



Balestra, Harr & Scherer, CPAs, Inc.

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

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VANDALIA-BUTLER CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

SINGLE AUDIT

For the Year Ended June 30, 2014
Fiscal Year Audited Under GAGAS: 2014



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Vandalia Butler City School District, Montgomery County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2013 through June 30, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

March 20, 2015

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

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For the Year Ended June 30, 2014

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Vandalia-Butler City School District
Schedule of Federal Awards Receipts & Expenditures
For the Fiscal Year Ended June 30, 2014

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
United States Department of Agriculture						
<i>Passed through the Ohio Department of Education</i>						
<i>Child Nutrition Cluster:</i>						
School Breakfast Program	3L70	10.553	46,066	-	46,066	-
National School Lunch Program	3L60	10.555	432,518	88,496	432,518	88,496
Total Child Nutrition Cluster			478,584	88,496	478,584	88,496
Total United States Department of Agriculture			478,584	88,496	478,584	88,496
United States Department of Education						
<i>Passed through the Ohio Department of Education</i>						
<i>Special Education Cluster:</i>						
Special Education - Grants to States	3M20	84.027	629,312	-	607,279	-
Special Education - Preschool Grants	3C50	84.173	9,435	-	9,435	-
Total Special Education Cluster			638,747	-	616,714	-
Title I Grants to Local Educational Agencies	3M00	84.010	686,857	-	554,591	-
ARRA - State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants, Recovery Act	3FD0	84.395	350	-	-	-
Education Jobs Fund	3ET0	84.410	-	-	4,944	-
Improving Teacher Quality State Grants	3Y60	84.367	89,901	-	75,786	-
Total United States Department of Education			1,415,855	-	1,252,035	-
Total Federal Financial Assistance			1,894,439	88,496	1,730,619	88,496

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

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Balestra, Harr & Scherer, CPAs, Inc.

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vandalia Butler City School District, Montgomery County, (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 16, 2014.

Internal Control Over Financial Reporting

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

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

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

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

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

Purpose of this Report

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

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Piketon, Ohio
December 16, 2014



Balestra, Harr & Scherer, CPAs, Inc.

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

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

Report on Compliance for Each Major Federal Program

We have audited the Vandalia Butler City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Vandalia Butler City School District's major federal programs for the year ended June 30, 2014. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Vandalia Butler City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

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

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

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

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

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Vandalia Butler City School District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated December 16, 2014. We conducted our audit to opine on the District's basic financial statements. The accompanying schedule of federal awards receipts and expenditures presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Piketon, Ohio
December 16, 2014

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

**Schedule of Findings
OMB Circular A-133 Section §.505
June 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

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

Vandalia Butler City School District
Montgomery County, Ohio

Schedule of Findings
OMB Circular A-133 Section §.505
June 30, 2014

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

Finding 2014-001

Material Weakness

The District restated the beginning fund balance of the bond retirement fund and the building fund. This restatement was a result of a recalculation in the amount of an interfund balance due between the two funds.

The District had outstanding prior year adjustments to cash balances between the Building Fund and the Bond Retirement Fund that had been recorded in the GAAP financial statements, but that had not been posted within their accounting system. The Building fund had reported a “Due to Other Funds” in the Basic Financial Statements and the Bond Retirement Fund had reported a “Due from Other Funds” in the Basic Financial Statements as a result of these unposted adjustments. During fiscal year 2014 it was determined that the original adjustments made in fiscal year 2009 and 2010 that were posted in the GAAP financial statements were incorrectly calculated.

The District should implement monitoring controls to ensure that all financial reports and accounting systems are correctly stated.

District’s Response:

After extensive research, work and review, the necessary correcting entry has been made.

3. FINDINGS FOR FEDERAL AWARDS

None noted

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

OF THE

**VANDALIA-BUTLER CITY
SCHOOL DISTRICT**

MONTGOMERY COUNTY, OHIO

FOR THE

FISCAL YEAR ENDED JUNE 30, 2014



**PREPARED BY
TREASURER'S DEPARTMENT
MR. ERIC K. BEAVERS, TREASURER**

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

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INTRODUCTORY SECTION



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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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December 16, 2014

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

We are pleased to present the 2014 Comprehensive Annual Financial Report (CAFR) for the Vandalia-Butler City School District. This report, for the fiscal year ended June 30, 2014, contains the financial statements and other financial and statistical data that provide complete and full disclosure of all material financial aspects of the Vandalia-Butler City School District (the “School District”). The responsibility for the accuracy and completeness of all data presented, and the fairness of the presentation, rests with the School District, specifically with the School District Treasurer’s office.

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

DISTRICT OVERVIEW

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

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

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

The current charter as the Vandalia-Butler City School District was adopted in 1956. For the 2014 fiscal year, the School District operates six school buildings: three elementary schools serving grades Kindergarten through grade 4; two middle schools serving grades 5 through 8; and, one high school serving grades 9 through 12. Significant renovations have been completed at Butler High School and at Demmitt Elementary. In addition, the School District opened the new Morton Middle School in January of 2012 and closed Murlin Elementary at the end of the 2013 fiscal year.

SCHOOL DISTRICT ORGANIZATION AND REPORTING ENTITY

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

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

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

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

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

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

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

ECONOMIC CONDITION AND OUTLOOK

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

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

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

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

MAJOR INITIATIVES

Vandalia-Butler City Schools continues to maintain an "Excellent" rating from the state of Ohio having met the requirements for 2014 and awaiting final determination from the state. We continue to improve as we examine weaknesses in student achievement and design targeted interventions to better align our instruction and our financial resources. Additionally, capital spending was reduced in anticipation of the new and renovated buildings. The School District is analyzing and realigning its facility plan to maximize building project dollars. Building design and selected alternates are being evaluated against the impact the building will have on the operating budget.

FINANCIAL INFORMATION

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

INTERNAL CONTROLS

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

The School District uses a fully automated accounting system as well as an automated system for payroll. These systems, coupled with the manual control procedures, ensure that the financial information generated is both accurate and reliable. For the 2013-2014 school year the district is further automating and streamlining controls with Microsoft Great Plains enterprise resource planning tools. The new software is designed to lock controls on purchasing and payroll processes while moving to a more seamless and paperless methodology.

Federal and State Assistance

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

Budgetary Controls

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

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

Financial Condition

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

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

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

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

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

OTHER INFORMATION

Independent Audit

An audit team from the independent accounting firm Balestra, Harr & Scherer, CPAs, Inc. has performed this year's audit. The results of the audit are presented in the Independent Auditor's Report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Vandalia-Butler City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. 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 Leigh Anne Snow, the Assistant Treasurer who has managed the GAAP conversion process and audit for the School District. The members of the Treasurer's Office Staff are to be commended for their input and commitment. Finally, appreciation is extended to the firm of Julian and Grube, Inc. for the guidance and assistance in preparing this report.



Eric K. Beavers
Treasurer/CFO



Bradley C. Neavin
Superintendent



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Vandalia-Butler City School District
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

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

List of Principal Officials
June 30, 2014

ELECTED OFFICIALS

President, Board of Education	Mr. Robert Cupp
Vice President, Board of Education	Ms. Mary Kilsheimer
Board of Education Member	Mr. George Moorman
Board of Education Member	Mr. Bruce Sucher
Board of Education Member	Mr. Raymond (Bud) Zupp

ADMINISTRATIVE OFFICIALS

Superintendent	Mr. Bradley C. Neavin
Treasurer	Mr. Daniel Schall ⁽¹⁾
Director of Human Resources	Mr. Mark Barhorst
Director of Pupil Personnel	Mr. Robert O'Leary Chief
Information Officer	Mr. David Mohler
Director of Curriculum and Operations	Mr. Brandon Hartley

OFFICE OF THE TREASURER

Treasurer	Mr. Daniel Schall ⁽¹⁾
Assistant Treasurer	Mrs. Kay Altenburger ⁽²⁾
Payroll Coordinator	Ms. Kari Breisch
Financial Project Manager	Mrs. Tiffany Hiser ⁽³⁾
Fiscal Analyst	Ms. Kari Breisch ⁽³⁾

PUBLIC RELATIONS

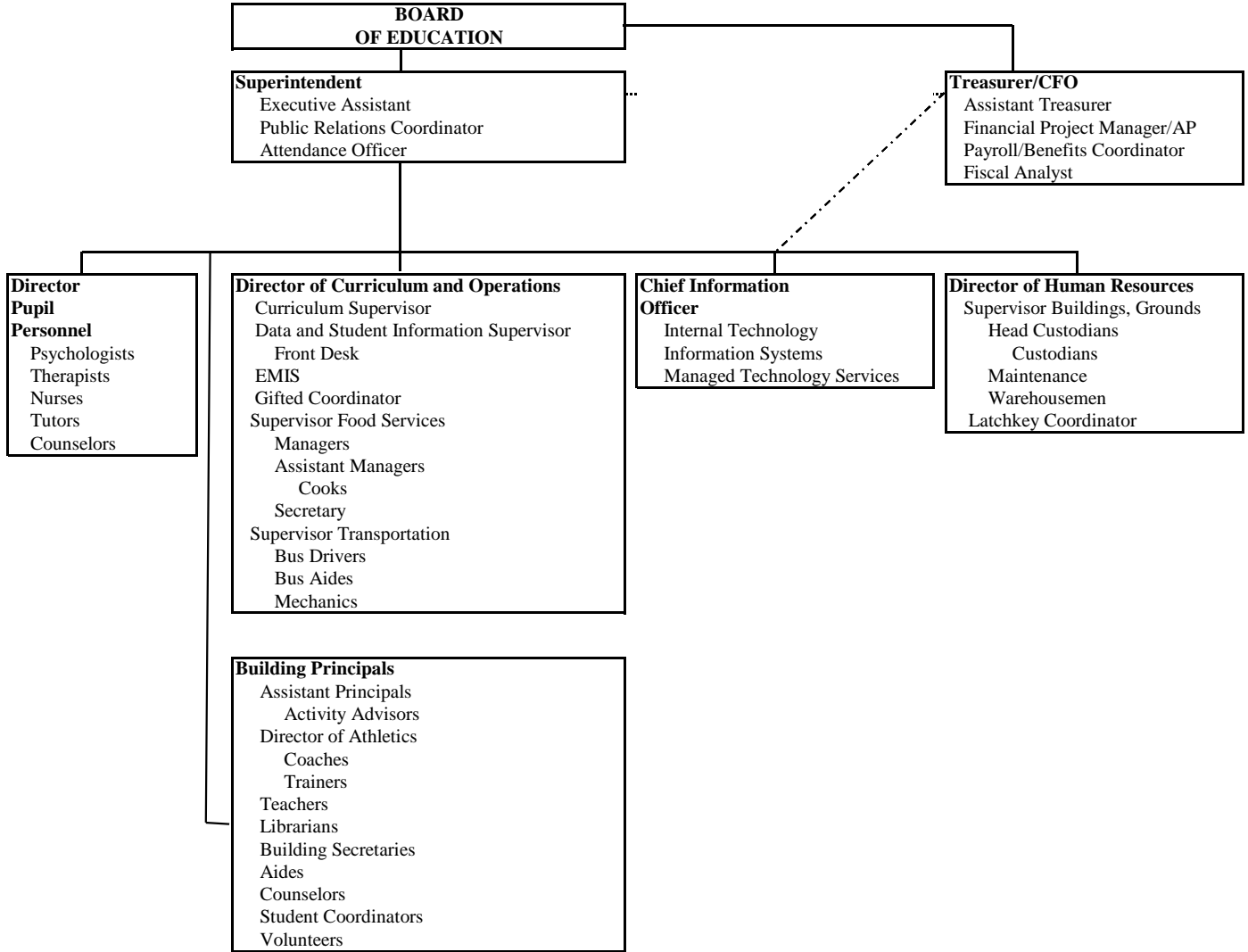
Public Relations Coordinator	Mrs. Bethany Meisinger-Reiff ⁽³⁾
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⁽¹⁾ Eric Beavers became Treasurer of the District on July 1, 2014.

⁽²⁾ Leigh Anne Snow became Assistant Treasurer on July 1, 2014.

⁽³⁾ Positions vacant as of July 1, 2014.

VANDALIA-BUTLER CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
ORGANIZATIONAL CHART
JUNE 30, 2014



FINANCIAL SECTION





Balestra, Harr & Scherer, CPAs, Inc.

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

www.bhscpas.com

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vandalia Butler City School District, Montgomery County, Ohio (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Vandalia Butler City School District, Montgomery County, Ohio, as of June 30, 2014, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Piketon, Ohio
December 16, 2014



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

The management discussion and analysis of the Vandalia-Butler City School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2014 are as follows:

- In total, net position of governmental activities increased \$2,487,190 which represents a 159.41% increase from June 30, 2013's net position.
- General revenues accounted for \$32,773,264 in revenue or 85.76% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5,440,399 or 14.24% for total revenues of \$38,213,663.
- The School District had \$35,726,473 in expenses related to governmental activities; \$5,440,399 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$32,773,264 were adequate to provide for these programs.
- The School District has two major funds which include the general fund and the bond retirement fund. The general fund had \$32,165,175 in revenues and other financing sources and \$29,735,172 in expenditures and other financing uses. The general fund's fund balance increased \$2,427,003 from \$1,031,329 to \$3,458,332.
- The bond retirement fund had \$3,551,186 in revenues and other financing sources and \$3,227,327 in expenditures. The bond retirement fund's fund balance increased \$323,859 from a restated balance of \$2,048,280 to \$2,372,139.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The statement of net position and the statement of activities answer this question. These statements include *all assets, all deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major governmental funds begins on page 11. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the bond retirement fund.

Governmental Funds

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

Reporting the School District's Fiduciary Responsibilities

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

Notes to the Basic Financial Statements

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

The School District as a Whole

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

The table below provides a summary of the School District's net position at June 30, 2014 and 2013. Certain 2013 amounts have been restated to conform to 2014's presentation.

	Net Position		
	Governmental Activities 2014	Restated Governmental Activities 2013	Percentage Change
<u>Assets</u>			
Current and other assets	\$ 38,792,969	\$ 31,674,156	22.48 %
Capital assets, net	<u>52,384,173</u>	<u>54,478,033</u>	(3.84) %
Total assets	<u>91,177,142</u>	<u>86,152,189</u>	5.83 %
<u>Liabilities</u>			
Current liabilities	7,660,577	7,917,229	(3.24) %
Long-term liabilities	<u>56,117,681</u>	<u>57,814,088</u>	(2.93) %
Total liabilities	<u>63,778,258</u>	<u>65,731,317</u>	(2.97) %
<u>Deferred Inflows of Resources</u>			
Deferred Inflows of Resources	<u>23,351,476</u>	<u>18,860,654</u>	23.81 %
<u>Net Position</u>			
Net investment in capital assets	(484,368)	170,125	(384.71) %
Restricted	2,065,772	1,785,744	15.68 %
Unrestricted (deficit)	<u>2,466,004</u>	<u>(395,651)</u>	723.28 %
Total net position	<u>\$ 4,047,408</u>	<u>\$ 1,560,218</u>	159.41 %

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2014 and June 30, 2013, the School District's assets exceeded liabilities plus deferred inflows of resources by \$4,047,408 and \$1,560,218, respectively. Net position increased \$2,487,190 from June 30, 2013.

Assets of the School District increased \$5,024,953 or 5.83%. Current assets increased \$7,118,813 or 22.48%. The most significant increases were in the areas of equity in pooled cash and investments and property taxes. The increase in equity in pooled cash and investments can be derived from an increase in general fund cash due to better cash management and the reduction of expenses. The increase in property taxes receivable is the result of a recently passed 6.99-mill operating levy that provides additional funding. At year-end, capital assets represented 57.45% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, software and vehicles. Net investment in capital assets at June 30, 2014 and June 30, 2013, were (\$484,368) and \$170,125, respectively. These capital assets are used to provide services to the students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities. The capital assets decreased due to current year depreciation of \$2,333,763 and disposals (net of accumulated depreciation) of \$71,306 exceeding current year additions of \$311,209.

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

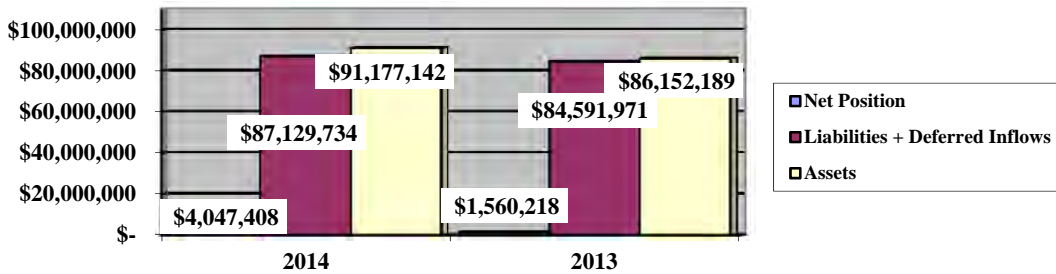
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

Liabilities of the School District decreased \$1,953,059 or 2.97%. Current liabilities decreased \$256,652 or 3.24% due to a decrease in accrued wages and benefits and a decrease in tax anticipation notes payable. Long-term liabilities decreased \$1,696,407. This decrease is mainly due to the \$1,383,810 in principal payments as well as the payment of roughly \$200,000 in retirement incentives.

