



Dave Yost • Auditor of State



# OHIO AUDITOR OF STATE KEITH FABER



January 17, 2019

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 14, 2019. Reports completed prior to that date contain the signature of my predecessor.

Ohio Auditor of State

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**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS  
BUTLER COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Butler Technology and Career Development Schools  
Butler County  
3603 Hamilton Middletown Road  
Hamilton, Ohio 45011

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Butler Technology and Career Development Schools, Butler County, Ohio (the School District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School 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 School 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 School District's internal control. Accordingly, we express no such 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Butler Technology and Career Development Schools, Butler County, Ohio, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 17 to the financial statements, during 2018, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, *Required budgetary comparison schedule*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions 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 School District's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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



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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2018, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

December 7, 2018

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**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**Year Ended June 30, 2018**

This discussion and analysis provides key information from management highlighting the overall financial performance of the Butler Technology and Career Development Schools ("School District") for the year ended June 30, 2018. This is meant to be an easily readable summary of the most important financial information regarding the accompanying financial statements. Please read it in conjunction with the School District's financial statements.

**Financial Highlights**

Major financial highlights for fiscal year 2018 are listed below:

- The assets and deferred outflows of resources of the School District exceeded its liabilities and deferred inflows of resources at fiscal year-end by \$19,620,466.
- The School District's total net position increased during the fiscal year by \$29,254,624. The majority of this is due to negative pension and OPEB expenses recognized under generally accepted accounting standards.
- The School District's total expenses were \$25,839,612, a decrease of \$22,055,364 due to negative pension and OPEB expenses.
- Program revenues of \$8,799,156 reduced the net cost of the School District's functions to be financed from general revenues to \$17,040,456.
- The School District's General Fund decreased by \$1,464,477, or 9%. The School District's unassigned fund balance of the General Fund was \$11,424,411 at the end of the fiscal year, or 27% of General Fund expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the School District's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resource, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**

**Management's Discussion and Analysis**

**Year Ended June 30, 2018**

**Unaudited**

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The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g. uncollected taxes and earned but unused vacation leave). Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School District include instruction, support services, administration, operation and maintenance of plant, and extracurricular activities. The primary business-type activities of the School District include adult education, food services, school supplies, and rotary activities.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for government activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between government funds and governmental activities.

The School District accounts for its activities using many individual funds. The most significant funds are reported in separate columns in the governmental fund financial statements. These statements provide detailed information about the individual major funds – unlike the government-wide financial statements, which report on the School District as a whole. Some funds are required to be established by State law. However, the School District may also establish separate funds to show that it is meeting legal responsibilities for using certain grants or other money.

**Proprietary funds.** The School District utilizes enterprise funds, which report the same functions presented as business-type activities in the government-wide financial statements. The School District uses enterprise funds to account for its adult education, food services programs, school supplies, and rotary activities. Enterprise funds provide the same information as the government-wide financial statements, only in more detail.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO****Management's Discussion and Analysis****Year Ended June 30, 2018****Unaudited**

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**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.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information concerning the budget for the General Fund and required pension and OPEB information.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS****A. Net position at year-end**

The following table presents a condensed summary of the School District's overall financial position at June 30, 2018 and 2017:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<i>Restated</i>		<i>Restated</i>		<i>Restated</i>	
	<u>FY2018</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2017</u>
Current and other assets	\$ 40,698,150	36,466,702	1,195,310	1,221,133	41,893,460	37,687,835
Capital assets	57,633,799	54,846,669	573,557	503,768	58,207,356	55,350,437
Total assets	98,331,949	91,313,371	1,768,867	1,724,901	100,100,816	93,038,272
Deferred outflows	15,335,924	11,037,531	1,727,514	1,366,585	17,063,438	12,404,116
Long-term liabilities:						
Net pension liability	45,016,610	61,490,077	5,322,413	7,189,528	50,339,023	68,679,605
Net OPEB liability	9,418,812	11,790,950	1,050,988	1,294,106	10,469,800	13,085,056
Other long-term liabilities	10,624,762	10,691,363	103,306	142,007	10,728,068	10,833,370
Other liabilities	4,990,159	4,315,776	331,263	191,292	5,321,422	4,507,068
Total liabilities	70,050,343	88,288,166	6,807,970	8,816,933	76,858,313	97,105,099
Deferred inflows	20,078,906	17,551,248	606,569	420,199	20,685,475	17,971,447
Net position:						
Net investment						
in capital assets	49,038,036	45,856,712	573,557	503,768	49,611,593	46,360,480
Restricted:						
For capital purposes	-	2,164,110	-	-	-	2,164,110
Other purposes	234,195	318,955	-	-	234,195	318,955
Unrestricted (deficit)	(25,733,607)	(51,828,289)	(4,491,715)	(6,649,414)	(30,225,322)	(58,477,703)
Total net position	\$ 23,538,624	(3,488,512)	(3,918,158)	(6,145,646)	19,620,466	(9,634,158)

## BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO

### Management's Discussion and Analysis

Year Ended June 30, 2018

Unaudited

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The net pension liability is the largest single liability reported by the School District at June 30, 2018 and is reported pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27*. For fiscal year 2018, the School District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board (GASB) standards are national and apply to all government financial reports prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Prior accounting for pensions (GASB Statement No. 27) and OPEB (GASB Statement No. 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB Statement Nos. 68 and 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio statewide pension and OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

As required by GASB Statement Nos. 68 and 75, the required net pension liability and the net OPEB liability equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension and OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**

**Management's Discussion and Analysis**

**Year Ended June 30, 2018**

**Unaudited**

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The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement systems are responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e., sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension or net OPEB liabilities. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible part for the unfunded portion. Due to the unique nature of how the net pension and net OPEB liabilities are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB Statement Nos. 68 and 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB Statement No. 75, the School District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting.

The School District also restated beginning net position in the governmental activities to remove an agency fund's portion of the net pension liability and related deferrals. See Note 17 to the financial statements for more detail.

The implementation of GASB Statement No. 75 and the net pension liability adjustment had the effect of restating net position at June 30, 2017, from \$5,706,485 to (\$3,488,512) in the governmental activities and (\$4,857,085) to (\$6,145,646) in the business-type activities.

At year-end, investment in capital assets, net of accumulated depreciation and related debt used to acquire the assets were \$49,611,593. 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.

Additionally, \$234,195 of the School District's net position represents resources that are subject to external restriction on how they may be spent. The external restriction will not affect the availability of fund resources for future use.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**

**Management's Discussion and Analysis**

**Year Ended June 30, 2018**

**Unaudited**

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Primarily as a result of recognizing its proportionate share of net pension and OPEB liabilities required under GASB Statement Nos. 68 and 75, the School District's unrestricted net position ended the fiscal year with a total deficit of \$30,225,322.

Total assets increased by about \$7.1 million, or 8%. The majority of this increase occurred in cash and investments and capital assets. The increase in cash and investments is attributable to increases in State funding, property taxes and a one-time State capital grant, we address later. The increase in capital assets is attributable to purchase of various equipment and building improvements.

