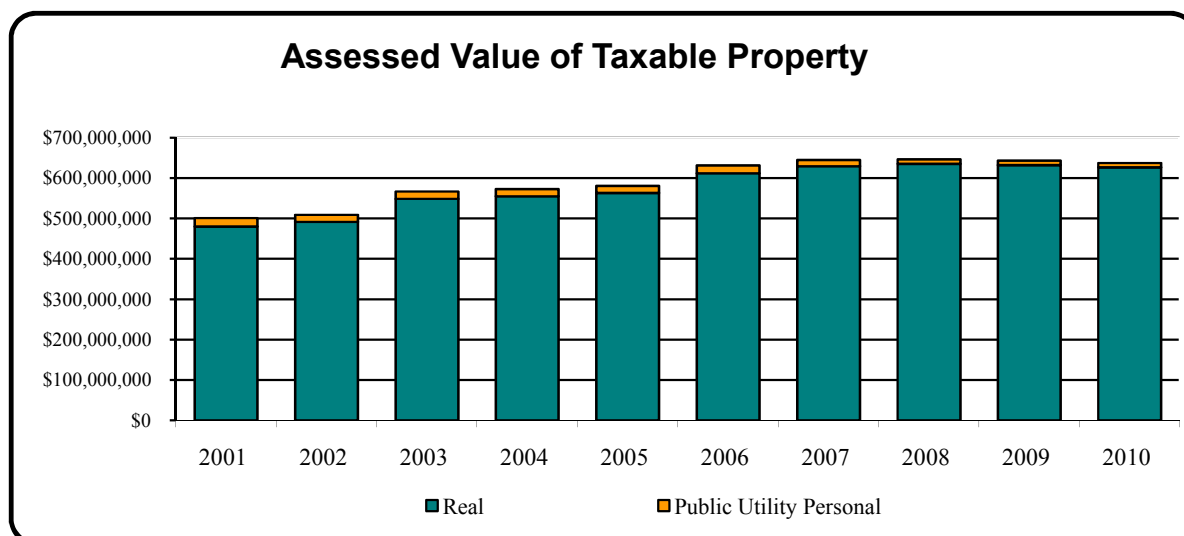
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal. The assessed value of real property (including public utility real property) is 35 percent of estimated true value.

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

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

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

Tangible Personal Property					
General Business		Total			Res/Ag Average Tax Rate
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	
115,030,410	460,121,640	616,436,440	1,917,506,297	32.15%	28.30
123,069,976	492,279,904	632,121,426	1,966,997,384	32.14%	28.10
109,011,441	436,045,764	675,972,321	2,076,756,884	32.55%	27.80
92,384,592	369,538,368	665,134,112	2,026,475,145	32.82%	27.70
100,759,655	403,038,620	681,247,505	2,081,181,711	32.73%	33.20
101,007,884	404,031,536	732,408,544	2,230,488,885	32.84%	32.60
58,949,395	235,797,580	703,687,405	2,094,950,317	33.59%	36.67
35,462,720	141,850,880	681,638,220	2,000,590,251	34.07%	36.44
2,342,340	9,369,360	645,946,120	1,860,699,897	34.72%	37.39
527,300	2,109,200	638,108,480	1,835,946,811	34.76%	37.48



Vandalia-Butler City School District

Principal Property Taxpayers

Real Estate Tax

Fiscal Years 2010 and 2001 (1)

Name of Taxpayer	2010	
	Assessed Value	Percent of Real Property Assessed Value
City of Dayton	\$13,005,220	2.07%
Delphi Automotive System	3,791,260	0.60%
UFCW 75 Real Estate Corp	3,003,390	0.48%
SAM'S Real Estate Business	2,417,340	0.39%
Sand Lake Plaza, LLC	2,310,910	0.37%
W2005/Fargo Hotels	2,238,960	0.36%
Northwoods Shoppes LLC	2,129,490	0.34%
Timberlake Limited Partnership	1,941,950	0.31%
Mid-States Development	1,718,380	0.27%
Garrett-Ryan LLC	1,511,720	0.24%
Totals	<u>\$34,068,620</u>	<u>5.43%</u>
Total Assessed Valuation	<u>\$626,926,220</u>	

Name of Taxpayer	2001	
	Assessed Value	Percent of Real Property Assessed Value
N/A	N/A	N/A

N/A - Not Available

Source: Montgomery County Auditor

(1) The amounts presented represent the assessed values upon which 2010 and 2001 collections were based.