A portion of the School District's net position, \$2,065,772, represents resources that are subject to external restriction on how they may be used. Of the restricted net position, \$1,630,533 is restricted for debt service. The remaining balance of unrestricted net position is \$2,466,004. The increase in unrestricted net position is the effect of the previous mentioned operating levy.

The graph below shows the School District's assets, liabilities, deferred inflows of resources and net position at June 30, 2014 and June 30, 2013.

Governmental Activities



The table below shows the change in net position for fiscal years 2014 and 2013.

Change in Net Position

	Governmental Activities 2014	Governmental Activities 2013	Percentage Change
<u>Revenues</u>			
Program revenues:			
Charges for services and sales	\$ 2,411,361	\$ 2,058,223	17.16 %
Operating grants and contributions	3,028,602	2,247,773	34.74 %
Capital grants and contributions	436	933,556	(99.95) %
General revenues:			
Taxes	22,617,199	19,255,772	17.46 %
Grants and entitlements not restricted	9,193,259	9,579,912	(4.04) %
Payment in lieu of taxes	748,597	865,818	(13.54) %
Investment earnings	38,255	43,354	(11.76) %
Other	175,954	8,230	2,037.96 %
Total revenues	38,213,663	34,992,638	9.20 %

Continued

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

Change in Net Position (Continued)

	Governmental Activities <u>2014</u>	Governmental Activities <u>2013</u>	<u>Percentage Change</u>
<u>Expenses</u>			
Program expenses:			
Instruction:			
Regular	\$ 12,533,864	\$ 14,805,862	(15.35) %
Special	4,797,836	5,366,398	(10.59) %
Vocational	163,168	216,339	(24.58) %
Other	1,962,327	2,125,598	(7.68) %
Support services:			
Pupil	2,670,711	3,098,615	(13.81) %
Instructional staff	1,239,596	2,840,679	(56.36) %
Board of education	22,660	35,205	(35.63) %
Administration	1,990,412	2,183,002	(8.82) %
Business and fiscal	1,115,092	1,055,196	5.68 %
Operations and maintenance	2,927,525	2,545,988	14.99 %
Pupil transportation	1,415,855	1,395,055	1.49 %
Central	198,884	347,349	(42.74) %
Operations of non-instructional services	1,555,594	1,671,353	(6.93) %
Extracurricular activities	534,579	983,793	(45.66) %
Interest and fiscal charges	<u>2,598,370</u>	<u>2,612,752</u>	(0.55) %
Total expenses	<u>35,726,473</u>	<u>41,283,184</u>	(13.46) %
Change in net position	2,487,190	(6,290,546)	139.54 %
Net position, beginning of year	<u>1,560,218</u>	<u>7,850,764</u>	(80.13) %
Net position, end of year	<u>\$ 4,047,408</u>	<u>\$ 1,560,218</u>	159.41 %

Governmental Activities

Net position of the School District's governmental activities increased \$2,487,190 in fiscal year 2014 and decreased \$6,290,546 in fiscal year 2013. Total governmental expenses of \$35,726,473 were offset by program revenues of \$5,440,399 and general revenues of \$32,773,264 during fiscal year 2014. Program revenues supported 15.23% of the total governmental expenses during fiscal year 2014.

Revenues of the School District increased \$3,221,025 or 9.20%. The most significant increase was in the area of taxes which increased \$3,361,427. This increase was the result of collections of the new 6.99-mill operating tax levy. Charges for services increased due to increases in tuition revenues for open enrollment and special education. Operating grants and contributions increased due to increases in State foundation restricted for special education purposes.

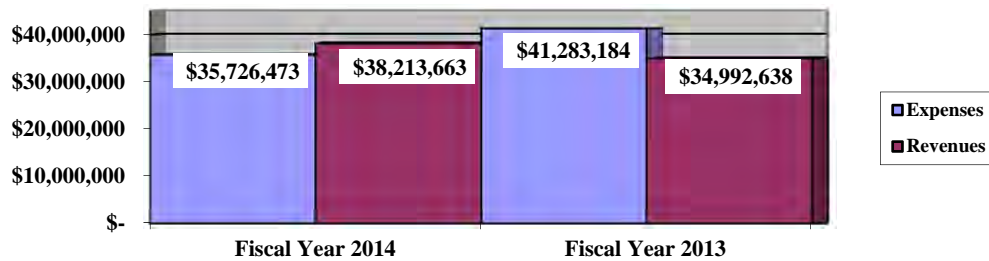
Expenses of the School District decreased \$5,556,711 or 13.46%. The most significant decreases were in instruction. Instruction expenses decreased roughly \$3,000,000 due to reductions in force which decreased wages and fringe benefits. These reductions in force could also be felt in the certain support service programs as well. Overall, the School District has reduced approximately 60 certificated staff and outsourced transportation, paraprofessionals and technology.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

The graph below presents the School District's governmental activities revenues and expenses for fiscal years 2014 and 2013.

Governmental Activities - Revenues and Expenses



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

Governmental Activities

	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
Program expenses				
Instruction:				
Regular	\$ 12,533,864	\$ 11,728,392	\$ 14,805,862	\$ 13,388,253
Special	4,797,836	2,963,642	5,366,398	4,407,560
Vocational	163,168	146,581	216,339	216,339
Other	1,962,327	1,940,527	2,125,598	2,125,598
Support services:				
Pupil	2,670,711	2,336,758	3,098,615	2,918,165
Instructional staff	1,239,596	1,010,554	2,840,679	2,494,746
Board of education	22,660	22,660	35,205	35,205
Administration	1,990,412	1,917,507	2,183,002	2,088,957
Business and fiscal	1,115,092	1,056,773	1,055,196	977,125
Operations and maintenance	2,927,525	2,906,408	2,545,988	2,480,827
Pupil transportation	1,415,855	1,265,577	1,395,055	1,327,804
Central	198,884	198,884	347,349	343,281
Operations of non-instructional services	1,555,594	82,998	1,671,353	268,823
Extracurricular activities	534,579	110,443	983,793	358,197
Interest and fiscal charges	2,598,370	2,598,370	2,612,752	2,612,752
Total	\$ 35,726,473	\$ 30,286,074	\$ 41,283,184	\$ 36,043,632

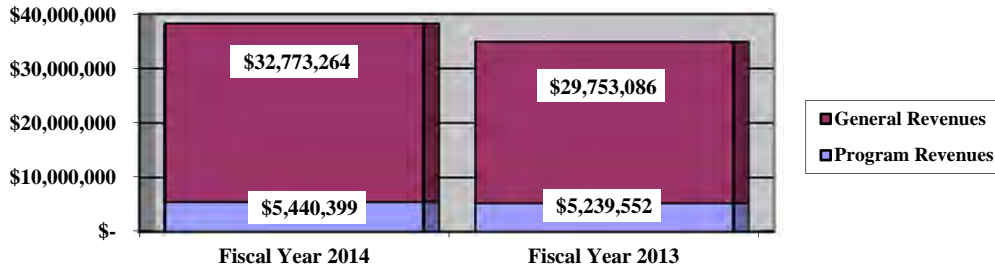
The dependence upon tax and other general revenues for governmental activities is apparent, 86.24% of instruction activities were supported through taxes and other general revenues during fiscal year 2014. For all governmental activities, general revenue support was 84.77% in fiscal year 2014. The School District's taxpayers and unrestricted grants and entitlements are by far the primary support for School District students.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

The graph below presents the School District's governmental activities revenues for fiscal years 2014 and 2013.

Governmental Activities - General and Program Revenues



The School District's Funds

The School District's governmental funds (as presented on the balance sheet on page 17) reported a combined fund balance of \$6,321,721, which is higher than last year's total of \$3,245,042. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2014 and 2013. Fund balances at June 30, 2013 have been restated as described in Note 3.C.

	Fund Balance June 30, 2014	Restated Fund Balance June 30, 2013	Change	Percentage Change
General	\$ 3,458,332	\$ 1,031,329	\$ 2,427,003	235.33 %
Bond Retirement	2,372,139	2,048,280	323,859	15.81 %
Other Governmental	491,250	165,433	325,817	196.95 %
Total	\$ 6,321,721	\$ 3,245,042	\$ 3,076,679	94.81 %

General Fund

The general fund increased \$2,427,003 during fiscal year 2014. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2014 Amount	2013 Amount	Change	Percentage Change
Revenues				
Taxes	\$ 19,561,789	\$ 16,460,954	\$ 3,100,835	18.84 %
Payment in lieu of taxes	748,597	865,818	(117,221)	(13.54) %
Earnings on investments	39,673	44,342	(4,669)	(10.53) %
Intergovernmental	9,653,196	9,160,357	492,839	5.38 %
Other revenues	1,938,607	1,373,402	565,205	41.15 %
Total	\$ 31,941,862	\$ 27,904,873	\$ 4,036,989	14.47 %
Expenditures				
Instruction	\$ 17,651,342	\$ 18,849,250	\$ (1,197,908)	(6.36) %
Support services	10,741,125	11,507,035	(765,910)	(6.66) %
Operation of non-instructional services	292,699	28,271	264,428	935.33 %
Extracurricular activities	321,416	713,029	(391,613)	(54.92) %
Debt service	611,197	619,750	(8,553)	(1.38) %
Total	\$ 29,617,779	\$ 31,717,335	\$ (2,099,556)	(6.62) %

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

Revenues of the general fund increased \$4,036,989 or 14.47%. The most significant increase was in the area of taxes which increased \$3,100,835 18.84%. This increase is the result of a recently passed 6.99 mill operating tax levy which began collections in fiscal year 2014. Intergovernmental revenues went up due to increased special education State foundation fund. Other revenues improved due to increased tuition revenue.

Expenditures of the general fund decreased \$2,099,556 or 6.62%. The most significant decreases were in the areas of instruction and support services. Instruction and support services decreased \$1,197,908 and \$765,910, respectively, due to cost cutting measures instituted by the District including a retirement incentive offered to employees and overall reductions in force.

Bond Retirement Fund

During fiscal year 2014, the bond retirement fund had revenues and other financing sources of \$3,551,186 and expenditures of \$3,227,327. The fund balance of the bond retirement fund increased \$323,859 from \$2,048,280 to \$2,372,189. This increase is the result of property tax collections exceeding the required principal and interest payments during the fiscal year.

General Fund Budgeting Highlights

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

For the general fund, original and final budgeted revenues and other financing sources were \$30,999,000. Actual revenues and other financing sources increased \$1,249,610 to \$32,248,610.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$31,197,961 were increased to \$33,454,778 in the final budget. Actual expenditures and other uses of \$31,028,262 were \$2,426,516 lower than final appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the School District had \$52,384,173 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, software and vehicles. This entire amount is reported in governmental activities.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

The following table shows June 30, 2014 balances compared to June 30, 2013.

Capital Assets at June 30 (Net of Depreciation)		
<u>Governmental Activities</u>		
	<u>2014</u>	<u>2013</u>
Land	\$ 1,544,261	\$ 1,544,261
Construction in progress	-	401,100
Land improvements	4,079,143	4,371,871
Buildings and improvements	43,263,012	44,558,777
Furniture and equipment	2,384,696	2,881,007
Software	872,905	254,030
Vehicles	<u>240,156</u>	<u>466,987</u>
Total	<u>\$ 52,384,173</u>	<u>\$ 54,478,033</u>

The capital assets decreased \$2,093,860. This is due to current year depreciation of \$2,333,763 and disposals (net of accumulated depreciation) of \$71,306 exceeding capital outlays of \$311,209.

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

Debt Administration

At June 30, 2014 the School District had \$53,528,319 in general obligation bonds and capital lease obligations outstanding. Of this total, \$1,448,440 is due within one year and \$52,079,879 is due in greater than one year. The following table summarizes the bonds and capital lease obligations outstanding.

	Governmental Activities	Governmental Activities
	<u>2014</u>	<u>2013</u>
General Obligation Bonds	\$ 51,075,000	\$ 52,310,000
Premiums	1,192,787	1,248,344
Capital Appreciation Bonds	367,140	367,140
Accreted interest	659,778	457,927
Capital lease obligations	<u>233,614</u>	<u>382,424</u>
Total	<u>\$ 53,528,319</u>	<u>\$ 54,765,835</u>

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

For the Future

The Board of Education maintains an extensive 10 year planning schedule detailing the expected resources and expenditures for the district. Projected revenue streams have fallen significantly with the state's phase out of tangible personal property and falling valuation in the School District. The School District has made reductions in both the 2012-2013 and 2013-2014 school years, in excess of \$7,000,000 to balance the budget and asked taxpayers to continue to support services by replacing some of the lost revenue with additional taxation. On November 5, 2013, School District taxpayers approved a five-year 6.99-mill operating levy. District administration continues to reduce costs wherever and whenever possible while always trying to increase savings through attrition with the least minimal impact on the academic program and classroom instruction.

It is expected the 10 year plan, five-year forecasting, and community collaboration will continue to enable the Vandalia-Butler community to make the best decisions regarding efficient use of resources for a stable and premier School District despite significantly depleted resources.

Contacting the School District's Financial Management

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

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

STATEMENT OF NET POSITION
JUNE 30, 2014

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and investments	\$ 12,773,989
Receivables:	
Property taxes	24,782,394
Payment in lieu of taxes	748,597
Accounts	152,858
Accrued interest	2,197
Intergovernmental	271,311
Prepayments	55,216
Materials and supplies inventory	6,407
Capital assets:	
Nondepreciable capital assets	1,544,261
Depreciable capital assets, net	<u>50,839,912</u>
Capital assets, net	<u>52,384,173</u>
Total assets	<u>91,177,142</u>
Liabilities:	
Accounts payable	493,478
Accrued wages and benefits payable	2,263,952
Pension obligation payable	482,842
Intergovernmental payable	136,156
Unearned revenue	478,240
Accrued interest payable	210,909
Tax anticipation notes payable	3,595,000
Long-term liabilities:	
Due within one year	2,036,469
Due in more than one year	<u>54,081,212</u>
Total liabilities	<u>63,778,258</u>
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	22,602,879
PILOTs levied for the next fiscal year	<u>748,597</u>
Total deferred inflows of resources	<u>23,351,476</u>
Net position:	
Net investment in capital assets	(484,368)
Restricted for:	
Capital projects	31,044
Debt service	1,630,533
Locally funded programs	5,200
State funded programs	55,057
Federally funded programs	46,758
Student activities	78,756
Food service operations	218,424
Unrestricted	<u>2,466,004</u>
Total net position	<u>\$ 4,047,408</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction:					
Regular	\$ 12,533,864	\$ 636,358	\$ 169,114	\$ -	\$ (11,728,392)
Special	4,797,836	270,741	1,563,453	-	(2,963,642)
Vocational	163,168	-	16,587	-	(146,581)
Other	1,962,327	-	21,800	-	(1,940,527)
Support services:					
Pupil	2,670,711	-	333,953	-	(2,336,758)
Instructional staff	1,239,596	70,306	158,736	-	(1,010,554)
Board of education	22,660	-	-	-	(22,660)
Administration	1,990,412	21,416	51,489	-	(1,917,507)
Fiscal	901,741	52,625	-	-	(849,116)
Business	213,351	3,073	2,621	-	(207,657)
Operations and maintenance	2,927,525	16,546	4,135	436	(2,906,408)
Pupil transportation	1,415,855	50,337	99,941	-	(1,265,577)
Central	198,884	-	-	-	(198,884)
Operation of non-instructional services:					
Other non-instructional services	391,342	280,266	106,395	-	(4,681)
Food service operations	1,164,252	586,074	499,861	-	(78,317)
Extracurricular activities	534,579	423,619	517	-	(110,443)
Interest and fiscal charges	2,598,370	-	-	-	(2,598,370)
Total governmental activities	\$ 35,726,473	\$ 2,411,361	\$ 3,028,602	\$ 436	(30,286,074)
General revenues:					
Property taxes levied for:					
General purposes					19,619,494
Debt service					2,997,705
Payments in lieu of taxes					748,597
Grants and entitlements not restricted to specific programs					9,193,259
Investment earnings					38,255
Miscellaneous					175,954
Total general revenues					32,773,264
Change in net position					2,487,190
Net position at beginning of year					1,560,218
Net position at end of year					\$ 4,047,408