Total liabilities, excluding net pension and OPEB liabilities, increased by approximately \$709,000, or 5%. The School District experienced increases in accounts payable, associated with some ongoing projects, and accrued wages and benefits, due to pay increases and program expansion adding additional staff.

The net pension and OPEB liabilities, associated with the School District's participation in state-wide cost-sharing, multiple-employer retirement systems, decreased by approximately \$21.0 million, primarily due to changes in actuarial assumptions during the measurement period and better than projected investment earnings on retirement systems' investments.



**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2018**  
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**B. Governmental and Business-type Activities during fiscal year 2018**

The following table presents a condensed summary of the School District's activities during fiscal years 2018 and 2017 and the resulting change in net position:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>FY2018</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2017</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services and sales	\$ 963,605	737,131	3,913,482	4,007,946	4,877,087	4,745,077
Operating grants and contributions	1,655,664	2,011,863	784,530	769,489	2,440,194	2,781,352
Capital grants and contributions	1,481,875	-	-	-	1,481,875	-
Total program revenues	<u>4,101,144</u>	<u>2,748,994</u>	<u>4,698,012</u>	<u>4,777,435</u>	<u>8,799,156</u>	<u>7,526,429</u>
General revenues:						
Property taxes	15,083,963	13,650,245	-	-	15,083,963	13,650,245
Grants and entitlements	30,706,275	28,404,800	-	-	30,706,275	28,404,800
Investment earnings	103,091	152,162	-	-	103,091	152,162
Miscellaneous	401,751	512,869	-	-	401,751	512,869
Total general revenues	<u>46,295,080</u>	<u>42,720,076</u>	<u>-</u>	<u>-</u>	<u>46,295,080</u>	<u>42,720,076</u>
<b>Total revenues</b>	<u>50,396,224</u>	<u>45,469,070</u>	<u>4,698,012</u>	<u>4,777,435</u>	<u>55,094,236</u>	<u>50,246,505</u>
<b>Expenses:</b>						
Instruction	11,783,259	25,125,095	-	-	11,783,259	25,125,095
Support services	10,429,065	16,796,796	-	-	10,429,065	16,796,796
Non-instructional services	671,889	749,151	-	-	671,889	749,151
Interest and fiscal charges	284,875	289,828	-	-	284,875	289,828
Adult education	-	-	2,038,507	4,423,251	2,038,507	4,423,251
Food services	-	-	511,062	415,078	511,062	415,078
Other enterprise	-	-	120,955	95,777	120,955	95,777
<b>Total expenses</b>	<u>23,169,088</u>	<u>42,960,870</u>	<u>2,670,524</u>	<u>4,934,106</u>	<u>25,839,612</u>	<u>47,894,976</u>
<b>Excess before transfers</b>	<u>27,227,136</u>	<u>2,508,200</u>	<u>2,027,488</u>	<u>(156,671)</u>	<u>29,254,624</u>	<u>2,351,529</u>
Transfers	(200,000)	(150,000)	200,000	150,000	-	-
<b>Change in net position</b>	<u>27,027,136</u>	<u>2,358,200</u>	<u>2,227,488</u>	<u>(6,671)</u>	<u>29,254,624</u>	<u>2,351,529</u>
Beginning net position	(3,488,512)	3,348,285	(6,145,646)	(4,850,414)	(9,634,158)	(1,502,129)
<i>Implement GASB Statement No. 75</i>	-	(11,772,292)	-	(1,288,561)	-	(13,060,853)
<i>Net pension liability correction</i>	-	2,577,295	-	-	-	2,577,295
<b>Ending net position</b>	<u>\$ 23,538,624</u>	<u>(3,488,512)</u>	<u>(3,918,158)</u>	<u>(6,145,646)</u>	<u>19,620,466</u>	<u>(9,634,158)</u>

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO****Management's Discussion and Analysis****Year Ended June 30, 2018****Unaudited**

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The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB Statement No. 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$24,203 computed under GASB Statement No. 45. GASB Statement No. 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB Statement No. 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows and outflows of resources. The contractually required contribution is no longer a component of OPEB expense. Under GASB Statement No. 75, the 2018 statements report negative OPEB expense of \$1,894,176. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

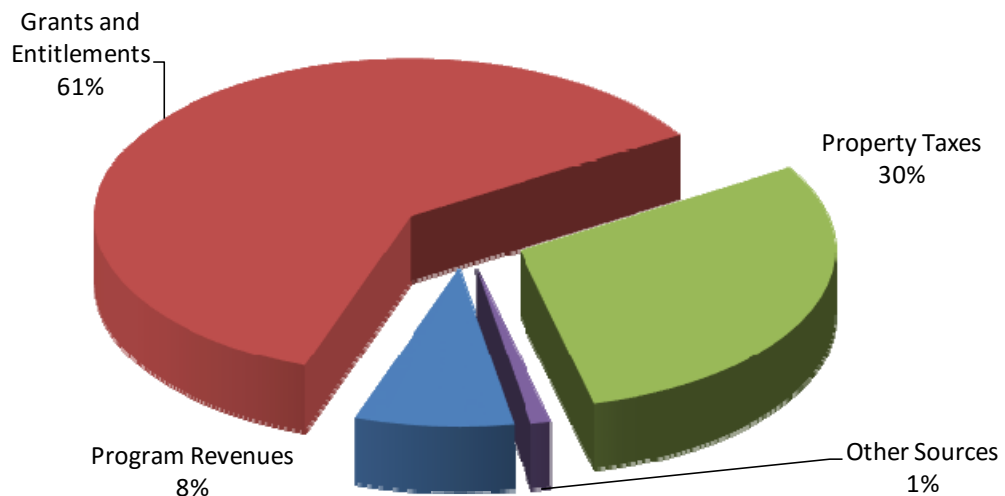
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Total 2018 program expenses under GASB 75	\$ 23,169,088	\$ 2,670,524
Negative OPEB expense under GASB 75	1,708,670	185,506
2018 contractually required contributions	<u>50,215</u>	<u>7,882</u>
Adjusted 2018 program expenses	24,927,973	2,863,912
Total 2017 program expenses under GASB 45	<u>42,960,870</u>	<u>4,934,106</u>
Decrease in program expenses not related to OPEB	<u>\$ (18,032,897)</u>	<u>\$ (2,070,194)</u>

Overall, total revenues of the School District increased by approximately \$4.8 million, or 10%, from the previous fiscal year. Total expenses, as adjusted above for OPEB, decreased by approximately \$20.1 million, or 42%, from the previous fiscal year. Significant items that contributed to these changes include the following:

- The School District received one-time State Capital Budget funding of \$1.5 million, less administrative fees, for joint use of the Bioscience Facility. The funding is to be used toward facility improvements.
- Property tax revenue increased by approximately \$1.4 million due to a 7% increase in assessed property valuations.
- Grants and entitlements revenue increased by approximately \$2.3 million due to increased State funding associated with an increase in student enrollment based on program expansion, as well as having career tech-weighted funding received outside the funding formula.
- Approximately \$22.2 million in decreased total expenses, as adjusted above, is related to changes in pension expenses; recognizing \$4.3 million in pension expenses during fiscal year 2017 compared to \$17.9 million in *negative* pension expenses during fiscal year 2018. A majority of this is due to changes in actuarial assumptions, including lowering the discount rate. Also, both plans experienced better than projected investment earnings. These ultimately led to a decrease in the net pension liability.
- After factoring out the pension expense decreases, several functions experienced increases due to base pay increases, step increases and additional staff due to program expansion.