Vandalia-Butler City School District

Principal Property Taxpayers

Tangible Personal Property Tax

Fiscal Years 2010 and 2001

Name of Taxpayer	2010	
	Taxes Paid*	Percent of Total Taxes Received
Ohio Bell Telephone Company	\$49,524	58.32%
New Par	4,363	5.14%
T Mobile Central LLC	2,108	2.48%
Cricket Communications	2,011	2.37%
Ohio Telephone & Telegraph, Co	1,486	1.75%
Verizon North LLC	1,461	1.72%
Sprintcom, Inc.	1,206	1.42%
AT & T Communications of Ohio	1,135	1.34%
Cincinnati Bell Wireless LLC	1,060	1.25%
TWC Digital Phone LLC	1,015	1.20%
Total	\$65,369	76.99%
Total Tangible Personal Property Tax Received by District	\$84,917	

Name of Taxpayer	2001	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
N/A	N/A	N/A

N/A - Not Available

Source: Montgomery County Auditor and School District Records

* Personal Property Tax Assessments are being phased out. The School District has chosen to show taxes collected for personal property taxes.

Vandalia-Butler City School District

Principal Property Taxpayers

Public Utilities Tax

Fiscal Years 2010 and 2001 (1)

Name of Taxpayer	2010	
	Assessed Value	Percent of Public Utility Assessed Value
Dayton Power and Light	\$9,834,690	92.30%
Vectren Energy Delivery	413,160	3.88%
Total	<u>\$10,247,850</u>	<u>96.18%</u>
Total Assessed Valuation	<u>\$10,654,960</u>	

Name of Taxpayer	2001	
	Assessed Value	Percent of Public Utility Assessed Value
N/A	N/A	N/A

N/A - Not Available

Source: Montgomery County Auditor

(1) The amounts presented represent the assessed values upon which 2010 and 2001 collections were based.

Vandalia-Butler City School District
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Collection (Calendar) Years (1)
2000-2009

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
2009	20.94	1.75	16.94	4.14	17.13	2.58	53.72
2008	20.94	1.25	16.94	4.14	17.13	2.58	53.69
2007	18.24	1.25	16.94	4.14	17.13	2.58	53.30
2006	18.24	1.25	16.94	4.14	15.67	2.58	53.30
2005	18.24	1.25	16.94	4.14	15.67	2.58	48.86
2004	17.24	0.26	16.94	4.14	15.67	2.58	43.46
2003	17.24	0.26	16.94	4.14	15.67	2.58	44.36
2002	17.24	0.26	16.94	4.14	15.67	2.58	44.66
2001	17.24	0.26	16.94	4.14	15.67	2.58	44.86
2000	16.64	0.26	17.60	4.14	15.67	2.58	45.06

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

Vandalia-Butler City School District
Property Tax Levies and Collections - Real, Personal, and Public Utility Property
Last Ten Collection (Calendar) Years
2000-2009

Collection Year	Current Levy (1)	Current Collection (2)	Percent of		Delinquent Collection (5)	Total Collection (2)	Percent of		Outstanding Delinquent Taxes (3)	Total Collection As a Percent of Current Levy
			Current Levy Collected	Total Tax Collections to Current Levy			Total Tax Collections to Current Levy	Total Tax Collections to Current Levy		
2009	24,161,467	22,980,834	95.11%	97.15%	492,965	23,473,799	97.15%	1,420,253	5.88%	
2008	25,583,060	24,455,231	95.59%	97.69%	538,071	24,993,302	97.69%	1,151,419	4.50%	
2007	27,008,398	25,765,307	95.40%	99.09%	997,537	26,762,844	99.09%	1,429,944	5.29%	
2006	23,527,932	22,914,175	97.39%	101.37%	936,177	23,850,352	101.37%	1,100,718	4.68%	
2005	22,550,823	21,755,463	96.47%	100.00%	795,361	22,550,824	100.00%	1,276,852	5.66%	
2004	20,355,804	19,838,772	97.46%	100.21%	559,071	20,397,843	100.21%	1,740,537	8.55%	
2003	20,747,620	19,584,235	94.39%	98.11%	771,308	20,355,543	98.11%	1,495,650	7.21%	
2002	20,201,860	18,949,413	93.80%	96.92%	631,133	19,580,546	96.92%	665,860	3.30%	
2001	19,843,228	19,618,976	98.87%	104.28%	1,074,169	20,693,145	104.28%	1,514,895	7.63%	
2000	(4)	19,167,150	(4)	(4)	626,452	19,793,602	(4)	(4)	(4)	