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and investments.	\$ 9,922,685	\$ 2,197,844	\$ 653,460	\$ 12,773,989
Receivables:				
Property taxes.	21,730,640	3,051,754	-	24,782,394
Payment in lieu of taxes	748,597	-	-	748,597
Accounts	152,858	-	-	152,858
Accrued interest	2,197	-	-	2,197
Intergovernmental.	231,375	-	39,936	271,311
Prepayments.	55,216	-	-	55,216
Materials and supplies inventory.	-	-	6,407	6,407
Due from other funds	-	35,174	-	35,174
Total assets	<u>\$ 32,843,568</u>	<u>\$ 5,284,772</u>	<u>\$ 699,803</u>	<u>\$ 38,828,143</u>
Liabilities:				
Accounts payable	\$ 478,569	\$ -	\$ 14,909	\$ 493,478
Accrued wages and benefits payable	2,178,819	-	85,133	2,263,952
Compensated absences payable	90,895	-	-	90,895
Early retirement incentive payable	212,884	-	-	212,884
Intergovernmental payable	130,284	-	5,872	136,156
Unearned revenue.	478,240	-	-	478,240
Accrued interest payable	8,251	-	-	8,251
Tax anticipation notes payable	3,595,000	-	-	3,595,000
Pension obligation payable	455,313	-	27,529	482,842
Due to other funds	-	-	35,174	35,174
Total liabilities.	<u>7,628,255</u>	<u>-</u>	<u>168,617</u>	<u>7,796,872</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year.	19,811,076	2,791,803	-	22,602,879
Delinquent property tax revenue not available.	963,736	120,830	-	1,084,566
Accrued interest not available.	2,197	-	-	2,197
Other nonexchange transactions not available.	-	-	39,936	39,936
Miscellaneous revenue not available.	231,375	-	-	231,375
PILOTs levied for the next fiscal year	748,597	-	-	748,597
Total deferred inflows of resources	<u>21,756,981</u>	<u>2,912,633</u>	<u>39,936</u>	<u>24,709,550</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory.	-	-	6,407	6,407
Prepays.	55,216	-	-	55,216
Restricted:				
Debt service	-	2,372,139	-	2,372,139
Capital improvements	-	-	31,044	31,044
Food service operations	-	-	272,736	272,736
Non-public schools	-	-	66,126	66,126
Special education	-	-	14,160	14,160
Targeted academic assistance	-	-	6,569	6,569
Other purposes.	-	-	6,250	6,250
Extracurricular activities	-	-	97,703	97,703
Committed:				
Other purposes.	-	-	5,258	5,258
Assigned:				
Student instruction	127,883	-	-	127,883
Student and staff support.	666,371	-	-	666,371
Subsequent year's appropriations	47,001	-	-	47,001
Other purposes.	202,521	-	-	202,521
Unassigned (deficit).	2,359,340	-	(15,003)	2,344,337
Total fund balances (deficit)	<u>3,458,332</u>	<u>2,372,139</u>	<u>491,250</u>	<u>6,321,721</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 32,843,568</u>	<u>\$ 5,284,772</u>	<u>\$ 699,803</u>	<u>\$ 38,828,143</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2014

Total governmental fund balances		\$	6,321,721
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			52,384,173
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	1,084,566	
Accrued interest receivable		2,197	
Intergovernmental receivable		271,311	
Total		1,358,074	1,358,074
Unamortized premiums on bonds issued are not recognized in the funds.			(1,192,787)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(202,658)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(52,101,918)	
Capital lease obligations		(233,614)	
Compensated absences		(2,285,583)	
Total		(54,621,115)	(54,621,115)
Net position of governmental activities		\$	4,047,408

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
From local sources:				
Property taxes	\$ 19,561,789	\$ 3,009,172	\$ -	\$ 22,570,961
Payment in lieu of taxes	748,597	-	-	748,597
Tuition	748,321	-	-	748,321
Transportation fees	50,337	-	-	50,337
Earnings on investments	39,673	-	747	40,420
Charges for services	-	-	589,426	589,426
Extracurricular	294,189	-	191,977	486,166
Classroom materials and fees	158,778	-	-	158,778
Rental income	11,698	-	-	11,698
Contributions and donations	125,000	-	1,730	126,730
Contract services	361,685	-	4,950	366,635
Other local revenues	188,599	-	1,743	190,342
Intergovernmental - state	9,653,196	424,621	275,305	10,353,122
Intergovernmental - federal	-	-	1,918,428	1,918,428
Total revenues	<u>31,941,862</u>	<u>3,433,793</u>	<u>2,984,306</u>	<u>38,359,961</u>
Expenditures:				
Current:				
Instruction:				
Regular	11,827,910	-	143,509	11,971,419
Special	3,822,860	-	756,391	4,579,251
Vocational	152,193	-	-	152,193
Other	1,848,379	-	20,181	1,868,560
Support services:				
Pupil	2,345,506	-	309,939	2,655,445
Instructional staff	925,986	-	27,315	953,301
Board of education	21,577	-	-	21,577
Administration	1,837,914	-	48,196	1,886,110
Fiscal	1,114,565	-	-	1,114,565
Business	178,562	-	5,718	184,280
Operations and maintenance	2,771,593	-	9,021	2,780,614
Pupil transportation	1,342,488	-	-	1,342,488
Central	202,934	-	904	203,838
Operation of non-instructional services:				
Other operation of non-instructional	292,699	-	86,554	379,253
Food service operations	-	-	1,090,513	1,090,513
Extracurricular activities	321,416	-	150,178	471,594
Facilities acquisition and construction	-	-	10,070	10,070
Debt service:				
Principal retirement	383,810	1,000,000	-	1,383,810
Interest and fiscal charges	227,387	2,227,327	-	2,454,714
Total expenditures	<u>29,617,779</u>	<u>3,227,327</u>	<u>2,658,489</u>	<u>35,503,595</u>
Excess of revenues over expenditures	<u>2,324,083</u>	<u>206,466</u>	<u>325,817</u>	<u>2,856,366</u>
Other financing sources (uses):				
Sale/loss of assets	220,313	-	-	220,313
Transfers in	-	117,393	-	117,393
Transfers (out)	(117,393)	-	-	(117,393)
Total other financing sources (uses)	<u>102,920</u>	<u>117,393</u>	<u>-</u>	<u>220,313</u>
Net change in fund balances	2,427,003	323,859	325,817	3,076,679
Fund balances at beginning of year (restated)	<u>1,031,329</u>	<u>2,048,280</u>	<u>165,433</u>	<u>3,245,042</u>
Fund balances at end of year	<u>\$ 3,458,332</u>	<u>\$ 2,372,139</u>	<u>\$ 491,250</u>	<u>\$ 6,321,721</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Net change in fund balances - total governmental funds	\$	3,076,679
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 311,209	
Current year depreciation	<u>(2,333,763)</u>	
Total		(2,022,554)
 The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(71,306)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	46,238	
Earnings on investments	(1,418)	
Intergovernmental	<u>(42,856)</u>	
Total		1,964
 Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
Bonds	1,235,000	
Capital leases	<u>148,810</u>	
Total		1,383,810
 In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Accrued interest payable	2,638	
Accreted interest on capital appreciation bonds	(201,851)	
Amortization of bond premiums	<u>55,557</u>	
Total		(143,656)
 Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>262,253</u>
Change in net position of governmental activities	\$	<u>2,487,190</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 19,322,478	\$ 18,531,923	\$ 19,278,968	\$ 747,045
Payment in lieu of taxes.	750,286	719,589	748,597	29,008
Tuition.	658,268	631,336	656,786	25,450
Transportation fees.	55,712	53,433	55,587	2,154
Earnings on investments	56,014	53,722	55,888	2,166
Extracurricular.	231,928	222,439	231,406	8,967
Rental income	20,478	19,640	20,432	792
Contract services.	52,744	50,586	52,625	2,039
Other local revenues	176,110	168,904	175,713	6,809
Intergovernmental - state	9,674,982	9,279,142	9,653,196	374,054
Total revenues	30,999,000	29,730,714	30,929,198	1,198,484
Expenditures:				
Current:				
Instruction:				
Regular	12,537,092	13,256,336	12,294,839	961,497
Special.	3,888,134	4,111,194	3,813,004	298,190
Vocational.	172,366	182,254	169,035	13,219
Other.	2,024,938	2,141,107	1,985,810	155,297
Support services:				
Pupil.	2,579,876	2,727,882	2,530,025	197,857
Instructional staff	1,024,654	1,083,438	1,004,855	78,583
Board of education	26,530	28,052	26,017	2,035
Administration.	2,038,878	2,155,847	1,999,481	156,366
Fiscal	1,203,817	1,272,880	1,180,556	92,324
Business	189,289	200,148	185,631	14,517
Operations and maintenance.	2,814,678	2,976,154	2,760,290	215,864
Pupil transportation	1,726,535	1,825,585	1,693,173	132,412
Central.	249,785	264,115	244,958	19,157
Other operation of non-instructional services	38,083	40,268	37,347	2,921
Extracurricular activities.	333,815	352,966	327,365	25,601
Debt service:				
Principal	239,630	253,378	235,000	18,378
Interest and fiscal charges.	109,861	116,163	107,738	8,425
Total expenditures	31,197,961	32,987,767	30,595,124	2,392,643
Excess (deficiency) of revenues over (under) expenditures	(198,961)	(3,257,053)	334,074	3,591,127
Other financing sources (uses):				
Refund of prior year's expenditures	-	458,581	477,067	18,486
Transfers (out).	-	(467,011)	(433,138)	33,873
Advances in.	-	138,220	143,792	5,572
Sale of capital assets	-	671,485	698,553	27,068
Total other financing sources (uses)	-	801,275	886,274	84,999
Net change in fund balance	(198,961)	(2,455,778)	1,220,348	3,676,126
Fund balance at beginning of year	6,623,274	6,623,274	6,623,274	-
Prior year encumbrances appropriated	478,961	478,961	478,961	-
Fund balance at end of year	\$ 6,903,274	\$ 4,646,457	\$ 8,322,583	\$ 3,676,126

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VANDALIA-BUTLER CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2014

	<u>Agency</u>
Assets:	
Equity in pooled cash and investments	\$ 109,585
Cash in segregated accounts.	<u>8,920</u>
Total assets.	<u>\$ 118,505</u>
Liabilities:	
Due to students.	\$ 109,585
Due to others	<u>8,920</u>
Total liabilities	<u>\$ 118,505</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and/or federal agencies. This Board of Education controls the School District's six school buildings, one bus garage and one board office staffed by 139 non-certified and 242 certified full time teaching personnel who provide services to 3,156 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities of the School District. The following activities are also included within the reporting entity:

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's Governing Board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; or (3) the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the School District has no component units. The basic financial statements of the reporting entity include only those of the School District (the primary government).

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

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

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

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

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

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

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

During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the general fund. During fiscal year 2014, the School District paid \$118,529 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, Director, 303 Corporate Center Drive Suite 208, Vandalia, Ohio 45377.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

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

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

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the Net Position shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the general fund. During fiscal year 2014, the School District did not make any payments to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Frank DePalma, who serves as Interim Director, 150 East Sixth Street, Franklin, Ohio 45005.

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

Metropolitan Dayton Educational Computer Association - The School District is a member of the Metropolitan Dayton Educational Computer Association (MDECA), which is a computer consortium of area school districts sharing computer resources. MDECA is an association of public school districts in a geographical area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative instructional functions among member districts. The Board of MDECA consists of one representative from each of the participating members. Each member pays an annual membership fee plus any other fees for services performed by the consortium. During fiscal year 2014, the School District made \$45,246 in payments to MDECA. To obtain financial information, write to the Metropolitan Dayton Educational Computer Association, Jerry Woodyard, who serves as Executive Director, 225 Linwood Street, Dayton, Ohio 45405.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

INSURANCE PURCHASING POOL

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

FIDUCIARY FUNDS

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

C. Basis of Presentation

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

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

D. Measurement Focus

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

E. Basis of Accounting

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

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

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

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

Deferred Inflows of Resources and Deferred Outflows of Resources - A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows. Payment in lieu of taxes and grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2014, are recorded as deferred inflows on the governmental fund financial statements.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

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

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

F. Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2014.

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

G. Encumbrances

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

H. Cash and Investments

Cash received by the School District is deposited into one of several bank accounts with individual fund balance integrity maintained in the School District's records. Balances of all funds are maintained in these accounts or are temporarily used to purchase certificates of deposit or investments. All investment earnings accrue to the general fund except those specifically related to those funds deemed appropriate according to Board of Education policy or unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal year 2014 amount to \$39,673 which includes \$11,618 assigned from other funds.

The School District records all its investments at fair value. For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. The School District has invested in the State Treasury Asset Reserve of Ohio (STAR Ohio) and Negotiable Certificates of Deposit during fiscal year 2014. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price, which is the price the investment could be sold for on June 30, 2014.

I. Inventory

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

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

J. Capital Assets and Depreciation

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

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

K. Interfund Balances

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

L. Prepayments

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

M. Compensated Absences

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

N. Accrued Liabilities and Long-Term Obligations

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

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

O. Net Position

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

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

P. Fund Balance

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

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

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

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

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

Q. Interfund Transactions

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

R. Estimates

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

S. Bond Issuance Costs/Unamortized Bond Premium and Discount

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2014, the District has implemented GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2014 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Title I	\$ 14,957
IDEA Part-B - preschool	46

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

C. Fund Balance Restatement

The fund balance of the bond retirement fund and the building fund (a nonmajor governmental fund) will be restated at July 1, 2013 due to a recalculation in the amount of an interfund balance due between the two funds. This restatement had the following effect on the District's governmental fund balances as previously reported:

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Fund balance (deficit)				
as previously reported	\$ 1,031,329	\$ 4,148,923	\$ (1,935,210)	\$ 3,245,042
Fund balance restatement:				
Recalculation of interfund balance	-	(2,100,643)	2,100,643	-
Total fund balance restatement	-	(2,100,643)	2,100,643	-
Restated fund balance at July 1, 2013	<u>\$ 1,031,329</u>	<u>\$ 2,048,280</u>	<u>\$ 165,433</u>	<u>\$ 3,245,042</u>

The fund balance restatement did not have an effect on net position as previously reported.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Bonds and other obligations of the State of Ohio;
4. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
5. The State Treasury Asset Reserve of Ohio (STAR Ohio); and
6. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25% of the interim monies available for investment at any one time.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Cash on Hand

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

B. Cash in Segregated Accounts

At fiscal year end, \$8,920 was on deposit for a flexible spending account. This amount is included in the total amount of deposits reported below and is reported on the financial statements as "cash in segregated accounts".

C. Deposits with Financial Institutions

At June 30, 2014, the carrying amount of all School District deposits was \$3,865,029. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2014, \$4,126,830 of the School District's bank balance of \$4,498,644 was exposed to custodial risk as discussed below, while \$372,335 was covered by the FDIC.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments

As of June 30, 2014, the School District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>Greater Than 24 months</u>
Negotiable CD's	\$ 1,527,882	\$ 497,485	\$ 100,661	\$ 929,736
STAR Ohio	7,496,933	7,496,933	-	-
Total	<u>\$ 9,024,815</u>	<u>\$ 7,994,418</u>	<u>\$ 100,661</u>	<u>\$ 929,736</u>

The weighted average maturity of investments is 0.29 years.