Of the total governmental activities revenues of \$50,396,224, \$4,101,144 (8%) is from program revenue. This means that the government relies on general revenues to fund the majority of the cost of services provided to the citizens. The School District's operations are reliant upon its property tax levy and the State's foundation program, with 30% (\$15,083,963) of total revenue coming from property taxes and 61% (\$30,706,275) of total revenue coming from State funding.

**Governmental Activities**  
 Revenue Sources for 2018 Fiscal Year



**Governmental Activities**

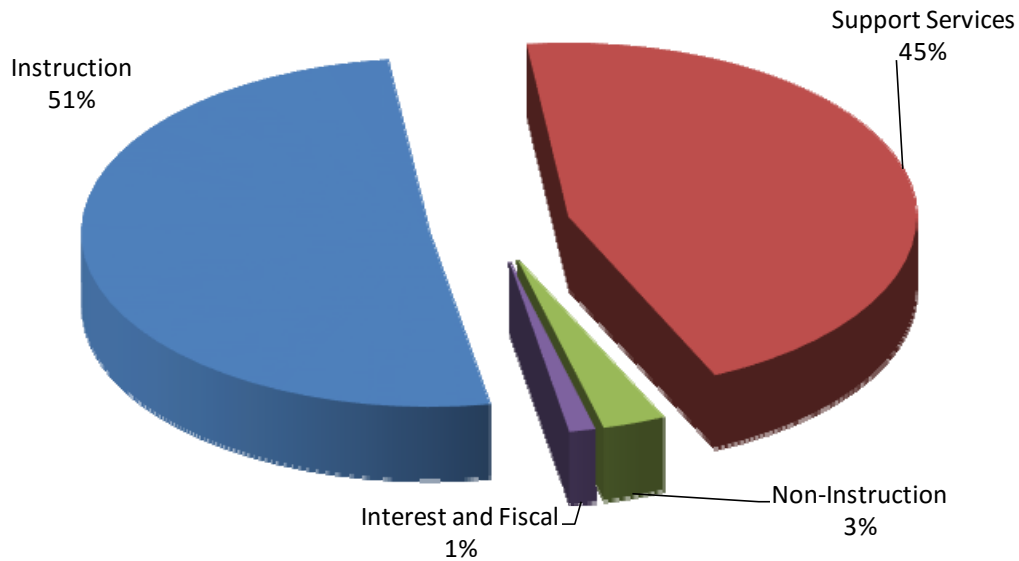
The following table presents the total cost of each of the government's primary services, and the comparative net cost after deducting the revenues generated by each function. Approximately 18% of the cost of the general government programs was recouped in program revenues. Instruction costs were \$11,783,259, but program revenue contributed to fund 10% of those costs. Thus, general revenues of \$10,549,081 were used to support the remainder of the instruction costs.

**Governmental Activities**

		<b>Total Cost of Services</b>	<b>Program Revenue</b>	<b>Revenues as a % of Total Costs</b>	<b>Net Cost of Services</b>
Instruction	\$	11,783,259	1,234,178	10%	10,549,081
Support services		10,429,065	2,866,966	27%	7,562,099
Non-instructional services		671,889	-	0%	671,889
Interest and fiscal charges		284,875	-	0%	284,875
<b>Total</b>	\$	<u>23,169,088</u>	<u>4,101,144</u>	<u>18%</u>	<u>19,067,944</u>

## Governmental Activities

### Cost of Services by Category for 2018 Fiscal Year



### ***Business-type Activities***

The following table presents the total cost of each of the School District's business segments and the net cost after deducting the revenues generated by each segment. Overall, the increase in net position of \$2,227,488 was primarily due to recognizing negative pension and OPEB expenses during the fiscal year of \$2,284,792.

#### Business-type Activities

		<b>Total Cost of Services</b>	<b>Program Revenue</b>	<b>Revenues as a % of Total Costs</b>	<b>Net Cost (Revenue) of Services</b>
Adult education	\$	2,038,507	4,150,420	204%	(2,111,913)
Food services		511,062	500,011	98%	11,051
Other enterprise		120,955	47,581	39%	73,374
<b>Total</b>	\$	<u>2,670,524</u>	<u>4,698,012</u>	<u>176%</u>	<u>(2,027,488)</u>

## **FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S INDIVIDUAL FUNDS**

### **Governmental funds**

The School District has two major governmental funds: the General Fund and the Permanent Improvement Fund. Assets of these funds comprise 99% of total assets of \$40,698,696 of the governmental funds.

The General Fund's fund balance at June 30, 2018 was \$14,534,103, including \$11,424,411 in unassigned fund balance, which represents 27% of General Fund expenditures for fiscal year 2018. The fund balance decreased \$1,464,477, or 9%, from the previous fiscal year. Factors contributing to this decrease include \$4.6 million more in transfers to the Permanent Improvement Fund to fund various capital projects, instead of funding them from the General Fund, as was done in the prior fiscal year, and increases in vocational education expenditures, due to base pay increases and additional staffing for program expansion. The increases in expenditures and transfers out were partially offset by increases in property tax and intergovernmental revenue, as previously discussed.

The Permanent Improvement Fund is a new major fund in fiscal year 2018 and received a portion of the State Capital Budget funding and additional transfers from the General Fund to finance various capital improvements, including the parking lot renovations, construction of the LeSourdsville Campus for healthcare programs, industry and manufacturing programs, and student services, and improvements to the School of the Arts building.

### **Proprietary funds**

The School District has one major proprietary fund – the Adult Education Fund. Net position at June 30, 2018 was a deficit of \$4.4 million. The Adult Education Fund experienced an increase in fund net position of \$2,111,913 primarily due to the recognition of negative pension and OPEB expenses of \$2,284,792. Also, there were decreases in contractual services and material and supply expenses due to some lower student enrollments in some specific courses.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO****Management's Discussion and Analysis****Year Ended June 30, 2018****Unaudited****GENERAL FUND BUDGETARY 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. The schedule comparing the School District's original and final budgets and actual results are included in the required supplementary information after the Notes to the Basic Financial Statements.

For the 2018 fiscal year, actual revenues exceeded estimates by 2%. Actual expenditures for the year were approximately 4% less than budgeted. The budget for intergovernmental revenue came in higher than from the original and final budgets due to additional increases in State funding associated with increases student enrollment and additional career tech weighted funding. The expenditure budget decreased from the original to the final budget, due to planned capital spending being paid by other funds and subsidized with increased transfers from the General Fund. Actual expenditures came in under budget by approximately \$1.5 million, primarily due to budgeted contingency amounts within the fiscal function that wasn't needed.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** At June 30, 2018, the School District had \$58,207,356 invested in a broad range of capital assets, including land, buildings, equipment, vehicles and construction in progress. The increase in capital assets is attributable to purchase of furniture and computer equipment and several capital projects, including parking lot renovations and construction of the LeSourdsville Campus. See Note 5 to the financial statements for more detail.