Source: Montgomery County Auditor.

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

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

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

(4) Information not available.

(5) Delinquent Tax Collections are only available by collection year; therefore the percentage of total tax collections to the current levy may exceed 100 percent in some years.

Vandalia-Butler City School District
*Ratio of Net General Obligation Bonded Debt to Assessed Value
and Net Bonded Debt Per Capita
Last Ten Years
2001-2010*

Collection Year	Population (1)	Total Assessed Value (2)	Gross Bonded Debt (3)(4)	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita	Percentage of Personal Income (5)
2010	22,985	638,108,480	51,621,060	2,348,353	\$49,272,707	7.72%	\$2,144	8.86%
2009	22,985	645,946,120	26,905,448	553,078	\$26,352,370	4.08%	\$1,147	4.74%
2008	22,985	681,638,220	0	92,852	(\$92,852)	-0.01%	0	-0.02%
2007	22,985	703,687,405	250,000	355,687	(\$105,687)	-0.02%	0	-0.02%
2006	22,985	732,408,544	500,000	643,080	(\$143,080)	-0.02%	0	-0.03%
2005	22,985	681,247,505	750,000	954,665	(204,665)	-0.03%	0	-0.04%
2004	22,985	665,134,112	1,000,000	999,523	477	0.00%	0	0.00%
2003	22,985	675,972,321	1,250,000	833,398	416,602	0.06%	18	0.07%
2002	22,985	632,121,426	1,500,000	703,144	796,856	0.13%	35	0.14%
2001	22,985	616,436,440	1,750,000	609,770	1,140,230	0.18%	50	0.20%

Sources:

- (1) Census data for 1990 and 2000, estimates from the City of Vandalia and Butler Township
- (2) Montgomery County Auditor, calendar year basis.
- (3) Prior to fiscal year 2002, Vandalia-Butler City School District reported on cash basis.
- (4) Gross Bonded Debt includes premiums and accreted debt associated with the general obligation bonds.
- (5) Personal Income reported as \$24,199 in 2000 Census data multiplied times the population to yield total personal income.

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Tax Valuation	\$632,121,426	\$675,972,321	\$665,134,112	\$681,247,505	\$732,408,544	\$703,687,405	\$681,638,220	\$645,946,120	\$638,108,480
Debt Limit - 9% of Taxable Valuation (1)	56,890,928	60,837,509	59,862,070	61,312,275	65,916,769	63,331,866	61,347,440	58,135,151	57,429,763
Amount of Debt Applicable to Debt Limit General Obligation Bonds Less Amount Available in Debt Service	1,500,000 (703,144)	1,250,000 (833,398)	1,000,000 (999,523)	750,000 (954,666)	500,000 0	250,000 0	0 0	25,949,991 (553,078)	49,949,309 (2,348,353)
Amount of Debt Subject to Limit	796,856	416,602	477	(204,666)	500,000	250,000	0	25,396,913	47,600,956
Legal Debt Margin	\$56,094,072	\$60,420,907	\$59,861,593	\$61,516,941	\$65,416,769	\$63,081,866	\$61,347,440	\$32,738,238	\$9,828,807
Legal Debt Margin as a Percentage of the Debt Limit	98.60%	99.32%	100.00%	100.33%	99.24%	99.61%	100.00%	56.31%	17.11%
Energy Conservation Deb Limit- .90% of assessed value (1)	5,689,093	6,083,751	5,986,207	6,131,228	6,591,677	6,333,187	6,134,744	5,813,515	5,742,976
Amount of Debt Subject to Limit	0	0	0	0	0	0	0	0	0
Unvoted Legal Debt Margin	\$5,689,093	\$6,083,751	\$5,986,207	\$6,131,228	\$6,591,677	\$6,333,187	\$6,134,744	\$5,813,515	\$5,742,976
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Unvoted Debt Limit - .10% of Taxable Valuation (1)	\$632,121	\$675,972	\$665,134	\$681,248	\$732,409	\$703,687	\$681,638	\$645,946	\$638,108
Amount of Debt Subject to Limit	0	0	0	0	0	0	0	0	0
Unvoted Legal Debt Margin	\$632,121	\$675,972	\$665,134	\$681,248	\$732,409	\$703,687	\$681,638	\$645,946	\$638,108
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Montgomery County Auditor and School District Financial Records