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

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

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The School District places no limit on the amount that may be invested in any one issuer other than for commercial paper and bankers acceptances. The following table includes the percentage of each investment type held by the School District at June 30, 2014:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
Negotiable CD's	\$ 1,527,882	16.93
STAR Ohio	7,496,933	83.07
Total	<u>\$ 9,024,815</u>	<u>100.00</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

E. Reconciliation of Cash to the Statement of Net Position

The following is a reconciliation of cash as reported in the note above to cash as reported on the statement of net position as of June 30, 2014:

<u>Cash per note</u>	
Carrying amount of deposits	\$ 3,865,029
Investments	9,024,815
Cash on hand	<u>2,650</u>
Total	<u>\$ 12,892,494</u>
 <u>Cash per statement of net position</u>	
Governmental activities	\$ 12,773,989
Agency funds	<u>118,505</u>
Total	<u>\$ 12,892,494</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund transfers for the year ended June 30, 2014, consisted of the following, as reported on the fund financial statement:

<u>Transfers from the general fund to:</u>	<u>Amount</u>
Bond retirement fund	<u>\$ 117,393</u>

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

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

- B.** Due to/due from other funds at June 30, 2014 as reported on the fund statements, consisted of the following:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Bond retirement fund	Nonmajor governmental fund	<u>\$ 35,174</u>

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Public utility real and personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Montgomery County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available as an advance at June 30, 2014 was \$955,828 in the general fund and \$139,121 in the bond retirement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2013 was \$673,007 in the general fund and \$117,886 in the permanent improvement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second Half Collections		2014 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 574,308,920	97.94	\$ 577,267,990	97.75
Public utility personal	<u>12,070,370</u>	<u>2.06</u>	<u>13,313,880</u>	<u>2.25</u>
Total	<u>\$ 586,379,290</u>	<u>100.00</u>	<u>\$ 590,581,870</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
General	\$49.54		\$56.53	
Bond retirement	6.03		6.00	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2014 consisted of property taxes, payment in lieu of taxes (PILOTs), accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

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

Governmental activities:

Property taxes	\$ 24,782,394
Payment in lieu of taxes	748,597
Accounts	152,858
Accrued interest	2,197
Intergovernmental:	
SERS refund	231,375
Title I	<u>39,936</u>
Total	<u>\$ 25,957,357</u>

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 8 - CAPITAL ASSETS

	<u>Balance</u> <u>06/30/13</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/14</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,544,261	\$ -	\$ -	\$ 1,544,261
Construction in progress	<u>401,100</u>	<u>255,345</u>	<u>(656,445)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>1,945,361</u>	<u>255,345</u>	<u>(656,445)</u>	<u>1,544,261</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	5,627,187	-	-	5,627,187
Buildings and improvements	58,724,150	-	-	58,724,150
Furniture and equipment	5,370,500	32,714	-	5,403,214
Software	267,400	679,595	-	946,995
Vehicles	<u>2,580,653</u>	<u>-</u>	<u>(713,044)</u>	<u>1,867,609</u>
Total capital assets, being depreciated	<u>72,569,890</u>	<u>712,309</u>	<u>(713,044)</u>	<u>72,569,155</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(1,255,316)	(292,728)	-	(1,548,044)
Buildings and improvements	(14,165,373)	(1,295,765)	-	(15,461,138)
Furniture and equipment	(2,489,493)	(529,025)	-	(3,018,518)
Software	(13,370)	(60,720)	-	(74,090)
Vehicles	<u>(2,113,666)</u>	<u>(155,525)</u>	<u>641,738</u>	<u>(1,627,453)</u>
Total accumulated depreciation	<u>(20,037,218)</u>	<u>(2,333,763)</u>	<u>641,738</u>	<u>(21,729,243)</u>
Governmental activities capital assets, net	<u>\$ 54,478,033</u>	<u>\$ (1,366,109)</u>	<u>\$ (727,751)</u>	<u>\$ 52,384,173</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 763,957
Special	230,528
Vocational	7,637
Other	93,767
<u>Support services:</u>	
Pupil	133,254
Instructional staff	307,956
Board of education	1,083
Administration	99,103
Fiscal	115,493
Business	9,247
Operations and maintenance	147,223
Pupil transportation	227,305
Central	10,229
<u>Operation of non-instructional services:</u>	
Other non-instructional services	19,031
Food service operations	120,872
Extracurricular activities	<u>47,078</u>
Total depreciation expense	<u>\$ 2,333,763</u>

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In a prior fiscal year, the School District entered into leases for the purpose of purchasing copiers and buses. In the current fiscal year, the School District entered into leases for copier equipment. The terms of the agreements provide options to purchase the equipment. These leases meet the criteria of a capital lease which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

The capital assets acquired by the leases have been capitalized in the statement of net position for governmental activities in the amount of \$813,720 which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded on the statement of net position for governmental activities. Principal payments in fiscal year 2014 totaled \$148,810 in the general fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

The assets acquired through the capital leases are as follows:

Assets:	<u>Asset Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Copiers	\$ 349,038	\$ 244,328	\$ 104,710
Buses	464,682	447,324	17,358

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2014:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2015	\$ 166,010
2016	79,226
2017	<u>343</u>
Total minimum lease payment	245,579
Less: amount representing interest	<u>(11,965)</u>
Present value of minimum lease payments	<u>\$ 233,614</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 10 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2014, the following changes occurred in governmental activities long-term obligations.

	Balance Outstanding <u>June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>June 30, 2014</u>	Amounts Due in <u>One Year</u>
Governmental Activities:					
General Obligation Bonds:					
2009 School Improvement Bonds					
Serial and Term 3-4.70%	\$ 24,460,000	\$ -	\$ (665,000)	\$ 23,795,000	\$ 685,000
Premium	641,990	-	(26,293)	615,697	-
2009 Capital Appreciation Bonds	189,991	-	-	189,991	-
Accreted Interest	327,807	139,395	-	467,202	-
2010A School Improvement Bonds					
Serial and Term 2-5%	23,515,000	-	(235,000)	23,280,000	270,000
Premium	501,632	-	(19,736)	481,896	-
2010A Capital Appreciation Bonds	114,318	-	-	114,318	-
Accreted Interest	100,153	45,512	-	145,665	-
2010B School Improvement Bonds					
Current Interest	785,000	-	(100,000)	685,000	100,000
Premium	16,951	-	(2,286)	14,665	-
2010B Capital Appreciation Bonds	19,878	-	-	19,878	-
Accreted Interest	14,273	7,171	-	21,444	-
2010 Energy Conservation Bonds					
Current Interest	2,640,000	-	(175,000)	2,465,000	150,000
Premium	53,549	-	(4,691)	48,858	-
2010 Capital Appreciation Bonds	13,120	-	-	13,120	13,120
Accreted Interest	9,419	4,734	-	14,153	14,153
2011 Energy Conservation Bonds					
Current Interest	910,000	-	(60,000)	850,000	60,000
Premium	34,222	-	(2,551)	31,671	-
2011 Capital Appreciation Bonds	29,833	-	-	29,833	-
Accreted Interest	6,275	5,039	-	11,314	-
Compensated Absences	2,622,485	437,459	(683,466)	2,376,478	375,145
Retirement Incentive (ESP)	425,768	-	(212,884)	212,884	212,884
Obligations Under Capital Leases	<u>382,424</u>	<u>-</u>	<u>(148,810)</u>	<u>233,614</u>	<u>156,167</u>
Total governmental activities	<u>\$ 57,814,088</u>	<u>\$ 639,310</u>	<u>\$ (2,335,717)</u>	<u>\$ 56,117,681</u>	<u>\$ 2,036,469</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

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

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

Obligations Under Capital Leases: See Note 9 for details.

B. Series 2009 General Obligation School Improvement Bonds

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

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

The accreted value at maturity for the capital appreciation bonds is \$1,975,000. Total accreted interest of \$467,202 has been included on the statement of net position.

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

Fiscal Year Ending <u>June 30,</u>	<u>2009 General Obligation School Improvement Bonds</u>					
	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 685,000	\$ 1,133,425	\$ 1,818,425	\$ -	\$ -	\$ -
2016	705,000	1,109,050	1,814,050	-	-	-
2017	735,000	1,080,250	1,815,250	-	-	-
2018	350,000	1,058,550	1,408,550	52,087	362,913	415,000
2019	-	1,051,550	1,051,550	77,134	702,866	780,000
2020 - 2024	3,315,000	4,983,822	8,298,822	60,770	719,230	780,000
2025 - 2029	5,070,000	3,959,099	9,029,099	-	-	-
2030 - 2034	6,465,000	2,518,334	8,983,334	-	-	-
2035 - 2038	6,470,000	683,675	7,153,675	-	-	-
Total	<u>\$23,795,000</u>	<u>\$ 17,577,755</u>	<u>\$ 41,372,755</u>	<u>\$ 189,991</u>	<u>\$ 1,785,009</u>	<u>\$ 1,975,000</u>

C. Series 2010A General Obligation School Improvement Bonds

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

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

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

The accreted value at maturity for the capital appreciation bonds maturing December 1, 2017 and 2018 is \$530,000. Total accreted interest of \$145,665 has been included on the statement of net position.

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

Fiscal Year Ending <u>June 30,</u>	<u>2010 A General Obligation School Improvement Bonds</u>					
	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 270,000	\$ 1,010,881	\$ 1,280,881	\$ -	\$ -	\$ -
2016	340,000	1,004,357	1,344,357	-	-	-
2017	375,000	995,844	1,370,844	-	-	-
2018	-	991,156	991,156	93,047	321,953	415,000
2019	365,000	985,225	1,350,225	21,271	93,729	115,000
2020 - 2024	3,305,000	4,593,969	7,898,969	-	-	-
2025 - 2029	4,480,000	3,801,070	8,281,070	-	-	-
2030 - 2034	5,475,000	2,781,259	8,256,259	-	-	-
2035 - 2039	<u>8,670,000</u>	<u>1,297,999</u>	<u>9,967,999</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 23,280,000</u>	<u>\$ 17,461,760</u>	<u>\$ 40,741,760</u>	<u>\$ 114,318</u>	<u>\$ 415,682</u>	<u>\$ 530,000</u>

D. Series 2010 B General Obligation School Improvement Bonds

During fiscal year 2011, the School District issued \$999,878 in general obligation bonds to provide financing for various construction projects. The issue is comprised of both current interest bonds, par value \$980,000 and capital appreciation bonds, par value \$19,878. The interest rates on the current interest bonds range from 1.00% - 3.10%. The capital appreciation bonds mature December 1, 2015 (approximate equivalent interest rate 20.00%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bond maturing December 1, 2015 is \$55,000. Total accreted interest of \$21,444 has been included on the statement of net position.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

Fiscal Year Ending June 30,	<u>2010 B School Improvement Bonds</u>					
	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 100,000	\$ 16,042	\$ 116,042	\$ -	\$ -	\$ -
2016	45,000	14,842	59,842	19,878	35,122	55,000
2017	105,000	13,237	118,237	-	-	-
2018	105,000	10,797	115,797	-	-	-
2019	105,000	8,120	113,120	-	-	-
2020 - 2021	225,000	6,930	231,930	-	-	-
Total	<u>\$ 685,000</u>	<u>\$ 69,968</u>	<u>\$ 754,968</u>	<u>\$ 19,878</u>	<u>\$ 35,122</u>	<u>\$ 55,000</u>

E. Series 2010 General Obligation Energy Conservation Bonds

During fiscal year 2011, the School District issued \$2,998,120 in general obligation bonds to provide financing for various construction projects to improve energy conservation. The issue is comprised of both current interest bonds, par value \$2,985,000 and capital appreciation bonds, par value \$13,120. The interest rates on the current interest bonds range from 1.50% - 4.00%. The capital appreciation bonds mature December 1, 2014 (approximate equivalent interest rate 20.00%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bond maturing December 1, 2013 is \$30,000. Total accreted interest of \$14,153 has been included on the statement of net position.

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

Fiscal Year Ending June 30,	<u>2010 Energy Conservation Bonds</u>					
	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 150,000	\$ 80,688	\$ 230,688	\$ 13,120	\$ 16,880	\$ 30,000
2016	180,000	77,575	257,575	-	-	-
2017	185,000	73,462	258,462	-	-	-
2018	190,000	68,538	258,538	-	-	-
2019	195,000	63,000	258,000	-	-	-
2020 - 2024	1,075,000	206,412	1,281,412	-	-	-
2025 - 2026	490,000	19,800	509,800	-	-	-
Total	<u>\$ 2,465,000</u>	<u>\$ 589,475</u>	<u>\$ 3,054,475</u>	<u>\$ 13,120</u>	<u>\$ 16,880</u>	<u>\$ 30,000</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

F. Series 2011 General Obligation Energy Conservation Bonds

During fiscal year 2012, the School District issued \$999,833 in general obligation bonds to provide financing for various construction projects to improve energy conservation. The issue is comprised of both current interest bonds, par value \$970,000 and capital appreciation bonds, par value \$29,833. The interest rates on the current interest bonds range from 2.00% - 3.50%. The capital appreciation bonds mature December 1, 2017 (approximate equivalent interest rate 13.50%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bond maturing December 1, 2017 is \$65,000. Total accreted interest of \$11,314 has been included on the statement of net position.

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

Fiscal Year Ending June 30,	2011 Energy Conservation Bonds					
	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 60,000	\$ 23,225	\$ 83,225	\$ -	\$ -	\$ -
2016	65,000	21,975	86,975	-	-	-
2017	65,000	20,675	85,675	-	-	-
2018	-	20,025	20,025	29,833	35,167	65,000
2019	65,000	19,375	84,375	-	-	-
2020 - 2024	355,000	69,626	424,626	-	-	-
2025 - 2027	240,000	12,949	252,949	-	-	-
Total	\$ 850,000	\$ 187,850	\$ 1,037,850	\$ 29,833	\$ 35,167	\$ 65,000

G. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the School District shall never exceed 9% of the total assessed valuation of the School District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the School District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the School District. The assessed valuation used in determining the School District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the School District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2014 are a voted debt margin of \$7,440,320, including available funds of \$2,372,139, an unvoted debt margin of \$590,582 and an energy conservation debt margin of \$1,957,284.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 11 - NOTES PAYABLE

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

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Due Within</u> <u>One Year</u>
Tax anticipation notes	\$ 3,925,000	\$ -	\$ (330,000)	\$ 3,595,000	\$ 1,170,000

Principal and interest requirements to amortize tax anticipation notes outstanding at June 30, 2014, are as follows:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,170,000	\$ 84,388	\$ 1,254,388
2016	1,195,000	53,331	1,248,331
2017	<u>1,230,000</u>	<u>18,450</u>	<u>1,248,450</u>
Total	<u>\$ 3,595,000</u>	<u>\$ 156,169</u>	<u>\$ 3,751,169</u>

NOTE 12 - EMPLOYEE BENEFITS

A. Compensated Absences

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 12 - EMPLOYEE BENEFITS - (Continued)

B. Insurance Benefits

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

C. Retirement Incentive (the “ESP”)

The School District Board of Education has approved a voluntary retirement incentive program called the Employee Severance Plan (the “ESP”). To be eligible for the ESP, employees must have worked ten or more years with the School District and the ESP was not available to substitutes, temporary or contracted employees, those who have been laid off terminated or those who have previously retired and returned to the School District. Certified employees with 20 to 34 years of service may resign or retire effective June 30, 2012, rather than June 30, 2011. Twelve month classified employees who meet the ESP eligibility requirements could elect to resign or retire effective September 30, 2011. twelve and eleven month classified employees could elect to resign or retire effective June 30, 2011. Employees were eligible for up to an additional 80 days of paid severance. During fiscal years 2011 and 2012, 17 and 10 employees took advantage of the ESP, respectively. The total liability for the ESP at June 30, 2014, was \$212,884 of which all is due in one year. During fiscal year 2014, \$212,884 in payments were made. The amount due in one year is recorded as “retirement incentive payable” on the fund financial statements. The total liability is recorded on the governmental activities statement of net position as a component of “long-term liabilities”.

NOTE 13 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. For fiscal year 2014, the School District contracted with Selective Insurance Company for general liability insurance with a \$1,000,000 single occurrence limit and \$3,000,000 aggregate. Selective Insurance Company covers buildings, boiler and machinery with \$3,500 deductible and a \$100,000,000 limit.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 13 - RISK MANAGEMENT - (Continued)

For fiscal year 2014, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the school district by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Hunter Consulting, provides administrative, cost control and actuarial services to the GRP.

NOTE 14 - PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2014, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 14 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$458,704, \$636,368 and \$668,500, respectively; 72.45 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

B. State Teachers Retirement System of Ohio

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 14 - PENSION PLANS - (Continued)

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

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

Funding Policy - For fiscal year 2014, plan members were required to contribute 11 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 14 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$1,684,481, \$1,902,589 and \$2,060,000, respectively; 85.24 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$97,194 made by the District and \$76,367 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2014 certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 15 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2014, 0.14 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the actuarially determined amount was \$20,250.

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013 and 2012 were \$85,288, \$83,288 and \$102,406, respectively; 72.45 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$26,612, \$35,947 and \$39,478, respectively; 72.45 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2014, 2013 and 2012 were \$129,575, \$146,353 and \$158,468, respectively; 85.24 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 1,220,348
Net adjustment for revenue accruals	344,398
Net adjustment for expenditure accruals	713,559
Net adjustment for other sources/uses	(665,962)
Funds budgeted elsewhere	39,549
Adjustment for encumbrances	775,111
GAAP basis	\$ 2,427,003

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

NOTE 17 - CONTINGENCIES

Grants

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

Litigation

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 18 - SET-ASIDES

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2013	\$ -
Current year set-aside requirement	546,779
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	-
Excess qualified expenditures from prior years	-
Current year offsets	-
Waiver granted by ODE	-
Prior year offset from bond proceeds	<u>(546,779)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2015	<u>\$ -</u>
Set-aside balance June 30, 2014	<u>\$ -</u>

During fiscal years 1984, 2009, 2011 and 2012, the School District issued a total of \$60,405,462 in capital related school improvement bonds. These proceeds may be used to reduce capital acquisition below zero for future years. The amount presented for Prior Year Offset from Bond Proceeds is limited to an amount needed to reduce the reserve for capital improvement to \$0. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$55,580,766 at June 30, 2014.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 19 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 816,012
Other nonmajor governmental funds	<u>166,315</u>
Total	<u>\$ 982,327</u>

NOTE 20 - SUBSEQUENT EVENTS

On July 1, 2014, Eric Beavers became Treasurer of the School District.

On November 25, 2014, the School District issued \$8,094,987 in Series 2014 School Improvement General Obligation Refunding Bonds to advance refund a portion of the Series 2009 School Improvement Bonds. The Series 2014 School Improvement General Obligation Refunding Bonds are comprised of \$7,945,000 in term and serial bonds and \$149,987 in capital appreciation bonds. The serial and term bonds carry interest rates ranging from 3.50-4.00% and the capital appreciation bonds carry an equivalent interest rate of 66.23436%. The final maturity date of the bonds is December 1, 2037.

COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES

SUPPLEMENTARY INFORMATION

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

MAJOR FUNDS

General Fund

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

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

Uniform School Supply

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

Public School Support

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

Latchkey

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

Other Major Funds

Bond Retirement Fund

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

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>		
Uniform School Supply			
Total Revenues and Other Sources	\$ 155,000	\$ 158,778	\$ 3,778
Total Expenditures and Other Uses	<u>196,722</u>	<u>161,648</u>	<u>35,074</u>
Net Change in Fund Balances	(41,722)	(2,870)	38,852
Fund Balance at Beginning of Year	23,336	23,336	-
Prior Year Encumbrances Appropriated	<u>18,386</u>	<u>18,386</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 38,852</u>	<u>\$ 38,852</u>
Public School Support			
Total Revenues and Other Sources	\$ 200,000	\$ 201,214	\$ 1,214
Total Expenditures and Other Uses	<u>300,000</u>	<u>202,431</u>	<u>97,569</u>
Net Change in Fund Balances	(100,000)	(1,217)	98,783
Fund Balance at Beginning of Year	516,387	516,387	-
Prior Year Encumbrances Appropriated	<u>7,129</u>	<u>7,129</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 423,516</u>	<u>\$ 522,299</u>	<u>\$ 98,783</u>
Latchkey			
Total Revenues and Other Sources	\$ 350,000	\$ 309,060	\$ (40,940)
Total Expenditures and Other Uses	<u>400,000</u>	<u>319,744</u>	<u>80,256</u>
Net Change in Fund Balances	(50,000)	(10,684)	39,316
Fund Balance at Beginning of Year	189,850	189,850	-
Prior Year Encumbrances Appropriated	<u>15,376</u>	<u>15,376</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 155,226</u>	<u>\$ 194,542</u>	<u>\$ 39,316</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget- Over</u>
	<u>Final</u>		
Bond Retirement			
Total Revenues and Other Sources	\$ 3,750,000	\$ 3,963,088	\$ 213,088
Total Expenditures and Other Uses	<u>3,700,000</u>	<u>3,660,464</u>	<u>39,536</u>
Net Change in Fund Balances	50,000	302,624	252,624
Fund Balance at Beginning of Year (Restated)	<u>1,895,220</u>	<u>1,895,220</u>	<u>-</u>
Fund Balance at End of Year	<u><u>\$ 1,945,220</u></u>	<u><u>\$ 2,197,844</u></u>	<u><u>\$ 252,624</u></u>

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund - Building Fund	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents.	\$ 577,982	\$ 75,478	\$ 653,460
Receivables:			
Intergovernmental	39,936	-	39,936
Materials and supplies inventory	6,407	-	6,407
Total assets.	\$ 624,325	\$ 75,478	\$ 699,803
Liabilities:			
Accounts payable	\$ 5,649	\$ 9,260	\$ 14,909
Accrued wages and benefits	85,133	-	85,133
Intergovernmental payable	5,872	-	5,872
Pension obligation payable.	27,529	-	27,529
Due to other funds	-	35,174	35,174
Total liabilities.	124,183	44,434	168,617
Deferred inflows of resources:			
Other nonexchange transactions not available.	39,936	-	39,936
Total deferred inflows of resources.	39,936	-	39,936
Fund balances:			
Nonspendable:			
Materials and supplies inventory	6,407	-	6,407
Restricted:			
Capital improvements	-	31,044	31,044
Food service operations	272,736	-	272,736
Non-public schools	66,126	-	66,126
Special education	14,160	-	14,160
Targeted academic assistance	6,569	-	6,569
Other purposes	6,250	-	6,250
Extracurricular	97,703	-	97,703
Committed:			
Other purposes	5,258	-	5,258
Unassigned (deficit)	(15,003)	-	(15,003)
Total fund balances (deficits)	460,206	31,044	491,250
Total liabilities, deferred inflows and fund balances. . .	\$ 624,325	\$ 75,478	\$ 699,803

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund - Building Fund	Total Nonmajor Governmental Funds
Revenues:			
From local sources:			
Earnings on investments	\$ 311	\$ 436	\$ 747
Charges for services	589,426	-	589,426
Extracurricular	191,977	-	191,977
Contributions and donations	1,730	-	1,730
Contract services.	4,950	-	4,950
Other local revenues	1,743	-	1,743
Intergovernmental - state	275,305	-	275,305
Intergovernmental - federal	1,918,428	-	1,918,428
	<u>2,983,870</u>	<u>436</u>	<u>2,984,306</u>
Expenditures:			
Current:			
Instruction:			
Regular.	143,509	-	143,509
Special	756,391	-	756,391
Other	20,181	-	20,181
Support services:			
Pupil	309,939	-	309,939
Instructional staff.	27,315	-	27,315
Administration	48,196	-	48,196
Business	5,718	-	5,718
Operations and maintenance	9,021	-	9,021
Central	904	-	904
Operation of non-instructional services:			
Other non-instructional services.	86,554	-	86,554
Food service operations	1,090,513	-	1,090,513
Extracurricular activities	150,178	-	150,178
Facilities acquisition and construction	-	10,070	10,070
	<u>2,648,419</u>	<u>10,070</u>	<u>2,658,489</u>
Total expenditures	2,648,419	10,070	2,658,489
Net change in fund balances	335,451	(9,634)	325,817
Fund balances at beginning of year (restated)	124,755	40,678	165,433
Fund balances at end of year.	<u>\$ 460,206</u>	<u>\$ 31,044</u>	<u>\$ 491,250</u>

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

COMBINING STATEMENTS - NONMAJOR FUNDS

Nonmajor Special Revenue Funds

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

Food Service

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

Special Trust

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

Other Grants

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

Athletics

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

Auxiliary Services

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

Education Jobs

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

Race to the Top

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

Special Education

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

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

COMBINING STATEMENTS - NONMAJOR FUNDS

Nonmajor Special Revenue Funds (Continued)

Title I

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

Preschool Handicapped Grant

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

Title II-A

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

Nonmajor Capital Projects Fund

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

Building Fund

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



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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014

	<u>Food Services</u>	<u>Special Trust</u>	<u>Other Grant</u>	<u>Athletics</u>
Assets:				
Equity in pooled cash and investments	\$ 346,068	\$ 5,258	\$ 5,200	\$ 102,010
Receivables:				
Intergovernmental	-	-	-	-
Materials and supplies inventory	6,407	-	-	-
Total assets.	<u>\$ 352,475</u>	<u>\$ 5,258</u>	<u>\$ 5,200</u>	<u>\$ 102,010</u>
Liabilities:				
Accrued wages and benefits	\$ 61,119	\$ -	\$ -	\$ -
Accounts payable	1,342	-	-	4,307
Intergovernmental payable	2,419	-	-	-
Pension obligation payable.	8,452	-	-	-
Total liabilities.	<u>73,332</u>	<u>-</u>	<u>-</u>	<u>4,307</u>
Deferred inflows of resources:				
Other nonexchange transactions not available.	-	-	-	-
Total deferred inflows of resources.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	6,407	-	-	-
Restricted:				
Food service operations	272,736	-	-	-
Non-public schools	-	-	-	-
Targeted academic assistance.	-	-	-	-
Extracurricular	-	-	-	97,703
Special education.	-	-	-	-
Other purposes	-	-	5,200	-
Committed:				
Other purposes	-	5,258	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances (deficits)	<u>279,143</u>	<u>5,258</u>	<u>5,200</u>	<u>97,703</u>
Total liabilities, deferred inflows and fund balances.	<u>\$ 352,475</u>	<u>\$ 5,258</u>	<u>\$ 5,200</u>	<u>\$ 102,010</u>

<u>Auxiliary Services</u>	<u>Race to the Top</u>	<u>Special Education</u>	<u>Title I</u>	<u>Preschool Handicapped Grant</u>	<u>Title II-A</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 83,017	\$ 1,050	\$ 19,135	\$ 9,360	\$ -	\$ 6,884	\$ 577,982
-	-	-	39,936	-	-	39,936
-	-	-	-	-	-	6,407
<u>\$ 83,017</u>	<u>\$ 1,050</u>	<u>\$ 19,135</u>	<u>\$ 49,296</u>	<u>\$ -</u>	<u>\$ 6,884</u>	<u>\$ 624,325</u>
\$ 11,328	\$ -	\$ -	\$ 12,686	\$ -	\$ -	\$ 85,133
-	-	-	-	-	-	5,649
613	-	1,338	1,141	46	315	5,872
4,950	-	3,637	10,490	-	-	27,529
<u>16,891</u>	<u>-</u>	<u>4,975</u>	<u>24,317</u>	<u>46</u>	<u>315</u>	<u>124,183</u>
-	-	-	39,936	-	-	39,936
-	-	-	39,936	-	-	39,936
-	-	-	-	-	-	6,407
-	-	-	-	-	-	272,736
66,126	-	-	-	-	-	66,126
-	-	-	-	-	6,569	6,569
-	-	-	-	-	-	97,703
-	-	14,160	-	-	-	14,160
-	1,050	-	-	-	-	6,250
-	-	-	-	-	-	5,258
-	-	-	(14,957)	(46)	-	(15,003)
<u>66,126</u>	<u>1,050</u>	<u>14,160</u>	<u>(14,957)</u>	<u>(46)</u>	<u>6,569</u>	<u>460,206</u>
<u>\$ 83,017</u>	<u>\$ 1,050</u>	<u>\$ 19,135</u>	<u>\$ 49,296</u>	<u>\$ -</u>	<u>\$ 6,884</u>	<u>\$ 624,325</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES / (DEFICITS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Food Service</u>	<u>Special Trust</u>	<u>Other Grant Funds</u>	<u>Athletics</u>
Revenues:				
From local sources:				
Earnings on investments	\$ 264	\$ -	\$ -	\$ -
Charges for services	589,426	-	-	-
Extracurricular	-	-	-	191,977
Contributions and donations	-	1,730	-	-
Contract services	4,950	-	-	-
Other local revenues	70	1,673	-	-
Intergovernmental - state	9,235	-	-	-
Intergovernmental - federal	497,373	-	5,200	-
Total revenues	<u>1,101,318</u>	<u>3,403</u>	<u>5,200</u>	<u>191,977</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	-	-	-
Special	-	-	-	-
Other	-	-	-	-
Support services:				
Pupil	-	3,250	-	-
Instructional staff	-	-	-	-
Administration	709	-	-	-
Business	5,718	-	-	-
Operations and maintenance	9,021	-	-	-
Central	-	904	-	-
Operation of non-instructional services:				
Other non-instructional services	-	-	-	-
Food service operations	1,090,513	-	-	-
Extracurricular activities	-	-	-	150,178
Total expenditures	<u>1,105,961</u>	<u>4,154</u>	<u>-</u>	<u>150,178</u>
Net change in fund balances	(4,643)	(751)	5,200	41,799
Fund balances (deficits) at beginning of year	<u>283,786</u>	<u>6,009</u>	<u>-</u>	<u>55,904</u>
Fund balances (deficits) at end of year	<u>\$ 279,143</u>	<u>\$ 5,258</u>	<u>\$ 5,200</u>	<u>\$ 97,703</u>

<u>Auxiliary Services</u>	<u>Education Jobs</u>	<u>Race to the Top</u>	<u>Special Education</u>	<u>Title I</u>	<u>Preschool Handicapped Grant</u>
\$ 47	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
266,070	-	-	-	-	-
-	-	350	629,312	686,857	9,435
<u>266,117</u>	<u>-</u>	<u>350</u>	<u>629,312</u>	<u>686,857</u>	<u>9,435</u>
90,043	-	-	-	-	-
34,888	-	-	217,360	494,736	9,407
-	-	-	20,181	-	-
-	-	-	306,689	-	-
84	4,944	-	-	-	-
8,240	-	-	12,522	26,725	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
80,739	-	-	537	5,278	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>213,994</u>	<u>4,944</u>	<u>-</u>	<u>557,289</u>	<u>526,739</u>	<u>9,407</u>
52,123	(4,944)	350	72,023	160,118	28
<u>14,003</u>	<u>4,944</u>	<u>700</u>	<u>(57,863)</u>	<u>(175,075)</u>	<u>(74)</u>
<u>\$ 66,126</u>	<u>\$ -</u>	<u>\$ 1,050</u>	<u>\$ 14,160</u>	<u>\$ (14,957)</u>	<u>\$ (46)</u>

-- (Continued)

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES / (DEFICITS)
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Title II-A	Total Nonmajor Special Revenue Funds
Revenues:		
From local sources:		
Earnings on investments	\$ -	\$ 311
Charges for services	-	589,426
Extracurricular	-	191,977
Contributions and donations	-	1,730
Contract services	-	4,950
Other local revenues	-	1,743
Intergovernmental - state	-	275,305
Intergovernmental - federal	89,901	1,918,428
	<u>89,901</u>	<u>2,983,870</u>
Total revenues	<u>89,901</u>	<u>2,983,870</u>
Expenditures:		
Current:		
Instruction:		
Regular	53,466	143,509
Special	-	756,391
Other	-	20,181
Support services:		
Pupil	-	309,939
Instructional staff	22,287	27,315
Administration	-	48,196
Business	-	5,718
Operations and maintenance	-	9,021
Central	-	904
Operation of non-instructional services:		
Other non-instructional services	-	86,554
Food service operations	-	1,090,513
Extracurricular activities	-	150,178
	<u>75,753</u>	<u>2,648,419</u>
Total expenditures	<u>75,753</u>	<u>2,648,419</u>
Net change in fund balances	14,148	335,451
Fund balances (deficits) at beginning of year	<u>(7,579)</u>	<u>124,755</u>
Fund balances (deficits) at end of year	<u>\$ 6,569</u>	<u>\$ 460,206</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>		<u>Actual</u>
Food Service			
Total Revenues and Other Sources	\$ 1,150,000	\$ 1,087,167	\$ (62,833)
Total Expenditures and Other Uses	<u>1,250,000</u>	<u>1,132,191</u>	<u>117,809</u>
Net Change in Fund Balances	(100,000)	(45,024)	54,976
Fund Balance at Beginning of Year	232,613	232,613	-
Prior Year Encumbrances Appropriated	<u>94,252</u>	<u>94,252</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 226,865</u>	<u>\$ 281,841</u>	<u>\$ 54,976</u>
Special Trust			
Total Revenues and Other Sources	\$ 4,000	\$ 3,403	\$ (597)
Total Expenditures and Other Uses	<u>8,000</u>	<u>4,996</u>	<u>3,004</u>
Net Change in Fund Balances	(4,000)	(1,593)	2,407
Fund Balance at Beginning of Year	5,947	5,947	-
Prior Year Encumbrances Appropriated	<u>62</u>	<u>62</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 2,009</u>	<u>\$ 4,416</u>	<u>\$ 2,407</u>
Other Grants			
Total Revenues and Other Sources	\$ -	\$ 5,200	\$ 5,200
Total Expenditures and Other Uses	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	5,200	5,200
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 5,200</u>	<u>\$ 5,200</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>	<u>Actual</u>	
Athletics			
Total Revenues and Other Sources	\$ 190,000	\$ 191,977	\$ 1,977
Total Expenditures and Other Uses	<u>228,590</u>	<u>149,935</u>	<u>78,655</u>
Net Change in Fund Balances	(38,590)	42,042	80,632
Fund Balance at Beginning of Year	41,054	41,054	-
Prior Year Encumbrances Appropriated	<u>14,850</u>	<u>14,850</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 17,314</u>	<u>\$ 97,946</u>	<u>\$ 80,632</u>
Auxiliary Services			
Total Revenues and Other Sources	\$ 270,000	\$ 266,117	\$ (3,883)
Total Expenditures and Other Uses	<u>298,453</u>	<u>233,813</u>	<u>64,640</u>
Net Change in Fund Balances	(28,453)	32,304	60,757
Fund Balance at Beginning of Year	16,762	16,762	-
Prior Year Encumbrances Appropriated	<u>11,692</u>	<u>11,692</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 1</u>	<u>\$ 60,758</u>	<u>\$ 60,757</u>
Education Jobs			
Total Revenues and Other Sources	\$ -	\$ -	\$ -
Total Expenditures and Other Uses	<u>4,944</u>	<u>4,944</u>	<u>-</u>
Net Change in Fund Balances	(4,944)	(4,944)	-
Fund Balance at Beginning of Year	<u>4,944</u>	<u>4,944</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>	<u>Actual</u>	
Race to the Top			
Total Revenues and Other Sources	\$ -	\$ 350	\$ 350
Total Expenditures and Other Uses	-	-	-
Net Change in Fund Balances	-	350	350
Fund Balance at Beginning of Year	700	700	-
Fund Balance at End of Year	<u>\$ 700</u>	<u>\$ 1,050</u>	<u>\$ 350</u>
Special Education			
Total Revenues and Other Sources	\$ 690,024	\$ 629,312	\$ (60,712)
Total Expenditures and Other Uses	699,947	689,261	10,686
Net Change in Fund Balances	(9,923)	(59,949)	(50,026)
Fund Balance at Beginning of Year	-	-	-
Prior Year Encumbrances Appropriated	9,923	9,923	-
Fund Balance (Deficit) at End of Year	<u>\$ -</u>	<u>\$ (50,026)</u>	<u>\$ (50,026)</u>
Title I			
Total Revenues and Other Sources	\$ 701,311	\$ 686,857	\$ (14,454)
Total Expenditures and Other Uses	701,311	677,814	23,497
Net Change in Fund Balances	-	9,043	9,043
Fund Balance at Beginning of Year	-	-	-
Prior Year Encumbrances Appropriated	1	1	-
Fund Balance at End of Year	<u>\$ 1</u>	<u>\$ 9,044</u>	<u>\$ 9,043</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>	<u>Actual</u>	
Preschool Handicapped Grant			
Total Revenues and Other Sources	\$ 9,435	\$ 9,435	\$ -
Total Expenditures and Other Uses	<u>9,435</u>	<u>9,435</u>	<u>-</u>
Net Change in Fund Balances	-	-	-
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Title II-A			
Total Revenues and Other Sources	\$ 84,549	\$ 89,901	\$ 5,352
Total Expenditures and Other Uses	<u>85,382</u>	<u>88,296</u>	<u>(2,914)</u>
Net Change in Fund Balances	(833)	1,605	2,438
Fund Balance at Beginning of Year	-	-	-
Prior Year Encumbrances Appropriated	<u>833</u>	<u>833</u>	<u>-</u>
Fund Balance at End of Year	<u><u>\$ -</u></u>	<u><u>\$ 2,438</u></u>	<u><u>\$ 2,438</u></u>
Building			
Total Revenues and Other Sources	\$ 385	\$ 436	\$ 51
Total Expenditures and Other Uses	<u>159,151</u>	<u>84,724</u>	<u>74,427</u>
Net Change in Fund Balances	(158,766)	(84,288)	74,478
Fund Balance at Beginning of Year (Restated)	139,995	139,995	-
Prior Year Encumbrances Appropriated	<u>18,771</u>	<u>18,771</u>	<u>-</u>
Fund Balance at End of Year	<u><u>\$ -</u></u>	<u><u>\$ 74,478</u></u>	<u><u>\$ 74,478</u></u>