**Capital Assets at Year-End  
(Net of Depreciation)**

		<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
		<u>FY2018</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2017</u>
Land	\$	5,452,691	5,452,691	-	-	5,452,691	5,452,691
Construction in progress		275,631	-	-	-	275,631	-
Land improvements		2,341,547	1,203,510	-	-	2,341,547	1,203,510
Building and improvements		45,521,588	44,391,227	50,554	54,241	45,572,142	44,445,468
Furniture and equipment		3,774,977	3,473,993	496,972	428,249	4,271,949	3,902,242
Vehicles		267,365	325,248	26,031	21,278	293,396	346,526
Total	\$	<u>57,633,799</u>	<u>54,846,669</u>	<u>573,557</u>	<u>503,768</u>	<u>58,207,356</u>	<u>55,350,437</u>

**Debt**

During fiscal year 2014, the School District issued \$8.1 million in general obligation bonds to refinance \$3 million in outstanding bond anticipation notes and finance construction of a new bioscience building. The School District also issued \$1.935 million in general obligation bonds to finance energy conservation improvements. The amount outstanding as of June 30, 2018 was \$8.4 million, with \$395,000 due in December 2018.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO****Management's Discussion and Analysis****Year Ended June 30, 2018****Unaudited**

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The School District utilized a section of the Ohio Revised Code that permits school districts to issue unvoted indebtedness not to exceed 1/10 of 1% of the property valuation of the School District. See Note 10 to the financial statements.

**ECONOMIC FACTORS**

The School District had a significant increase in property tax valuation as the County did its three-year re-evaluation which resulted in increases in property tax collection. State funding for fiscal year 2018 and 2019 includes a "guarantee" and "gains cap", formula along with the base dollar amount and weighted amounts slightly changing from the prior biennium. Starting in fiscal year 2017, the weighted or "tiered" funding fell outside of the guarantee and cap which either increased or decreased overall State funding for career centers depending on enrollment and programming offered, even if they have historically been on the guarantee, flat funded, or capped. Given fiscal year 2019 is the final year of the biennium, there are several unknowns regarding how the State funding formula will be implemented on an ongoing, future basis.

**REQUESTS FOR ADDITIONAL INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, and 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. Anyone having questions about this report or need additional financial information may contact Paul Carpenter, Chief Financial Officer for the Butler Technology and Career Development Schools at 3603 Hamilton-Middletown Road, Hamilton, OH, 45011 or by phone at 513-868-1911.

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**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**

## Statement of Net Position

June 30, 2018

	Governmental Activities	Business- Type Activities	Total
<b>Assets:</b>			
Equity in pooled cash and investments	\$ 25,398,411	\$ 1,178,248	\$ 26,576,659
Receivables:			
Taxes	15,185,254	-	15,185,254
Accounts	57,446	13,523	70,969
Intergovernmental	22,983	3,539	26,522
Prepaid items	34,056	-	34,056
Nondepreciable capital assets	5,728,322	-	5,728,322
Depreciable capital assets, net	<u>51,905,477</u>	<u>573,557</u>	<u>52,479,034</u>
<b>Total assets</b>	<u>98,331,949</u>	<u>1,768,867</u>	<u>100,100,816</u>
<b>Deferred Outflows of Resources:</b>			
Pension	14,784,959	1,670,107	16,455,066
OPEB	<u>550,965</u>	<u>57,407</u>	<u>608,372</u>
<b>Total deferred outflows of resources</b>	<u>15,335,924</u>	<u>1,727,514</u>	<u>17,063,438</u>
<b>Liabilities:</b>			
Accounts payable	793,181	178,684	971,865
Accrued wages and benefits	4,172,673	152,579	4,325,252
Accrued interest payable	24,305	-	24,305
Long-term liabilities:			
Due within one year	565,384	17,707	583,091
Due more than one year:			
Net pension liability	45,016,610	5,322,413	50,339,023
Net OPEB liability	9,418,812	1,050,988	10,469,800
Other amounts due more than one year	<u>10,059,378</u>	<u>85,599</u>	<u>10,144,977</u>
<b>Total liabilities</b>	<u>70,050,343</u>	<u>6,807,970</u>	<u>76,858,313</u>
<b>Deferred Inflows of Resources:</b>			
Pension	4,250,061	479,133	4,729,194
OPEB	1,145,560	127,436	1,272,996
Taxes levied for next fiscal year	<u>14,683,285</u>	<u>-</u>	<u>14,683,285</u>
<b>Total deferred inflows of resources</b>	<u>20,078,906</u>	<u>606,569</u>	<u>20,685,475</u>
<b>Net Position:</b>			
Net investment in capital assets	49,038,036	573,557	49,611,593
Restricted for:			
Local grant programs	71,272	-	71,272
State grant programs	162,923	-	162,923
Unrestricted (deficit)	<u>(25,733,607)</u>	<u>(4,491,715)</u>	<u>(30,225,322)</u>
<b>Total net position</b>	<u>\$ 23,538,624</u>	<u>\$ (3,918,158)</u>	<u>\$ 19,620,466</u>

See accompanying notes to the basic financial statements.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
Statement of Activities  
Year Ended June 30, 2018

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
Instruction:							
Regular	\$ 69,169	\$ -	\$ -	\$ -	\$ (69,169)	\$ -	\$ (69,169)
Vocational education	11,602,335	963,605	270,573	-	(10,368,157)	-	(10,368,157)
Other	111,755	-	-	-	(111,755)	-	(111,755)
Support services:							
Pupil	823,586	-	428,497	-	(395,089)	-	(395,089)
Instructional staff	1,113,125	-	679,699	-	(433,426)	-	(433,426)
General administration	123,748	-	-	-	(123,748)	-	(123,748)
School administration	281,544	-	138,972	-	(142,572)	-	(142,572)
Fiscal	1,124,700	-	-	-	(1,124,700)	-	(1,124,700)
Business	235,154	-	-	-	(235,154)	-	(235,154)
Operation and maintenance of plant	4,350,911	-	-	1,481,875	(2,869,036)	-	(2,869,036)
Pupil transportation	148,671	-	-	-	(148,671)	-	(148,671)
Central	2,227,626	-	137,923	-	(2,089,703)	-	(2,089,703)
Non-instructional services:							
Extracurricular activities	671,593	-	-	-	(671,593)	-	(671,593)
Community service	296	-	-	-	(296)	-	(296)
Interest and fiscal charges	284,875	-	-	-	(284,875)	-	(284,875)
<b>Total Governmental Activities</b>	<b>23,169,088</b>	<b>963,605</b>	<b>1,655,664</b>	<b>1,481,875</b>	<b>(19,067,944)</b>	<b>-</b>	<b>(19,067,944)</b>
<b>Business-Type Activities:</b>							
Food service	511,062	330,513	169,498	-	-	(11,051)	(11,051)
Adult education	2,038,507	3,535,388	615,032	-	-	2,111,913	2,111,913
Other enterprise activities	120,955	47,581	-	-	-	(73,374)	(73,374)
<b>Total Business-Type Activities</b>	<b>2,670,524</b>	<b>3,913,482</b>	<b>784,530</b>	<b>-</b>	<b>-</b>	<b>2,027,488</b>	<b>2,027,488</b>
	<b>\$ 25,839,612</b>	<b>\$ 4,877,087</b>	<b>\$ 2,440,194</b>	<b>\$ 1,481,875</b>	<b>(19,067,944)</b>	<b>2,027,488</b>	<b>(17,040,456)</b>
<b>General Revenues:</b>							
Property taxes levied for general purposes					15,083,963	-	15,083,963
Grants and entitlements					30,706,275	-	30,706,275
Investment earnings					103,091	-	103,091
Miscellaneous					401,751	-	401,751
Transfers					(200,000)	200,000	-
Total general revenues and transfers					46,095,080	200,000	46,295,080
Change in net position					27,027,136	2,227,488	29,254,624
Net position beginning of year, <i>restated</i>					(3,488,512)	(6,145,646)	(9,634,158)
Net position end of year					\$ 23,538,624	\$ (3,918,158)	\$ 19,620,466