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

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

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

Vandalia-Butler City School District
Ratio of Outstanding Debt By Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Total Primary Government	Per Capita (2)	Rate of Total Debt Outstanding to Personal Income
	General Obligation Bonds (1)	Notes Payable	Capital Leases			
2001	1,750,000	-	-	1,750,000	76.14	0.31%
2002	1,500,000	-	150,198	1,650,198	71.79	0.30%
2003	1,250,000	-	130,978	1,380,978	60.08	0.25%
2004	1,000,000	-	296,905	1,296,905	56.42	0.23%
2005	750,000	-	202,665	952,665	41.45	0.17%
2006	500,000	-	156,107	656,107	28.53	0.12%
2007	250,000	-	85,253	335,253	14.58	0.06%
2008	-	-	50,978	50,978	2.22	0.01%
2009	26,905,448	24,000,000	244,412	51,149,860	2,225.36	9.20%
2010	51,621,060	-	613,812	52,234,872	2,272.56	9.39%

SOURCE: School District Records

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

(2) Census data for 2010 not yet available.

(3) Personal Income reported as \$24,199 in 2000 Census data multiplied times the population to yield total personal income.

Vandalia-Butler City School District
Computation of Direct and Overlapping Debt
 June 30, 2010

Governmental Unit	Gross General Obligation	Percent Applicable to District	Amount Applicable to District
Direct:			
Vandalia-Butler City School District	<u>\$51,621,060</u> **	100.00%	<u>\$51,621,060</u>
Overlapping:			
Montgomery County	39,763,796	6.26%	2,489,214
Butler Township (1)	341,000	100.00%	341,000
City of Dayton (2)	56,284,054	3.69%	2,076,882
City of Union (3)	1,203,522	0.25% *	3,009
City of Vandalia (4)	<u>17,830,000</u>	100.00%	<u>17,830,000</u>
Total overlapping	<u>115,422,372</u>		<u>22,740,105</u>
Total direct and overlapping debt	<u><u>\$167,043,432</u></u>		<u><u>\$74,361,165</u></u>

Source: Montgomery County Auditor

(1) 2007/2008 Audit Report

(2) City of Dayton 2009 CAFR

(3) City of Union 12/31/09 Debt and Bond Worksheet

(4) City of Vandalia 2009 Audit Report

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

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

Vandalia-Butler City School District
Ratio of Annual Debt Service Expenditures for
General Obligation Bonded Debt to Total General Fund Expenditures
Last Ten Fiscal Years (1)
2001-2010

Fiscal Year	Principal	Interest and Issuance Costs	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures
2010	0	304,950	304,950	35,406,721	0.86%
2009	0	755,377	755,377	33,682,084	2.24%
2008	250,000	12,836	262,836	33,310,714	0.79%
2007	250,000	37,392	287,392	30,777,654	0.93%
2006	250,000	61,586	311,586	30,460,840	1.02%
2005	250,000	88,119	338,119	27,421,979	1.23%
2004	250,000	115,685	365,685	27,256,338	1.34%
2003	250,000	141,325	391,325	26,368,103	1.48%
2002	250,000	158,438	408,438	24,252,773	1.68%
2001	250,000	182,813	432,813	23,391,736	1.85%

Source: Vandalia-Butler City School District Financial Records.