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

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Beginning Balance July 1, 2013	Additions	Deletions	Ending Balance June 30, 2014
Student Managed Activities				
Assets:				
Equity in pooled cash and investments	\$ 107,267	\$ 57,178	\$ 54,860	\$ 109,585
Cash in segregated accounts	6,029	8,920	6,029	8,920
Accounts receivable	20	-	20	-
Total assets	<u>\$ 113,316</u>	<u>\$ 66,098</u>	<u>\$ 60,909</u>	<u>\$ 118,505</u>
Liabilities:				
Due to students	\$ 107,287	\$ 57,158	\$ 54,860	\$ 109,585
Due to others	6,029	8,920	6,029	8,920
Total liabilities.	<u>\$ 113,316</u>	<u>\$ 66,078</u>	<u>\$ 60,889</u>	<u>\$ 118,505</u>



STATISTICAL SECTION



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

STATISTICAL SECTION

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

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Pages

Financial Trends

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

80-89

Revenue Capacity

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

90-95

Debt Capacity

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

96-102

Demographic and Economic Information

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

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Operating Information

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

104-110

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

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

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

	<u>2005</u>	<u>2006*</u>	<u>2007</u>	<u>2008</u>
Governmental activities				
Net investment in capital assets	\$ 3,911,791	\$ 5,809,079	\$ 5,824,345	\$ 6,349,688
Restricted for:				
Capital projects	-	-	-	-
Debt service	954,666	643,080	355,688	92,852
Other purposes	473,601	788,260	880,038	874,087
Unrestricted (deficit)	<u>7,749,776</u>	<u>6,990,405</u>	<u>9,655,411</u>	<u>11,812,661</u>
Total Net Position	<u>\$ 13,089,834</u>	<u>\$ 14,230,824</u>	<u>\$ 16,715,482</u>	<u>\$ 19,129,288</u>

Source: School District financial records.

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

** Amount restated to correctly reflect net position classifications.

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

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

*****Amounts restated to correctly reflect net position classifications.

2009**	2010***	2011	2012****	2013*****	2014
\$ 6,673,756	\$ 4,724,275	\$ 3,621,319	\$ 3,101,819	\$ 170,125	\$ (484,368)
-	-	-	680,976	-	31,044
553,078	2,845,942	3,301,165	3,872,121	1,517,354	1,630,533
655,543	867,851	190,180	230,913	268,390	404,195
11,227,150	7,324,258	6,829,611	(35,065)	(395,651)	2,466,004
<u>\$ 19,109,527</u>	<u>\$ 15,762,326</u>	<u>\$ 13,942,275</u>	<u>\$ 7,850,764</u>	<u>\$ 1,560,218</u>	<u>\$ 4,047,408</u>

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

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008*</u>
Expenses				
Governmental activities:				
Instruction				
Regular	\$ 13,225,486	\$ 14,432,299	\$ 15,229,451	\$ 17,039,496
Special	2,835,810	3,124,624	3,236,123	3,034,996
Vocational	361,120	433,138	386,732	354,079
Other	1,951,924	2,015,458	1,998,815	2,220,027
Support services:				
Pupil	2,022,213	2,081,843	2,424,073	1,918,595
Instructional staff	1,719,059	1,682,870	1,650,892	2,016,335
Board of education	48,587	29,154	52,233	33,985
Administration	1,752,783	1,869,063	1,959,594	2,158,771
Business and Fiscal	827,939	1,082,477	1,272,569	969,903
Operations and maintenance of plant	2,479,785	2,696,638	2,872,016	3,426,603
Pupil transportation	1,212,371	1,375,441	1,416,041	1,330,428
Central	559,962	464,177	792,962	514,061
Operation of non-instructional services	1,235,849	1,289,241	1,293,966	1,340,845
Extracurricular activities	647,621	636,916	552,196	527,892
Interest and fiscal charges	95,214	68,052	40,863	11,280
Total expenses	<u>30,975,723</u>	<u>33,281,391</u>	<u>35,178,526</u>	<u>36,897,296</u>
Program Revenues				
Charges for services:				
Instruction:				
Regular	267,746	338,195	384,061	517,617
Special	18,221	33,210	39,924	57,384
Vocational	2,803	5,415	5,521	7,605
Other instructional	14,617	24,546	28,032	36,643
Support services:				
Pupil	17,383	75,448	24,634	31,803
Instructional staff	292,404	274,315	217,609	289,707
Board of education	400	-	849	691
Administration	12,815	22,742	27,672	50,812
Business and fiscal	6,207	12,995	18,263	20,742
Operations and maintenance	731,162	36,376	41,329	76,317
Pupil transportation	8,610	15,883	22,510	33,186
Central	3,404	5,054	10,193	9,679
Other	-	-	-	-
Operation of non-instructional services	213,902	983,582	999,650	1,058,346
Extracurricular activities	306,588	320,686	287,597	283,983
Interest and fiscal charges	-	-	-	-
Total charges for services	<u>1,896,262</u>	<u>2,148,447</u>	<u>2,107,844</u>	<u>2,474,515</u>

	2009	2010	2011	2012	2013	2014
\$	15,730,676	\$ 17,703,515	\$ 16,444,712	\$ 15,546,421	\$ 14,805,862	\$ 12,533,864
	3,890,156	4,378,332	4,775,357	4,494,513	5,366,398	4,797,836
	350,555	571,985	359,027	361,995	216,339	163,168
	2,426,088	1,667,234	1,815,093	2,290,890	2,125,598	1,962,327
	2,380,064	2,760,487	2,803,360	3,198,284	3,098,615	2,670,711
	2,214,753	2,413,756	2,442,475	2,965,382	2,840,679	1,239,596
	84,508	104,129	41,511	74,555	35,205	22,660
	2,271,269	2,502,717	2,616,962	2,067,949	2,183,002	1,990,412
	1,156,290	1,112,230	1,228,794	941,986	1,055,196	1,115,092
	2,668,596	2,644,333	1,003,893	1,174,709	2,545,988	2,927,525
	1,516,657	1,616,443	1,619,405	1,556,238	1,395,055	1,415,855
	616,236	1,526,642	779,088	479,170	347,349	198,884
	1,563,537	1,855,888	1,724,481	1,622,333	1,671,353	1,555,594
	544,252	522,064	548,283	666,247	983,793	534,579
	1,082,807	1,973,933	2,426,901	2,507,261	2,612,752	2,598,370
	38,496,444	43,353,688	40,629,342	39,947,933	41,283,184	35,726,473
	483,746	572,286	471,470	419,419	386,273	636,358
	59,287	80,051	186,588	343,259	59,224	270,741
	6,375	12,938	-	-	-	-
	45,900	38,004	-	-	-	-
	40,800	59,836	-	-	-	-
	243,268	252,167	198,366	174,060	103,189	70,306
	1,912	2,426	-	-	-	-
	42,075	56,602	-	13,535	29,345	21,416
	23,587	25,875	-	16,188	75,927	55,698
	49,182	51,777	25,757	27,951	46,133	16,546
	27,412	33,961	154,333	21,172	67,251	50,337
	10,837	16,980	-	-	-	-
	-	-	-	-	-	-
	1,017,294	964,501	918,380	989,722	665,285	866,340
	191,867	194,304	191,473	167,726	625,596	423,619
	-	809	-	-	-	-
	2,243,542	2,362,517	2,146,367	2,173,032	2,058,223	2,411,361

- Continued

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

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008*</u>
Operating grants and contributions:				
Instruction:				
Regular	148,382	92,447	59,200	87,484
Special	563,911	592,802	609,594	523,771
Vocational	-	-	-	-
Other instructional	6,000	4,000	6,000	386,081
Support services:				
Pupil	590,800	715,842	660,531	337,222
Instructional staff	199,740	131,569	121,112	216,747
Administration	42,248	16,349	76,998	44,467
Business and fiscal	-	-	-	-
Operations and maintenance of plant	211,956	-	274,787	143,610
Pupil transportation	564,197	584,698	592,384	32,010
Central	31,147	35,890	42,999	54,327
Other	-	-	-	-
Operation of non-instructional services	145,482	322,005	181,928	317,083
Extracurricular activities	11,526	-	-	3,900
Interest and fiscal charges	28,567	-	-	-
Total operating grants and contributions	<u>2,543,956</u>	<u>2,495,602</u>	<u>2,625,533</u>	<u>2,146,702</u>
Capital grants and contributions:				
Instruction:				
Regular	-	-	-	-
Support services:				
Instructional staff	-	-	-	-
Operations and maintenance of plant	-	-	-	-
Pupil transportation	-	-	-	-
Central	29,820	-	-	-
Operation of non-instructional services	-	-	-	-
Total capital grants and contributions	<u>29,820</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total program revenues	<u>4,470,038</u>	<u>4,644,049</u>	<u>4,733,377</u>	<u>4,621,217</u>
Net (Expense)/Revenue				
Governmental activities	<u>\$ (26,505,685)</u>	<u>\$ (28,637,342)</u>	<u>\$ (30,445,149)</u>	<u>\$ (32,276,079)</u>
General Revenues				
Property taxes levied for:				
General purposes	\$ 21,538,766	\$ 21,635,454	\$ 24,426,863	\$ 22,977,944
Debt service	218,398	-	-	-
Grants and entitlements not restricted to specific programs	5,559,312	5,682,030	7,598,194	10,614,335
Investment earnings	285,612	582,104	698,845	955,637
Gain on the disposal of capital assets	-	-	-	-
Payment in lieu of taxes	-	-	-	-
Miscellaneous	115,575	34,531	205,905	144,969
Total governmental activities	<u>27,717,663</u>	<u>27,934,119</u>	<u>32,929,807</u>	<u>34,692,885</u>
Change in Net Position				
Governmental activities	<u>\$ 1,211,978</u>	<u>\$ (703,223)</u>	<u>\$ 2,484,658</u>	<u>\$ 2,416,806</u>

Source: School District financial records.

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

2009	2010	2011	2012	2013	2014
103,868	95,496	172,678	132,328	105,106	169,114
1,017,565	925,413	1,184,703	1,045,720	899,614	1,563,453
-	-	16,829	16,829	-	16,587
4,562	-	34,838	-	-	21,800
213,635	182,621	370,791	192,362	180,450	333,953
164,960	762,977	506,002	227,715	242,744	158,736
43,887	60,057	48,690	57,511	64,700	51,489
-	-	-	1,192	2,144	2,621
7,900	281,617	276,564	4,082	11,702	4,135
39,627	43,542	50,494	56,280	-	99,941
29,590	71,324	21,853	8,213	4,068	-
-	-	-	-	-	-
518,587	480,692	640,755	644,783	737,245	606,256
-	-	-	-	-	517
-	-	-	-	-	-
<u>2,144,181</u>	<u>2,903,739</u>	<u>3,324,197</u>	<u>2,387,015</u>	<u>2,247,773</u>	<u>3,028,602</u>
-	-	12,301	63,383	926,230	-
-	-	-	1,367	-	-
-	-	17,748	4,258	7,326	436
-	-	16	742	-	-
-	-	12,640	13,180	-	-
-	-	1,885	2,670	-	-
<u>-</u>	<u>-</u>	<u>44,590</u>	<u>85,600</u>	<u>933,556</u>	<u>436</u>
<u>4,387,723</u>	<u>5,266,256</u>	<u>5,515,154</u>	<u>4,645,647</u>	<u>5,239,552</u>	<u>5,440,399</u>
<u>\$ (34,108,721)</u>	<u>\$ (38,087,432)</u>	<u>\$ (35,114,188)</u>	<u>\$ (35,302,286)</u>	<u>\$ (36,043,632)</u>	<u>\$ (30,286,074)</u>
\$ 22,083,111	\$ 19,070,956	\$ 19,236,044	\$ 18,564,918	\$ 16,412,104	\$ 19,619,494
-	1,880,300	2,994,457	3,221,788	2,843,668	2,997,705
10,842,857	11,453,032	10,478,849	9,560,768	9,579,912	9,193,259
854,137	1,924,940	104,608	75,846	43,354	38,255
5,593	475	-	-	-	-
-	-	437,386	584,391	865,818	748,597
300,262	106,219	42,793	48,817	8,230	175,954
<u>34,085,960</u>	<u>34,435,922</u>	<u>33,294,137</u>	<u>32,056,528</u>	<u>29,753,086</u>	<u>32,773,264</u>
<u>\$ (22,761)</u>	<u>\$ (3,651,510)</u>	<u>\$ (1,820,051)</u>	<u>\$ (3,245,758)</u>	<u>\$ (6,290,546)</u>	<u>\$ 2,487,190</u>

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

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	1,506,744	1,585,879	1,696,523	2,368,466
Unreserved	<u>7,664,158</u>	<u>6,340,288</u>	<u>8,900,584</u>	<u>10,430,489</u>
Total general fund	<u>\$ 9,170,902</u>	<u>\$ 7,926,167</u>	<u>\$ 10,597,107</u>	<u>\$ 12,798,955</u>
All Other Governmental Funds:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned (deficit)	-	-	-	-
Reserved	-	306,865	150,736	142,803
Unreserved (deficit), undesignated				
Reported in:				
Special revenue funds	620,760	598,047	864,887	537,780
Debt service funds	954,666	643,080	355,688	92,852
Capital projects funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 1,575,426</u>	<u>\$ 1,547,992</u>	<u>\$ 1,371,311</u>	<u>\$ 773,435</u>
Total governmental funds	<u>\$ 10,746,328</u>	<u>\$ 9,474,159</u>	<u>\$ 11,968,418</u>	<u>\$ 13,572,390</u>

Source: School District financial records.