See accompanying notes to the basic financial statements.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**

Balance Sheet

Governmental Funds

June 30, 2018

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Equity in pooled cash and investments	\$ 19,015,038	\$ 6,151,682	\$ 231,691	\$ 25,398,411
Receivables:				
Taxes	15,185,254	-	-	15,185,254
Accounts	52,931	-	4,515	57,446
Intergovernmental	-	-	22,983	22,983
Prepaid items	34,056	-	-	34,056
Interfund receivable	546	-	-	546
<b>Total assets</b>	<u>\$ 34,287,825</u>	<u>\$ 6,151,682</u>	<u>\$ 259,189</u>	<u>\$ 40,698,696</u>
<b>Liabilities:</b>				
Accounts payable	\$ 552,282	\$ 215,905	\$ 24,994	\$ 793,181
Accrued wages and benefits	4,170,848	-	1,825	4,172,673
Interfund payable	-	-	546	546
Compensated absences payable	87,030	-	-	87,030
<b>Total liabilities</b>	<u>4,810,160</u>	<u>215,905</u>	<u>27,365</u>	<u>5,053,430</u>
<b>Deferred Inflows of Resources:</b>				
Taxes levied for next fiscal year	14,683,285	-	-	14,683,285
Unavailable revenue	260,277	-	-	260,277
<b>Total deferred inflows of resources</b>	<u>14,943,562</u>	<u>-</u>	<u>-</u>	<u>14,943,562</u>
<b>Fund Balances:</b>				
Nonspendable	34,056	-	-	34,056
Restricted	514,421	-	234,195	748,616
Committed	309,956	-	-	309,956
Assigned	2,251,259	5,935,777	-	8,187,036
Unassigned	11,424,411	-	(2,371)	11,422,040
<b>Total fund balances</b>	<u>14,534,103</u>	<u>5,935,777</u>	<u>231,824</u>	<u>20,701,704</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 34,287,825</u>	<u>\$ 6,151,682</u>	<u>\$ 259,189</u>	<u>\$ 40,698,696</u>

See accompanying notes to the basic financial statements.

Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
June 30, 2018

<b>Total Governmental Fund Balances</b>		\$ 20,701,704
<i>Amounts reported for governmental activities in 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.		57,633,799
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.		260,277
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable	8,430,000	
Unamortized premiums	165,763	
Compensated absences	1,941,969	
Accrued interest	24,305	(10,562,037)
The net pension and OPEB liabilities are not due and payable in the current period, therefore, the liabilities and related deferred outflows and inflows of resources are not reported in the governmental funds:		
Deferred outflows - pension	14,784,959	
Deferred inflows - pension	(4,250,061)	
Net pension liability	(45,016,610)	
Deferred outflows - OPEB	550,965	
Deferred inflows - OPEB	(1,145,560)	
Net OPEB liability	(9,418,812)	(44,495,119)
<b>Net Position of Governmental Activities</b>		<b>\$ 23,538,624</b>

See accompanying notes to the basic financial statements.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**

## Statement of Revenues, Expenditures, and Changes in Fund Balances

## Governmental Funds

Year Ended June 30, 2018

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 14,998,189	\$ -	\$ -	\$ 14,998,189
Tuition and fees	963,605	-	-	963,605
Investment income	103,652	25,271	1,324	130,247
Intergovernmental	30,706,416	977,364	2,285,604	33,969,384
Miscellaneous	310,257	25,505	65,989	401,751
<b>Total revenues</b>	<u>47,082,119</u>	<u>1,028,140</u>	<u>2,352,917</u>	<u>50,463,176</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	69,169	-	-	69,169
Vocational education	25,106,296	-	68,223	25,174,519
Other	-	-	213,903	213,903
Support services:				
Pupil	1,196,209	-	451,905	1,648,114
Instructional staff	2,922,729	-	684,973	3,607,702
General administration	134,317	-	-	134,317
School administration	1,942,690	-	145,060	2,087,750
Fiscal	1,329,833	-	-	1,329,833
Business	306,937	-	-	306,937
Operation and maintenance of plant	4,639,760	139,226	165,910	4,944,896
Pupil transportation	157,712	-	-	157,712
Central	2,657,924	-	139,227	2,797,151
Non-instructional services:				
Extracurricular	671,593	-	-	671,593
Community service	296	-	-	296
Capital outlay	506,580	3,117,247	54,592	3,678,419
Debt Service:				
Principal	-	-	385,000	385,000
Interest and fiscal charges	-	-	294,551	294,551
<b>Total expenditures</b>	<u>41,642,045</u>	<u>3,256,473</u>	<u>2,603,344</u>	<u>47,501,862</u>
Excess of revenues over (under) expenditures	<u>5,440,074</u>	<u>(2,228,333)</u>	<u>(250,427)</u>	<u>2,961,314</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	6,000,000	704,551	6,704,551
Transfers out	<u>(6,904,551)</u>	<u>-</u>	<u>-</u>	<u>(6,904,551)</u>
<b>Total other financing sources (uses)</b>	<u>(6,904,551)</u>	<u>6,000,000</u>	<u>704,551</u>	<u>(200,000)</u>
Net change in fund balances	(1,464,477)	3,771,667	454,124	2,761,314
Fund balance, beginning of year	<u>15,998,580</u>	<u>2,164,110</u>	<u>(222,300)</u>	<u>17,940,390</u>
Fund balance, end of year	<u>\$ 14,534,103</u>	<u>\$ 5,935,777</u>	<u>\$ 231,824</u>	<u>\$ 20,701,704</u>

See accompanying notes to the basic financial statements.

Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year Ended June 30, 2018

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	2,761,314
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Capital asset additions		5,555,486
Depreciation expense		(2,767,295)
<p>Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(66,952)
<p>In the statement of activities, loss on disposal of capital assets is reported, whereas only proceeds from sales are reported in the funds.</p>		
		(1,061)
<p>Some expenses reported in the statement of activities do not require the use current financial resources and therefore are not reported expenditures in governmental funds:</p>		
Compensated absences		(328,546)
Interest on long-term debt		482
Amortization of bond premiums		9,194
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		385,000
<p>Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows:</p>		
Pension		3,578,284
OPEB		50,215
<p>Except for amounts reported as deferred outflows or inflows of resources, changes in the net pension and OPEB liabilities are reported as negative pension and OPEB expenses in the statement of activities:</p>		
Pension		16,142,345
OPEB		<u>1,708,670</u>
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>27,027,136</u></b>

See accompanying notes to the basic financial statements.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**

## Statement of Net Position

Enterprise Funds

June 30, 2018

	Adult Education Fund	Other Enterprise Funds	Total
<b>Assets:</b>			
Current assets:			
Equity in pooled cash and investments	\$ 685,880	\$ 492,368	\$ 1,178,248
Receivables:			
Accounts	13,523	-	13,523
Intergovernmental	-	3,539	3,539
Total current assets	<u>699,403</u>	<u>495,907</u>	<u>1,195,310</u>
Noncurrent assets:			
Capital assets, net	453,260	120,297	573,557
<b>Total assets</b>	<u>1,152,663</u>	<u>616,204</u>	<u>1,768,867</u>
<b>Deferred Outflows of Resources:</b>			
Pension	1,670,107	-	1,670,107
OPEB	57,407	-	57,407
<b>Total deferred outflows of resources</b>	<u>1,727,514</u>	<u>-</u>	<u>1,727,514</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	79,527	99,157	178,684
Accrued wages and benefits	152,579	-	152,579
Compensated absences	17,707	-	17,707
Total current liabilities	<u>249,813</u>	<u>99,157</u>	<u>348,970</u>
Long-term liabilities:			
Compensated absences	85,599	-	85,599
Net pension liability	5,322,413	-	5,322,413
Net OPEB liability	1,050,988	-	1,050,988
<b>Total liabilities</b>	<u>6,708,813</u>	<u>99,157</u>	<u>6,807,970</u>
<b>Deferred Inflows of Resources:</b>			
Pension	479,133	-	479,133
OPEB	127,436	-	127,436
<b>Total deferred inflows of resources</b>	<u>606,569</u>	<u>-</u>	<u>606,569</u>
<b>Net Position:</b>			
Investment in capital assets	453,260	120,297	573,557
Unrestricted (deficit)	<u>(4,888,465)</u>	<u>396,750</u>	<u>(4,491,715)</u>
<b>Total net position</b>	<u>\$ (4,435,205)</u>	<u>\$ 517,047</u>	<u>\$ (3,918,158)</u>

See accompanying notes to the basic financial statements.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**

## Statement of Revenues, Expenses and Changes in Fund Net Position

## Enterprise Funds

Year Ended June 30, 2018

	Adult Education Fund	Other Enterprise Funds	Total
<b>Operating revenues:</b>			
Charges for services	\$ 3,534,509	\$ 378,094	\$ 3,912,603
Other operating revenues	879	-	879
<b>Total operating revenues</b>	<u>3,535,388</u>	<u>378,094</u>	<u>3,913,482</u>
<b>Operating expenses:</b>			
Salaries and wages	2,335,110	-	2,335,110
Fringe benefits	684,815	-	684,815
Pension and OPEB expenses	(2,284,792)	-	(2,284,792)
Contractual services	671,278	527,610	1,198,888
Materials and supplies	486,433	71,461	557,894
Depreciation	75,208	31,784	106,992
Other expenses	70,455	1,162	71,617
<b>Total operating expenses</b>	<u>2,038,507</u>	<u>632,017</u>	<u>2,670,524</u>
Operating income (loss)	1,496,881	(253,923)	1,242,958
<b>Nonoperating revenues:</b>			
State and federal grants	615,032	167,384	782,416
Interest income	-	2,114	2,114
<b>Total nonoperating revenues</b>	<u>615,032</u>	<u>169,498</u>	<u>784,530</u>
Net income (loss) before transfers	2,111,913	(84,425)	2,027,488
Transfers in	-	200,000	200,000
Change in net position	2,111,913	115,575	2,227,488
Net position, beginning of year, <i>restated</i>	<u>(6,547,118)</u>	<u>401,472</u>	<u>(6,145,646)</u>
Net position, end of year	<u>\$ (4,435,205)</u>	<u>\$ 517,047</u>	<u>\$ (3,918,158)</u>

See accompanying notes to the basic financial statements.



**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**

Statement of Cash Flows

Enterprise Funds

Year Ended June 30, 2018

	Adult Education Fund	Other Enterprise Funds	Total
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 3,665,239	\$ 378,094	\$ 4,043,333
Cash payments for personal services	(3,010,190)	-	(3,010,190)
Cash payments for contract services	(687,901)	(447,201)	(1,135,102)
Cash payments for supplies and materials	(458,684)	(71,461)	(530,145)
Cash payments for other expenses	(67,730)	(1,162)	(68,892)
Net cash from operating activities	<u>(559,266)</u>	<u>(141,730)</u>	<u>(700,996)</u>
<b>Cash flows from noncapital financing activities:</b>			
Transfers	-	200,000	200,000
Cash received from state and federal grants	615,032	163,845	778,877
Net cash from noncapital financing activities	<u>615,032</u>	<u>363,845</u>	<u>978,877</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of capital assets	<u>(27,425)</u>	<u>(152,081)</u>	<u>(179,506)</u>
<b>Cash flows from investing activities:</b>			
Investment income	<u>-</u>	<u>2,114</u>	<u>2,114</u>
Net change in cash and investments	28,341	72,148	100,489
Cash and investments at beginning of year	657,539	420,220	1,077,759
Cash and investments at end of year	<u>\$ 685,880</u>	<u>\$ 492,368</u>	<u>\$ 1,178,248</u>
<b>Reconciliation of operating income (loss) to net cash from operating activities:</b>			
Operating income (loss)	\$ 1,496,881	\$ (253,923)	\$ 1,242,958
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation	75,208	31,784	106,992
Loss on disposal of capital assets	2,725	-	2,725
Changes in assets, liabilities and deferrals:			
Accounts receivable	129,851	-	129,851
Accounts payable	11,126	89,404	100,530
Accrued wages and benefits	48,436	(8,995)	39,441
Compensated absences payable	(38,701)	-	(38,701)
Net pension liability and related deferrals	(2,117,248)	-	(2,117,248)
Net OPEB liability and related deferrals	(167,544)	-	(167,544)
Net cash from operating activities	<u>\$ (559,266)</u>	<u>\$ (141,730)</u>	<u>\$ (700,996)</u>

See accompanying notes to the basic financial statements.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**

Statement of Net Position

Fiduciary Funds

June 30, 2018

	Private Purpose Trust Fund	Agency Funds
<b>Assets</b>		
Equity in pooled cash and investments	\$ 151,079	\$ 7,865,553
Intergovernmental receivable	-	67,842
Total assets	<u>151,079</u>	<u>7,933,395</u>
<b>Liabilities</b>		
Due to student groups	-	389,228
Due to other governments	-	7,544,167
Total liabilities	<u>-</u>	<u>\$ 7,933,395</u>
<b>Net Position</b>		
Held in trust	<u>\$ 151,079</u>	

See accompanying notes to the basic financial statements.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended June 30, 2018

	Private- Purpose Trust Fund
<b>Additions:</b>	
Investment income	\$ 1,444
Contributions	<u>1,520</u>
Total additions	<u>2,964</u>
<b>Deductions:</b>	
Benefits	<u>46,121</u>
Total deductions	<u>46,121</u>
Change in net position	(43,157)
Net position, beginning of year	<u>194,236</u>
Net position, end of year	<u>\$ 151,079</u>

See accompanying notes to the basic financial statements.