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

Vandalia-Butler City School District
Demographic Statistics
Last Ten Years
2001-2010

Year	Population (1)	School Enrollment (2)	Average Federal Income (3)	Unemployment Rate Montgomery County (4)
2010	22,985	3,351	\$45,237	11.6%
2009	22,985	3,422	Information not available	11.8%
2008	22,985	3,411	Information not available	7.8%
2007	22,985	3,440	Information not available	NA
2006	22,985	3,434	\$50,174	6.0%
2005	22,985	3,382	Information not available	6.3%
2004	22,985	3,518	\$41,846	6.4%
2003	22,985	3,471	Information not available	4.7%
2002	22,985	3,466	Information not available	5.3%
2001	22,985	3,531	\$48,698	4.3%

Sources:

- (1) Based on Census 2000 data. 2010 Census information not yet available.
- (2) Vandalia-Butler City School District Financial Records.
- (3) U.S. Census Bureau - Montgomery County, 2008 information most recent available.
- (4) Ohio Department of Jobs and Family Services - August 2009.

Vandalia-Butler City School District
Principal Employers (1)
Current Year and Four Years Ago

Employer	Nature of Business	2009			2005 (2)		
		Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Delphi Automotive System	Automotive Manufacturing & Engineering	1,166	1	2.15%	1,557	1	4.79%
Vandalia-Butler Schools	School	684	2	1.26%	396	3	1.22%
City of Vandalia	Local Government	542	3	1.00%	325	6	1.00%
GE Aviation (formerly Smiths Aerospace)	Aerospace Engineering & Manufacturing	422	4	0.78%	466	2	1.43%
Leis Medical	Medical Device Design & Manufacturing	279	5	0.51%	346	5	1.06%
SAIA Burgess, Inc. (formerly Johnson Controls)	Electronics Manufacturing	270	6	0.50%	365	4	1.12%
P&G Pet Care (formerly Iams)	Headquarters - Cat & Dog Food	233	7	0.43%	282	7	0.87%
Eurand	Pharmaceutical and biopharmaceutical products	181	8	0.33%	-		0.00%
Cintas Corporation	Work Uniforms & Custom Corporate Apparel	130	9	0.24%	229	8	0.70%
Inteva Products LLC	Transportation Equipment Manufacturing	127	10	0.23%	-		0.00%
Evenflo	Headquarters - Juvenile Products Manufacturer	-		0.00%	209	10	0.64%
Mazer Corporation	Headquarters - Services to Educational Publishers	-		0.00%	215	9	0.66%
Total		<u>4,034</u>		<u>7.43%</u>	<u>4,390</u>		<u>13.49%</u>
Total Employment within the School District (2)		<u>54,232</u>			<u>32,505</u>		

Source: City of Vandalia CAFR as of December 31, 2009.

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

(2) - Information will be reported for current year and nine years prior when information is available.

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Instruction										
Classroom Teachers	194.63	194.55	194.35	197.53	188.86	193.22	188.48	188.27	194.01	191.6
Special Education Teachers and Tutors	19.2	19.5	21.58	24.98	26.4	45.65	42.64	42.39	42.28	43.86
Educational/Media Aides	36.16	36.9	38	33.5	35.5	31.17	30.18	32	30	32
Counselor	5	5	5	5	5	5	6.37	6	6	6
Total Instruction	254.99	255.95	258.93	261.01	255.76	275.04	267.67	268.66	272.29	273.46
Support and Administration										
Central Office Support/Administrators	20.28	23.43	27.95	26	22	25.12	27	25	29.7	29
Principals	7	8	9	9	8	10	11	10	10	10
Clerical Support	27	27	27	25	25	14	16	16	18.5	18
Professional Support	8	8	8	8	8	10.37	10.1	8.05	6.05	6
Transportation	27	26	25	27	27	32.5	34	32	34	33
Food Service	21.3	25.8	30.1	16.8	17.4	17.3	37	39	38	38
Custodial	21	22	22	23	22	19	20	20	20	20
Maintenance and Mechanics	16.9	15.9	17.4	11.5	10.5	5.5	5	5	5	5
Total Support and Administration	148.48	156.13	166.45	146.3	139.9	133.79	160.1	155.05	161.25	159
Total Employees	403.47	412.08	425.38	407.31	395.66	408.83	427.77	423.71	433.54	432.46