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

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

2009	2010 (1)	2011	2012	2013	2014
\$ -	\$ -	\$ 54,661	\$ 91,411	\$ 11,692	\$ 55,216
-	-	290,362	-	-	-
-	-	856,719	2,914,113	1,019,637	1,043,776
-	-	7,045,032	-	-	2,359,340
1,928,918	1,360,253	-	-	-	-
11,996,144	9,931,060	-	-	-	-
<u>\$ 13,925,062</u>	<u>\$ 11,291,313</u>	<u>\$ 8,246,774</u>	<u>\$ 3,005,524</u>	<u>\$ 1,031,329</u>	<u>\$ 3,458,332</u>
\$ -	\$ -	\$ 92,318	\$ 47,721	\$ 5,687	\$ 6,407
-	-	23,010,472	7,464,292	4,502,573	2,866,727
-	-	6,081	7,165	6,009	5,258
-	-	(650,271)	(363,168)	(2,300,556)	(15,003)
233,905	18,472,864	-	-	-	-
382,958	(638,939)	-	-	-	-
553,078	2,348,353	-	-	-	-
25,067,719	25,118,861	-	-	-	-
<u>\$ 26,237,660</u>	<u>\$ 45,301,139</u>	<u>\$ 22,458,600</u>	<u>\$ 7,156,010</u>	<u>\$ 2,213,713</u>	<u>\$ 2,863,389</u>
<u>\$ 40,162,722</u>	<u>\$ 56,592,452</u>	<u>\$ 30,705,374</u>	<u>\$ 10,161,534</u>	<u>\$ 3,245,042</u>	<u>\$ 6,321,721</u>

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

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Revenues				
Taxes	\$ 21,446,972	\$ 22,050,412	\$ 24,221,096	\$ 23,059,926
Payment in lieu of taxes	-	-	-	-
Intergovernmental	8,231,051	8,191,569	10,224,675	12,357,720
Earnings on investments	285,612	582,104	698,845	955,637
Tuition and fees	316,955	480,625	561,959	829,998
Transportation fees	-	-	-	-
Extracurricular	627,802	638,961	506,251	552,173
Gifts and donations	2,426	2,617	3,719	52,242
Charges for services	951,505	1,028,861	1,039,634	1,092,344
Classroom materials and fees	-	-	-	-
Contract services	-	-	-	-
Rentals	-	-	-	-
Other	115,575	34,531	205,905	144,969
Total revenues	<u>31,977,898</u>	<u>33,009,680</u>	<u>37,462,084</u>	<u>39,045,009</u>
Expenditures				
Current:				
Instructional:				
Regular	12,515,638	14,828,961	14,775,783	17,086,953
Special	2,758,507	3,226,990	3,215,832	3,065,502
Vocational	360,607	434,558	385,444	333,872
Other	1,952,356	2,015,751	2,052,903	2,220,027
Support services:				
Pupil	1,951,995	2,152,792	2,386,619	1,932,553
Instructional staff	1,714,441	1,725,202	1,522,694	1,922,243
Board of education	48,587	29,154	52,233	33,985
Administration	1,630,201	1,872,581	1,978,425	2,116,008
Business and fiscal	821,296	1,121,730	1,245,643	968,032
Operations and maintenance	2,447,864	2,774,847	2,794,547	3,427,665
Pupil transportation	1,142,790	1,347,666	1,589,850	1,585,204
Central	556,416	459,922	760,045	534,389
Operation of non-instructional services	1,202,039	1,269,391	1,297,968	1,369,880
Extracurricular activities	606,651	607,050	546,820	544,462
Facilities acquisition and construction	-	-	-	-
Capital outlay	-	50,644	-	-
Debt service:				
Principal retirement	344,240	347,202	320,854	284,275
Interest and fiscal charges	97,218	68,052	42,165	15,988
Issuance costs	-	-	-	-
Total expenditures	<u>30,150,846</u>	<u>34,332,493</u>	<u>34,967,825</u>	<u>37,441,038</u>
Excess of revenues over (under) expenditures	1,827,052	(1,322,813)	2,494,259	1,603,971
Other Financing Sources (Uses)				
Sale of capital assets	-	-	-	-
General obligation bonds issued	-	-	-	-
Premiums on bonds issued	-	-	-	-
Inception of capital lease	-	50,644	-	-
Transfers in	250,000	-	374,046	153,630
Transfers (out)	(250,000)	-	(374,046)	(153,630)
Total other financing sources (uses)	<u>-</u>	<u>50,644</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 1,827,052</u>	<u>\$ (1,272,169)</u>	<u>\$ 2,494,259</u>	<u>\$ 1,603,971</u>
Capital expenditures	\$ -	\$ 187,363	\$ 251,311	\$ 855,078
Debt service as a percentage of noncapital expenditures	1.46%	1.22%	1.05%	0.82%

Source: School District financial records.

	2009	2010	2011	2012	2013	2014
\$	21,910,877	\$ 20,531,459	\$ 22,660,821	\$ 21,836,503	\$ 19,315,037	\$ 22,570,961
	-	722,946	437,386	584,391	865,818	748,597
	13,047,494	12,925,192	13,844,448	12,093,364	11,667,858	12,271,550
	854,137	1,924,940	120,913	180,237	57,965	40,420
	796,844	974,007	647,343	616,916	291,393	748,321
	-	-	-	-	67,251	50,337
	396,386	401,670	388,489	340,665	444,982	486,166
	52,268	188,406	157,148	127,025	126,865	126,730
	1,050,312	986,840	654,254	724,992	651,714	589,426
	-	-	166,398	166,489	154,104	158,778
	-	-	279,553	320,731	433,559	366,635
	-	-	10,464	3,239	15,220	11,698
	300,262	106,219	52,341	58,558	76,731	190,342
	<u>38,408,580</u>	<u>38,761,679</u>	<u>39,419,558</u>	<u>37,053,110</u>	<u>34,168,497</u>	<u>38,359,961</u>
	15,620,976	17,596,664	16,700,879	17,887,657	12,977,157	11,971,419
	3,855,994	4,383,819	4,748,449	4,421,866	4,800,457	4,579,251
	325,696	567,326	350,118	353,800	211,102	152,193
	2,426,088	1,667,234	1,815,093	2,290,890	1,855,777	1,868,560
	2,377,913	2,778,659	2,800,822	3,043,247	2,774,072	2,655,445
	2,144,165	2,328,229	2,381,820	2,983,229	2,223,037	953,301
	81,358	104,125	44,665	74,555	30,735	21,577
	2,232,250	2,429,147	2,562,957	2,111,998	1,968,872	1,886,110
	1,247,597	1,097,731	1,327,498	1,277,509	1,214,661	1,298,845
	2,716,408	2,611,089	3,147,375	2,412,479	2,216,800	2,780,614
	1,430,948	1,457,709	1,490,673	1,460,668	1,093,416	1,342,488
	602,677	1,495,083	1,400,496	1,052,395	364,777	203,838
	1,552,635	1,836,996	1,801,985	1,766,159	1,378,967	1,469,766
	539,360	517,071	543,071	543,835	845,119	471,594
	-	-	25,427,970	13,300,538	3,299,668	10,070
	805,946	4,353,245	349,038	-	-	-
	51,954	146,259	162,314	1,184,039	1,336,798	1,383,810
	467,481	1,758,916	2,616,768	2,431,919	2,493,574	2,454,714
	295,700	287,685	90,849	38,155	-	-
	<u>38,775,146</u>	<u>47,416,987</u>	<u>69,762,840</u>	<u>58,634,938</u>	<u>41,084,989</u>	<u>35,503,595</u>
	(366,566)	(8,655,308)	(30,343,282)	(21,581,828)	(6,916,492)	2,856,366
	5,593	1,819	18,319	-	-	220,313
	25,949,991	23,999,318	3,997,998	999,833	-	-
	755,926	568,242	90,849	38,155	-	-
	245,388	515,659	349,038	-	-	-
	-	65,525	28,714	168,355	2,161,733	117,393
	-	(65,525)	(28,714)	(168,355)	(2,161,733)	(117,393)
	<u>26,956,898</u>	<u>25,085,038</u>	<u>4,456,204</u>	<u>1,037,988</u>	<u>-</u>	<u>220,313</u>
\$	<u>26,590,332</u>	<u>\$ 16,429,730</u>	<u>\$ (25,887,078)</u>	<u>\$ (20,543,840)</u>	<u>\$ (6,916,492)</u>	<u>\$ 3,076,679</u>
\$	1,409,895	\$ 4,771,604	\$ 29,805,295	\$ 19,546,340	\$ 365,939	\$ 311,209
	1.39%	4.47%	6.96%	9.25%	9.41%	10.91%

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

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

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial/ Industrial/PU		Assessed Value	Estimated Actual Value
2005	\$ 403,838,260	\$ 159,494,010	\$ 1,609,520,771	\$ 17,155,580	\$ 68,622,320
2006	436,988,010	174,764,120	1,747,863,229	19,648,530	78,594,120
2007	446,666,200	183,158,190	1,799,498,257	14,913,620	59,654,480
2008	454,070,050	181,147,250	1,814,906,571	10,958,200	43,832,800
2009	446,871,220	185,827,790	1,807,711,457	10,904,770	43,619,080
2010	443,985,460	182,940,760	1,791,217,771	10,654,960	42,619,840
2011	445,175,230	177,802,380	1,779,936,029	11,106,770	44,427,080
2012	420,603,010	159,402,950	1,657,159,886	11,348,140	45,392,560
2013	419,653,230	154,655,690	1,640,882,629	12,070,370	48,281,480
2014	419,054,650	158,213,340	1,649,337,114	13,313,880	53,255,520

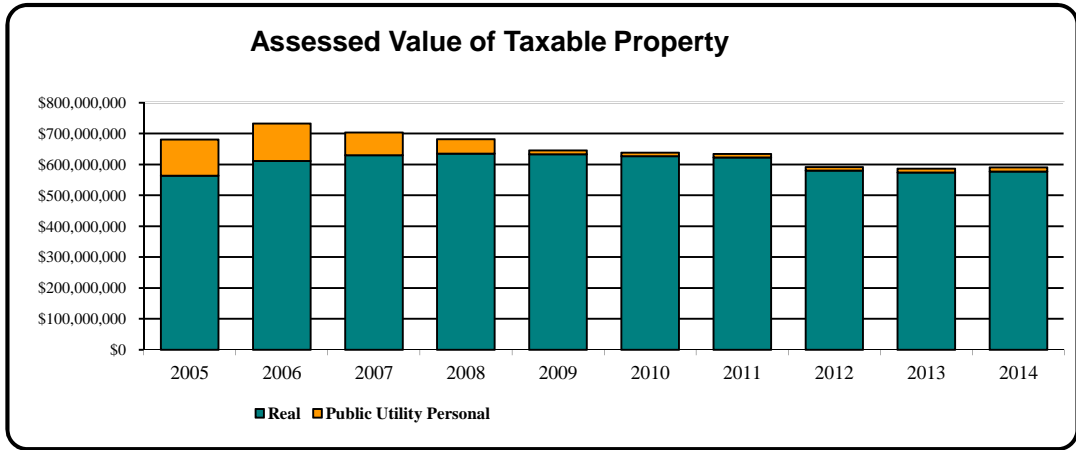
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal. The assessed value of real property (including public utility real property) is 35 percent of estimated true value.

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

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

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

Tangible Personal Property		Total		Ratio	Total Direct Rate
General Business					
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
\$ 100,759,655	\$ 403,038,620	\$ 681,247,505	\$ 2,081,181,711	32.73%	\$ 43.46
101,007,884	404,031,536	732,408,544	2,230,488,885	32.84%	48.86
58,949,395	235,797,580	703,687,405	2,094,950,317	33.59%	53.30
35,462,720	141,850,880	681,638,220	2,000,590,251	34.07%	53.30
2,342,340	9,369,360	645,946,120	1,860,699,897	34.72%	53.69
527,300	2,109,200	638,108,480	1,835,946,811	34.76%	53.69
-	-	634,084,380	1,824,363,109	34.76%	54.61
-	-	591,354,100	1,702,552,446	34.73%	55.51
-	-	586,379,290	1,689,164,109	34.71%	55.57
-	-	590,581,870	1,702,592,634	34.69%	62.53



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

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

Name of Taxpayer	2014	
	Assessed Value	Percent of Real Property Assessed Value
City of Dayton	\$ 10,739,920	1.86%
MO Northwoods LLC	2,659,560	0.46%
Pasco Enterprise Inc	2,307,820	0.40%
Wal-Mart Stores Inc.	2,285,620	0.40%
Sand Lake Plaza LLC	2,126,040	0.37%
A Ray Brown Family Investment	1,875,460	0.32%
Garrett-Ryan LLC	1,871,280	0.32%
Moor Partners LLP	1,760,380	0.30%
W2005/Fargo Hotels (POOLC) REA	1,724,610	0.30%
Floriday LLC	1,705,850	0.30%
Totals	<u>\$ 29,056,540</u>	<u>5.03%</u>
Total Assessed Valuation	<u>\$ 577,267,990</u>	

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

Source: Montgomery County Auditor

(1) Information prior to 2006 was unavailable

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

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

Name of Taxpayer	2014	
	Assessed Value	Percent of Public Utility Assessed Value
Dayton Power and Light Co.	\$ 12,172,990	91.43%
Vectren Energy Delivery of Ohio	1,052,230	7.90%
Pioneer Rural Electric Cooperative Inc.	85,630	0.64%
Total	\$ 13,310,850	99.98%
Total Assessed Valuation	\$ 13,313,880	

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

Source: Montgomery County Auditor

(1) Information prior to 2006 was unavailable

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

*PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATION)
LAST TEN COLLECTION (CALENDAR) YEARS (1)
2004-2013*

Collection Year	Montgomery County	Dayton Metro Library	Butler Township	City of Vandalia	City of Union	Miami Valley Career Technology Center	Vandalia-Butler City School District		
							General	Bond Retirement	Total
2013	\$ 20.94	\$ 3.31	\$ 16.94	\$ 4.14	\$ 17.13	\$ 2.58	\$ 56.53	\$ 6.00	\$ 62.53
2012	17.74	3.31	16.40	4.14	17.13	2.58	49.54	6.03	55.57
2011	17.74	1.75	16.40	4.14	17.13	2.58	49.51	6.00	55.51
2010	20.94	1.75	16.94	4.14	17.13	2.58	49.06	5.55	54.61
2009	20.94	1.75	16.94	4.14	17.13	2.58	48.93	4.76	53.69
2008	20.94	1.25	16.94	4.14	17.13	2.58	53.69	-	53.69
2007	18.24	1.25	16.94	4.14	17.13	2.58	53.30	-	53.30
2006	18.24	1.25	16.94	4.14	15.67	2.58	53.30	-	53.30
2005	18.24	1.25	16.94	4.14	15.67	2.58	48.86	-	48.86
2004	17.24	0.26	16.94	4.14	15.67	2.58	43.46	-	43.46

Source: Montgomery County Auditor.

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

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

*PROPERTY TAX LEVIES AND COLLECTIONS - REAL, PERSONAL, AND PUBLIC UTILITY PROPERTY
LAST TEN COLLECTION (CALENDAR) YEARS
2004-2013*

Collection Year	Current Levy (1)	Current Collection (2)	Percent of Current Levy Collected	Delinquent Collection (4)	Total Collection (2)	Percent of Total Tax Collections to Current Levy (4)	Outstanding Delinquent Taxes (3)	Total Collection As a Percent of Current Levy
2013	\$ 23,877,173	\$ 23,334,349	97.73%	\$ 444,606	\$ 23,778,955	99.59%	\$ 488,504	2.05%
2012	23,966,930	23,164,343	96.65%	416,890	23,581,233	98.39%	606,196	2.53%
2011	24,470,420	23,624,490	96.54%	763,997	24,388,487	99.67%	1,097,593	4.49%
2010	23,904,272	23,027,122	96.33%	676,669	23,703,791	99.16%	1,322,018	5.53%
2009	24,161,467	22,980,834	95.11%	492,965	23,473,799	97.15%	1,420,253	5.88%
2008	25,583,060	24,455,231	95.59%	538,071	24,993,302	97.69%	1,151,419	4.50%
2007	27,008,398	25,765,307	95.40%	997,537	26,762,844	99.09%	1,429,944	5.29%
2006	23,527,932	22,914,175	97.39%	936,177	23,850,352	101.37%	1,100,718	4.68%
2005	22,550,823	21,755,463	96.47%	795,361	22,550,824	100.00%	1,276,852	5.66%
2004	20,355,804	19,838,772	97.46%	559,071	20,397,843	100.21%	1,740,537	8.55%

Source: Montgomery County Auditor.