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**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2018**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Butler Technology and Career Development Schools (the "School District") have been prepared in conformity with generally accepted accounting principles (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 more significant of the School District's accounting policies are described below.

**A. Reporting Entity**

The School District is a joint vocational school district organized under Section 3311.18 of the Ohio Revised Code. The School District provides vocational education for ten school districts serving an eligible student population of approximately 27,000 throughout southwestern Ohio. The School District fosters cooperative relationships with business and industry, professional organizations, participating school districts, and other interested, concerned groups and organizations to consider, plan and implement educational programs designed to meet the common needs and interests of students.

The reporting entity is comprised of the primary government. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units 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. The School District has no component units.

The School District serves as fiscal agent for legally separate Southwest Ohio Computer Association (SWOCA) but is not financially accountable. Therefore, SWOCA has been included in the School District's financial statements as an agency fund.

**B. 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 statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2018**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*continued***

**B. Basis of Presentation - *continued***

The government-wide statements are prepared using the economic resources measurement focus, which differs from the manner in which the governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore 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, with certain limited exceptions. 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.*** Fund financial statements report detailed information about the School District. The focus of governmental and proprietary 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.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and deferred inflows of resources are generally included on the balance sheet. Operating statements of these funds present sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities and deferred outflows and inflows of resources associated with the operation of these funds are included on the balance sheet. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total assets.

Operating revenues and expenses generally result from providing services and producing and delivering services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2018**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*continued***

**C. Fund Accounting**

The School District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are grouped into the categories governmental, proprietary and fiduciary.

**Governmental funds** focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes 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, liabilities and 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 all financial resources except those required to be accounted for in another fund. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Permanent Improvement Fund** – The permanent improvement fund is used to account for financial resources transferred in to be used for the acquisition, construction and improvement of capital projects other than those financed by proprietary funds.

**Proprietary funds** are used to account for the School District's ongoing activities that are similar to those found in the private sector where the intent of the governing body is that the cost of providing goods and services to the general public be financed or recovered primarily through user charges. The School District has one major proprietary fund:

**Adult Education Fund** - Accounts for revenues and expenses involved in upgrading and retraining out-of-school youth and adults for the purpose of improving their skills and knowledge in their current or planned occupation.

**Fiduciary Funds** report on net position and changes in net position. The School District's fiduciary funds consist of a private-purpose trust fund and agency funds. The private-purpose trust fund accounts for scholarship programs for students and is accounted for on a flow of economic resources measurement focus similar to proprietary funds. These assets are not available for the School District's use. Agency funds, used to account for student activities, SWOCA, and District Agency activities, are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2018**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*continued***

**D. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made.

The modified accrual basis of accounting is used by the governmental funds. On a modified accrual basis, revenues are recorded when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end. Under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, tuition, student fees, and grants.

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 unmatured principal and interest on general long-term debt which is recognized when due. Allocations of cost, such as depreciation, are not recognized in the governmental funds.

Government-wide financial statements are prepared using the accrual basis of accounting. Also, proprietary funds and fiduciary funds utilize accrual accounting. Revenues are recognized when earned and expenses are recognized when incurred.

***Revenues - Exchange and Non-exchange transactions.*** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the School District receives value without directly giving 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 were levied.

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 expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.



**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2018**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*continued***

**D. Basis of Accounting - *continued***

***Deferred Inflows of Resources.*** In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. For the School District, deferred inflows of resources include property taxes, unavailable revenue, pension and other postemployment benefits (OPEB). Receivables for property taxes represent amounts that are measurable as of June 30, 2018, but are intended to finance fiscal year 2019 operations. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund financial statements and represents receivables that will not be collected within the available period (sixty days after fiscal year-end). Deferred inflows of resources from pension and OPEB are reported on the government-wide statement of net position and the proprietary funds' statement of net position (see Notes 7 and 8).

***Deferred Outflows of Resources.*** In addition to assets, the statement of financial position will sometimes report a separate section of deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position and proprietary funds' statement of net position for pension and OPEB (see Notes 7 and 8).

**E. Cash and Cash Equivalents**

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the balance sheet. During 2018, investments were limited to U.S. agency securities, commercial paper, U.S. Treasuries, STAR Ohio, and money market funds.

The Governmental Accounting Standards Board Statement No. 72 (GASB 72), "Fair Value Measurement and Application", requires that investments, with certain exceptions, be recorded at their fair value and that changes in the fair value be reported in the operating statement. The School District recorded investments held at June 30, 2018 at the fair value.

Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to agency funds, certain trust funds, and those other funds individually authorized by Board resolution. Interest earnings are allocated to these funds based on average monthly cash balance.

For purposes of the statement of cash flows and for presentation on the balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2018**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*continued***

**F. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type columns in the government-wide financial statements. The School District defines capital assets as those with an individual cost of more than \$1,000 and an estimated useful life in excess of one year. All capital assets are capitalized at cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at their acquisition value as of the date received. 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 capitalized.

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements and the proprietary fund statements. Capital assets are reported as expenditures of the current period in the governmental fund financial statements.

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

Buildings and improvements	20-40 years
Furniture and equipment	3-10 years
Vehicles	10 years

**G. Interfund Balances**

On fund financials, receivables and payables resulting from short-term interfund loans are classified as "interfund receivable/payable." These amounts are eliminated in the governmental activities column of the statement of net position.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

**H. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the School District's termination policy.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2018**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*continued***

**H. Compensated Absences - *continued***

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, a liability is recorded only for the portion of unpaid compensated absences that has matured, for example, as a result of employee resignations and retirements.

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

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

Governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources with the exception of compensated absences as noted above.

**J. Pension and OPEB**

For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pension and OPEB, and pension and OPEB expenses, information about the fiduciary net position of the retirement plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the retirement plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The retirement plans report investments at fair value.

**K. Fund Balances**

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 category includes amounts that cannot be spent because they are not in a spendable form, or legally or contractually required to be maintained intact. The “not in a spendable form” criterion includes items that are not expected to be converted to cash.

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

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2018**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*continued***

**K. Fund Balances - *continued***

***Committed*** – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District’s highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the School District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

***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 or 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 the School District Board of Education. State statute authorizes the Chief Financial Officer to assign fund balance for purchases on order provided those amounts have been lawfully appropriated.

***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 used only to report a deficit 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 either restricted or unrestricted (committed, assigned, and unassigned) amounts are 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.

**L. Net Position**

Net position represents assets and deferred outflows of resources, reduced by liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2018**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*continued***

**L. Net Position - *continued***

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

**M. Estimates**

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

**2. DEPOSITS AND INVESTMENTS**

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies that are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including pass book accounts. Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, or by a single collateral pool established by the financial institution to secure the repayment of all public monies on deposit.