Source: Fiscal Year October EMIS Reports

Vandalia-Butler City School District
Building Statistics
Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Demmitt Elementary School										
Constructed in 1957										
Total Building Square Footage 43,977										
Total Acres 11										
Enrollment Grades K-4	434	402	373	372	397	405	402	402	418	366
Student Capacity	368	368	368	368	368	368	368	368	368	368
Regular Instruction Classrooms	15					22	22	22	22	22
Regular Instruction Teachers						26	26	26	26	26
Special Instruction Classrooms						3	3	3	3	3
Special Instruction Teachers						4	4	4	4	4
Helke Elementary School										
Constructed in 1969										
Total Building Square Footage 42,456										
Total Acres 10.5										
Enrollment Grades K-4	375	354	375	405	391	399	446	455	445	419
Student Capacity	350	350	350	350	350	350	350	350	350	350
Regular Instruction Classrooms						16	16	16	16	16
Regular Instruction Teachers						24	24	24	24	24
Special Instruction Classrooms						1	1	1	1	1
Special Instruction Teachers						2	2	2	2	2
Murlin Hieghts Elementary School										
Constructed in 1952										
Total Building Square Footage 40,930										
Total Acres 15										
Enrollment Grades K-4	415	390	389	406	365	366	385	379	389	403
Student Capacity	335	335	335	335	335	335	335	335	335	335
Regular Instruction Classrooms						25	25	25	25	25
Regular Instruction Teachers						23	23	23	23	23
Special Instruction Classrooms						3	3	3	3	3
Special Instruction Teachers						3	3	3	3	3
Morton Middle School										
Constructed in 1922										
Total Building Square Footage 59,027										
Total Acres 9.5										
Enrollment Grades 5-8	542	514	518	513	533	516	495	487	483	505
Student Capacity	444	444	444	444	444	444	444	444	444	444
Regular Instruction Classrooms						32	32	32	32	32
Regular Instruction Teachers						32	32	32	32	32
Special Instruction Classrooms						3	3	3	3	3
Special Instruction Teachers						8	8	8	8	8
Smith Middle School										
Constructed in 1969										
Total Building Square Footage 66,113										
Total Acres 84.5										
Enrollment Grades 5-8	545	553	562	549	529	528	504	489	507	530
Student Capacity	406	406	406	406	406	406	406	406	406	406
Regular Instruction Classrooms						32	32	32	32	32
Regular Instruction Teachers						32	32	32	32	32
Special Instruction Classrooms						5	5	5	5	5
Special Instruction Teachers						7	7	7	7	7
Butler High School										
Constructed in 1956										
Total Building Square Footage 218,934										
Total Acres 23.8										
Enrollment Grades 9-12	1,177	1,211	1,199	1,218	1,202	1,224	1,234	1,175	1,180	1,128
Student Capacity	1,375	1,375	1,375	1,375	1,375	1,375	1,375	1,375	1,375	1,375
Regular Instruction Classrooms						64	64	64	64	64
Regular Instruction Teachers						62	62	62	62	62
Special Instruction Classrooms						4	4	4	4	4
Special Instruction Teachers						10	10	10	10	10

Source: Enrollment Oct Fiscal Year EMIS Report

Vandalia-Butler City School District
Operating Statistics
Last Eight Fiscal Years

<u>Fiscal Year</u>	<u>Expenses</u>	<u>Enrollment</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/Teacher Ratio</u>
2003	\$30,201,304	3,416	\$8,841		254	13.4
2004	31,101,524	3,463	8,981	1.58%	256	13.5
2005	30,975,723	3,417	9,065	0.94%	250	13.7
2006	33,281,391	3,434	9,692	6.91%	254	13.5
2007*	35,178,526	3,503	10,042	3.62%	254	13.8
2008*	36,897,296	3,259	11,322	12.74%	210	15.5
2009	38,496,444	3,422	11,250	-0.64%	233	14.7
2010	43,353,688	3,351	12,938	15.00%	231	14.5

Source: School District Records.

*Included severance plan in 2007 and 2008

Information prior to 2003 not available.

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Mary Taylor, CPA
Auditor of State

VANDALIA-BUTLER CITY SCHOOL DISTRICT

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 25, 2011**