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

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

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

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

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

*RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
LAST TEN YEARS
2005-2014*

Collection Year	Population (1)	Total Assessed Value (2)	Gross Bonded Debt (3)	Less Restricted for Debt Service	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita	Percentage of Personal Income (4)
2014	23,665	\$ 590,581,870	\$ 53,294,705	\$ 1,630,533	\$ 51,664,172	8.75%	\$2,183	9.02%
2013	23,140	586,379,290	54,383,411	1,517,354	52,866,057	9.02%	\$2,285	9.44%
2012	23,140	591,354,100	55,469,764	3,872,121	51,597,643	8.73%	\$2,230	9.21%
2011	23,140	634,084,380	55,409,097	3,301,165	52,107,932	8.22%	\$2,252	9.31%
2010	22,985	638,108,480	51,621,060	2,845,942	48,775,118	7.64%	2,122	8.77%
2009	22,985	645,946,120	26,905,448	553,078	26,352,370	4.08%	1,147	4.74%
2008	22,985	681,638,220	-	92,852	(92,852)	-0.01%	0	-0.02%
2007	22,985	703,687,405	250,000	355,688	(105,688)	-0.02%	0	-0.02%
2006	22,985	732,408,544	500,000	643,080	(143,080)	-0.02%	0	-0.03%
2005	22,985	681,247,505	750,000	954,666	(204,666)	-0.03%	0	-0.04%

Sources:

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



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

*COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS*

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Tax Valuation	<u>\$ 681,247,505</u>	<u>\$ 732,408,544</u>	<u>\$ 703,687,405</u>	<u>\$ 681,638,220</u>
Debt Limit - 9% of Taxable Valuation	<u>61,312,275</u>	<u>65,916,769</u>	<u>63,331,866</u>	<u>61,347,440</u>
Amount of Debt Applicable to Debt Limit				
General obligation bonds	750,000	500,000	250,000	-
Less: amount available in debt service	<u>(954,666)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amount of Debt Subject to Limit	<u>(204,666)</u>	<u>500,000</u>	<u>250,000</u>	<u>-</u>
Legal debt margin	<u>\$ 61,516,941</u>	<u>\$ 65,416,769</u>	<u>\$ 63,081,866</u>	<u>\$ 61,347,440</u>
Legal debt margin as a percentage of the debt limit	100.33%	99.24%	99.61%	100.00%
Energy conservation debt limit - 0.90% of assessed value (1)	6,131,228	6,591,677	6,333,187	6,134,744
Amount of Debt Subject to Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unvoted legal debt margin	<u>\$ 6,131,228</u>	<u>\$ 6,591,677</u>	<u>\$ 6,333,187</u>	<u>\$ 6,134,744</u>
Unvoted legal debt margin as a percentage of the debt limit	100.00%	100.00%	100.00%	100.00%
Unvoted debt limit - 0.10% of taxable valuation (1)	681,248	732,409	703,687	681,638
Amount of Debt Subject to Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unvoted legal debt margin	<u>\$ 681,248</u>	<u>\$ 732,409</u>	<u>\$ 703,687</u>	<u>\$ 681,638</u>
Unvoted legal debt margin as a percentage of the debt limit	100.00%	100.00%	100.00%	100.00%

Source: Montgomery County Auditor and District Financial Records

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

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

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>\$ 645,946,120</u>	<u>\$ 638,108,480</u>	<u>\$ 634,084,380</u>	<u>\$ 591,354,100</u>	<u>\$ 586,379,290</u>	<u>\$ 590,581,870</u>
<u>58,135,151</u>	<u>57,429,763</u>	<u>57,067,594</u>	<u>53,221,869</u>	<u>52,774,136</u>	<u>53,152,368</u>
<u>25,949,991</u> <u>(553,078)</u>	<u>49,949,309</u> <u>(2,348,353)</u>	<u>50,924,187</u> <u>(3,356,092)</u>	<u>50,044,187</u> <u>(3,924,174)</u>	<u>49,084,187</u> <u>(4,148,923)</u>	<u>48,084,187</u> <u>(2,372,139)</u>
<u>25,396,913</u>	<u>47,600,956</u>	<u>47,568,095</u>	<u>46,120,013</u>	<u>44,935,264</u>	<u>45,712,048</u>
<u>\$ 32,738,238</u>	<u>\$ 9,828,807</u>	<u>\$ 9,499,499</u>	<u>\$ 7,101,856</u>	<u>\$ 7,838,872</u>	<u>\$ 7,440,320</u>
56.31%	17.11%	16.65%	13.34%	14.85%	14.00%
<u>5,813,515</u>	<u>5,742,976</u>	<u>5,706,759</u>	<u>5,322,187</u>	<u>5,277,414</u>	<u>5,315,237</u>
<u>-</u>	<u>-</u>	<u>2,998,120</u>	<u>3,827,953</u>	<u>3,592,953</u>	<u>3,357,953</u>
<u>\$ 5,813,515</u>	<u>\$ 5,742,976</u>	<u>\$ 2,708,639</u>	<u>\$ 1,494,234</u>	<u>\$ 1,684,461</u>	<u>\$ 1,957,284</u>
100.00%	100.00%	47.46%	28.08%	31.92%	36.82%
<u>645,946</u>	<u>638,108</u>	<u>634,084</u>	<u>591,354</u>	<u>586,379</u>	<u>590,582</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 645,946</u>	<u>\$ 638,108</u>	<u>\$ 634,084</u>	<u>\$ 591,354</u>	<u>\$ 586,379</u>	<u>\$ 590,582</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

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

Fiscal Year	Governmental Activities			Total Primary Government	Per Capita (2)	Ratio of Total Debt Outstanding to Personal Income (2)
	General Obligation Bonds (1)	Notes Payable	Capital Leases			
2005	\$ 750,000	\$ -	\$ 202,665	\$ 952,665	\$ 41.45	0.17%
2006	500,000	-	156,107	656,107	28.53	0.12%
2007	250,000	-	85,253	335,253	14.58	0.06%
2008	-	-	50,978	50,978	2.22	0.01%
2009	26,905,448	24,000,000	244,412	51,149,860	2,225.36	9.20%
2010	51,621,060	-	613,812	52,234,872	2,272.56	9.39%
2011	55,409,097	-	658,261	56,067,358	2,422.96	10.01%
2012	55,469,764	4,245,000	524,222	60,238,986	2,603.24	10.83%
2013	54,383,411	3,925,000	382,424	58,690,835	2,536.34	10.22%
2014	53,294,705	3,595,000	233,614	57,123,319	2,468.60	10.22%

SOURCE: School District Records

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

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

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

*COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2014*

Governmental Unit	Gross General Obligation	Percent Applicable to District	Amount Applicable to District
Direct:			
Vandalia-Butler City School District	\$ 57,123,319 **	100.00%	\$ 57,123,319
Overlapping:			
Montgomery County	31,058,049	6.60%	2,049,831
Butler Township (1)	2,564,900	100.00%	2,564,900
City of Dayton (2)	157,522,164	2.37%	3,733,275
City of Union (3)	964,250	0.25% *	2,411
City of Vandalia (4)	9,848,208	100.00%	9,848,208
Total overlapping	\$ 201,957,571		\$ 18,198,625
Total direct and overlapping debt	\$ 259,080,890		\$ 75,321,944

Source: Montgomery County Auditor

(1) 2011/2012 Audit Report. Information as of June 30, 2014 was not available.

(2) City of Dayton 2013 CAFR

(3) City of Union 12/31/12 Audit Report. Information as of June 30, 2014 was not available.

(4) City of Vandalia 2013 Audit Report

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

** Amount includes premiums and accreted debt associated with the general obligation bonds, tax anticipation notes and capital leases.

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

*Ratio of Annual Debt Service Expenditures for
General Obligation Bonded Debt to Total General Fund Expenditures
Last Ten Fiscal Years
2005-2014*

Fiscal Year	Principal (1)	Interest and Issuance Costs (1)	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures
2014	\$ 1,235,000	\$ 2,334,377	\$ 3,569,377	\$ 29,617,779	12.05%
2013	1,195,000	2,357,341	3,552,341	31,717,335	11.20%
2012	1,050,000	2,438,446	3,488,446	35,361,480	9.87%
2011	25,000	2,596,382	2,621,382	35,446,786	7.40%
2010	-	2,034,700	2,034,700	35,406,721	5.75%
2009	-	755,377	755,377	33,682,084	2.24%
2008	250,000	12,836	262,836	33,310,714	0.79%
2007	250,000	37,392	287,392	30,777,654	0.93%
2006	250,000	61,586	311,586	30,460,840	1.02%
2005	250,000	88,119	338,119	27,421,979	1.23%

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

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

*DEMOGRAPHIC STATISTICS
LAST TEN YEARS
2005-2014*

Year	Population (1)	Per Capita Income (2)	Personal Income	School Enrollment (3)	Average Federal Income (4)	Unemployment Rate Montgomery County (5)
2014	23,665	\$27,061	\$640,398,565	3,156	\$44,888	8.0%
2013	23,140	\$25,225	\$583,706,500	3,324	\$44,322	7.8%
2012	23,140	24,828	574,519,920	3,325	\$43,965	9.4%
2011	23,140	24,199	559,964,860	3,331	\$41,611	10.7%
2010	22,985	24,199	556,214,015	3,351	\$45,237	11.6%
2009	22,985	24,199	556,214,015	3,422	Information not available	11.8%
2008	22,985	24,199	556,214,015	3,411	Information not available	7.8%
2007	22,985	24,199	556,214,015	3,440	Information not available	NA
2006	22,985	24,199	556,214,015	3,434	\$50,174	6.0%
2005	22,985	24,199	556,214,015	3,382	Information not available	6.3%

Sources:

- (1) Based on 2010 data - Ohio Department of Development.
- (2) U.S. Census Bureau - Montgomery County, 2011 information most recent available.
- (3) Vandalia-Butler City School District Financial Records.
- (4) Social Security Administration National Average Wage Index as of 2013
- (5) Ohio Department of Jobs and Family Services - annual average 2013.

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

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

Employer	Nature of Business	2013			2005		
		Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
CBS Personnel Services	Employment Agency	1,062	1	2.04%	-		0.00%
GE Aviation (formerly Smiths Aerospace)	Aerospace Engineering & Manufacturing	555	2	1.06%	466	2	1.43%
Vandalia-Butler Schools	School	551	3	1.06%	396	3	1.22%
City of Vandalia	Local Government	521	4	1.00%	325	6	1.00%
Delphi Automotive System	Automotive Manufacturing & Engineering	500	5	0.96%	1,557	1	4.79%
SAIA Burgess, Inc. (formerly Johnson Controls)	Electronics Manufacturing	362	6	0.69%	365	4	1.12%
Kroger Limited Partnership	Grocery Retail	294	7	0.56%	-		0.00%
IMDS Holding Corp (Formerly Leis Medical)	Medical Device Design & Manufacturing	243	8	0.47%	346	5	1.06%
Aptalis Pharmatech Inc	Specialty Pharmaceutical Company	232	9	0.45%	-		0.00%
Beau Townsend Ford, Inc.	Automotive Sales & Service	205	10	0.39%	-		0.00%
P&G Pet Care (formerly Iams)	Headquarters - Cat & Dog Food	-		0.00%	282	7	0.87%
Cintas Corporation	Work Uniforms & Custom Corporate Apparel	-		0.00%	229	8	0.70%
Mazer Corporation	Headquarters - Services to Educational Publishers	-		0.00%	215	9	0.66%
Evenflo	Headquarters - Juvenile Products Manufacturer	-		0.00%	209	10	0.64%
Total		<u>4,525</u>		<u>8.68%</u>	<u>4,390</u>		<u>13.51%</u>
Total Employment within the School District		<u>52,131</u>			<u>32,505</u>		

Source: City of Vandalia CAFR as of December 31, 2013. Will be reported for current year and nine years before when enough information is available.
Number of employees are based on W-2's filed within the City income tax department without direct contact or confirmation from the employers.
The totals may not include part-time and temporary employees.
(1) - Information not available for Butler Township

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

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Instruction										
Classroom Teachers	188.86	193.22	188.48	188.27	194.01	191.60	186.40	171.70	149.78	122.92
Special Education Teachers and Tutors	26.40	45.65	42.64	42.39	42.28	43.86	41.80	46.40	45.60	48.50
Educational/Media Aides	35.50	31.17	30.18	32.00	30.00	32.00	31.00	32.00	29.00	45.00
Counselor	5.00	5.00	6.37	6.00	6.00	6.00	6.00	6.00	7.10	5.34
Total Instruction	255.76	275.04	267.67	268.66	272.29	273.46	265.20	256.10	231.48	221.76
Support and Administration										
Central Office Support/Administrators	22.00	25.12	27.00	25.00	29.70	29.00	31.60	31.40	29.03	16.00
Principals	8.00	10.00	11.00	10.00	10.00	10.00	10.00	8.00	8.00	7.00
Clerical Support	25.00	14.00	16.00	16.00	18.50	18.00	17.00	17.00	11.00	19.00
Professional Support	8.00	10.37	10.10	8.05	6.05	6.00	6.00	5.00	5.36	4.96
Transportation	27.00	32.50	34.00	32.00	34.00	33.00	33.00	32.50	28.00	-
Food Service	17.40	17.30	37.00	39.00	38.00	38.00	39.00	41.00	36.00	30.00
Custodial	22.00	19.00	20.00	20.00	20.00	20.00	20.00	21.00	20.00	15.00
Maintenance and Mechanics	10.50	5.50	5.00	5.00	5.00	5.00	5.00	4.00	5.00	3.00
Total Support and Administration	139.90	133.79	160.10	155.05	161.25	159.00	161.60	159.90	142.39	94.96
Total Employees	395.66	408.83	427.77	423.71	433.54	432.46	426.80	416.00	373.87	316.72

Source: Fiscal Year October EMIS Reports

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

*BUILDING STATISTICS
LAST TEN FISCAL YEARS*

	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	397	405	402	402	418	366
Student Capacity	368	368	368	368	368	368
Regular Instruction Classrooms 15	N/A	22	22	22	22	22
Regular Instruction Teachers	N/A	26	26	26	26	26
Special Instruction Classrooms	N/A	3	3	3	3	3
Special Instruction Teachers	N/A	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	391	399	446	455	445	419
Student Capacity	350	350	350	350	350	350
Regular Instruction Classrooms	N/A	16	16	16	16	16
Regular Instruction Teachers	N/A	24	24	24	24	24
Special Instruction Classrooms	N/A	1	1	1	1	1
Special Instruction Teachers	N/A	2	2	2	2	2
Murlin Heights Elementary School						
Constructed in 1952						
Total Building Square Footage 40,930						
Total Acres 15						
Enrollment Grades K-4	365	366	385	379	389	403
Student Capacity	335	335	335	335	335	335
Regular Instruction Classrooms	N/A	25	25	25	25	25
Regular Instruction Teachers	N/A	23	23	23	23	23
Special Instruction Classrooms	N/A	3	3	3	3	3
Special Instruction Teachers	N/A	3	3	3	3	3
Morton Middle School						
Constructed in 2011						
Total Building Square Footage 102,100						
Total Acres 16						
Enrollment Grades 5-8	533	516	495	487	483	505
Student Capacity	444	444	444	444	444	444
Regular Instruction Classrooms	N/A	32	32	32	32	32
Regular Instruction Teachers	N/A	32	32	32	32	32
Special Instruction Classrooms	N/A	3	3	3	3	3
Special Instruction Teachers	N/A	8	8	8	8	8

2011	2012	2013	2014
361	340	430	531
368	426	426	426
22	20	20	20
26	15	15	20
3	7	7	6
4	7	7	8
401	414	390	394
350	405	405	405
16	21	21	16
24	15	15	16
1	3	3	6
2	3	3	6
401	393	381	0
350	388	388	0
16	22	22	0
24	15	15	0
1	5	5	0
2	5	5	0
498	533	525	744
444	820	820	820
32	34	34	30
32	27	27	33
3	8	8	10
8	8	8	10

- Continued

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

*BUILDING STATISTICS (CONTINUED)
LAST TEN FISCAL YEARS*

	2005	2006	2007	2008	2009	2010
Smith Middle School						
Constructed in 1969						
Total Building Square Footage 66,113						
Total Acres 84.5						
Enrollment Grades 5-8	529	528	504	489	507	530
Student Capacity	406	406	406	406	406	406
Regular Instruction Classrooms	N/A	32	32	32	32	32
Regular Instruction Teachers	N/A	32	32	32	32	32
Special Instruction Classrooms	N/A	5	5	5	5	5
Special Instruction Teachers	N/A	7	7	7	7	7
Butler High School						
Constructed in 1956, Renovated in 2011						
Total Building Square Footage 266,000						
Total Acres 23.8						
Enrollment Grades 9-12	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
Regular Instruction Classrooms	N/A	64	64	64	64	64
Regular Instruction Teachers	N/A	62	62	62	62	62
Special Instruction Classrooms	N/A	4	4	4	4	4
Special Instruction Teachers	N/A	10	10	10	10	10

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

2011	2012	2013	2014
------	------	------	------

546	553	524	470
406	511	511	511
32	32	32	18
32	27	27	18
5	6	6	7
7	7	7	7

1,125	1,092	1,074	1,085
1,375	1,455	1,455	1,455
64	50	50	50
62	42	42	42
4	12	12	12
10	12	12	12

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

*OPERATING STATISTICS
LAST TEN FISCAL YEARS*

Fiscal Year	Expenses	Enrollment	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio
2005	\$ 30,975,723	3,417	\$ 9,065	0.94%	250	13.7
2006	33,281,391	3,434	9,692	6.91%	254	13.5
2007*	35,178,526	3,503	10,042	3.62%	254	13.8
2008*	36,897,296	3,259	11,322	12.74%	210	15.5
2009	38,496,444	3,422	11,250	-0.64%	233	14.7
2010	43,353,688	3,351	12,938	15.00%	231	14.5
2011	40,629,342	3,331	12,197	-5.72%	228	14.6
2012	39,947,933	3,325	12,014	-1.50%	218	15.3
2013	41,283,184	3,324	12,420	3.37%	195	17.0
2014	35,726,473	3,156	11,320	-8.85%	242	13.0

Source: School District Records.

*Included severance plan in 2007 and 2008



Dave Yost • Auditor of State

VANDALIA-BUTLER CITY SCHOOL DISTRICT

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 2, 2015**