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 the 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;

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2018**

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**2. DEPOSITS AND INVESTMENTS—*continued***

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

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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The State Treasury Assets Reserve of Ohio (STAR Ohio), is an investment pool managed by the State Treasurer's Office that 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 has adopted Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*. The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
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**Year Ended June 30, 2018**

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**2. DEPOSITS AND INVESTMENTS—*continued***

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and amended by GASB Statement No. 40 "Deposit and Investment Risk Disclosures":

Deposits

*Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's custodial credit risk policy requires that deposits be collateralized as required by ORC Chapter 135. At year-end, \$16,340,660 of the School District's bank balance of \$17,896,294 was exposed to custodial credit risk since it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

Investments

The School District's investments at June 30, 2018 are summarized as follows:

	Balance at 6/30/18	Weighted Average Maturity (Years)	Concentration of Credit Risk
FNMA	\$ 2,276,113	0.70	13.28%
FFCB	734,062	2.03	4.28%
FHLMC	1,240,384	2.00	7.24%
Commercial paper	7,741,799	0.14	45.17%
U.S. Treasury	532,934	2.49	3.11%
STAR Ohio	4,608,990	n/a	26.89%
U.S. Money market	6,278	n/a	0.03%
	<u>\$ 17,140,560</u>	<u>-</u>	<u>100.00%</u>

*Credit Risk*

It is the School District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top 2 ratings by nationally recognized statistical rating organizations. The School District's investments in U.S. Agency securities were rated AA+ by Standard & Poor's and Aaa by Moody's. Investments in commercial paper were rated A-1 to A-1+ by Standard & Poor's and P-1 by Moody's. Investments in STAR Ohio were rated AAAM by Standard & Poor's.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
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**2. DEPOSITS AND INVESTMENTS—continued**

*Concentration of Credit Risk*

The School District's policy places no limit on the amount it may invest in any one issuer.

*Interest Rate Risk*

In accordance with the investment policy, the School District manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to five years.

*Fair Value Measurements*

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The School District had the following reoccurring fair value measurements as of June 30, 2018:

Investments by Fair Value Level	Balance at 6/30/18	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Agency Obligations	\$ 4,250,559	\$ -	\$ 4,250,559	\$ -
Commercial paper	7,741,799	-	7,741,799	-
U.S. Treasury	532,934	532,934	-	-
STAR Ohio (net asset value)	4,608,990	n/a	n/a	n/a
U.S. Money market (amortized cost)	6,278	n/a	n/a	n/a
	<u>\$ 17,140,560</u>	<u>\$ 532,934</u>	<u>\$ 11,992,358</u>	<u>\$ -</u>

Investments classified in Level 1 of the fair value hierarchy are valued using quoted market prices. Investments classified in Level 2 of the fair value hierarchy are valued using pricing sources, as provided by the investment managers.

**3. PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2018 represents collections of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed value listed as of the prior January 1, 2017, the lien date. Assessed values for real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternative payment dates to be established.

Public utility property taxes revenue received in calendar year 2018 represent collections of calendar year 2017 taxes. Public utility real and tangible personal property taxes received in calendar year 2018 became a lien on December 31, 2016, were levied after April 1, 2017 and are collected in calendar year 2018 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.



**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
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**Year Ended June 30, 2018**

**3. PROPERTY TAXES—continued**

The School District receives property taxes from Butler and Hamilton counties. The County Auditors periodically advance to the School District its portion of taxes collected. Second-half real property tax payments collected by the counties by June 30, 2018 are available to finance fiscal year 2018 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes that became measurable as of June 30, 2018. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations.

The assessed values upon which fiscal year 2018 taxes were collected are:

	2017 Second-Half Collections		2018 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 7,688,131,080	93.50%	\$ 8,225,145,710	93.66%
Public Utility	534,809,080	6.50%	556,785,180	6.34%
Total Assessed Value	<u>\$ 8,222,940,160</u>	100.00%	<u>\$ 8,781,930,890</u>	100.00%
Tax rate per \$1,000 of assessed valuation		\$1.93		\$1.93

**4. INTERFUND TRANSACTIONS**

Interfund transactions for the year ended June 30, 2018, consisted of the following:

	Interfund		Transfers	
	Receivables	Payables	In	Out
General Fund	\$ 546	\$ -	\$ -	\$ 6,904,551
Permanent Improvement Fund	-	-	6,000,000	-
Other Governmental Funds	-	546	704,551	-
Other Enterprise Funds	-	-	200,000	-
Total	<u>\$ 546</u>	<u>\$ 546</u>	<u>\$ 6,904,551</u>	<u>\$ 6,904,551</u>

The interfund loans were made to provide operating capital. 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, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) maintain debt service.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2018**

**5. CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2018 was as follows:

	Balance 7/1/17	Additions	Disposals	Balance 6/30/18
<b>Governmental Activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 5,452,691	\$ -	\$ -	\$ 5,452,691
Construction in progress	-	275,631	-	275,631
Subtotal	<u>5,452,691</u>	<u>275,631</u>	<u>-</u>	<u>5,728,322</u>
<b>Capital assets being depreciated:</b>				
Land improvements	2,815,503	1,330,402	-	4,145,905
Building and improvements	64,899,167	2,857,556	-	67,756,723
Furniture and equipment	15,400,593	1,082,647	(264,567)	16,218,673
Vehicles	1,254,118	9,250	(46,165)	1,217,203
Books	500,516	-	-	500,516
Subtotal	<u>84,869,897</u>	<u>5,279,855</u>	<u>(310,732)</u>	<u>89,839,020</u>
Totals at historical cost	<u>90,322,588</u>	<u>5,555,486</u>	<u>(310,732)</u>	<u>95,567,342</u>
Less accumulated depreciation:				
Land improvements	1,611,993	192,365	-	1,804,358
Building and improvements	20,507,940	1,727,195	-	22,235,135
Furniture and equipment	11,926,600	780,602	(263,506)	12,443,696
Vehicles	928,870	67,133	(46,165)	949,838
Books	500,516	-	-	500,516
Total accumulated depreciation	<u>35,475,919</u>	<u>2,767,295</u>	<u>(309,671)</u>	<u>37,933,543</u>
Capital assets, net	<u>\$ 54,846,669</u>	<u>\$ 2,788,191</u>	<u>\$ (1,061)</u>	<u>\$ 57,633,799</u>

	Balance 7/1/17	Additions	Disposals	Balance 6/30/18
<b>Business-type Activities:</b>				
Building and improvements	\$ 83,731	\$ -	\$ -	\$ 83,731
Furniture and equipment	1,527,560	171,056	(34,626)	1,663,990
Vehicles	133,018	8,450	-	141,468
Totals at historical cost	<u>1,744,309</u>	<u>179,506</u>	<u>(34,626)</u>	<u>1,889,189</u>
Less accumulated depreciation:				
Building and improvements	29,490	3,687	-	33,177
Furniture and equipment	1,099,311	99,608	(31,901)	1,167,018
Vehicles	111,740	3,697	-	115,437
Total accumulated depreciation	<u>1,240,541</u>	<u>106,992</u>	<u>(31,901)</u>	<u>1,315,632</u>
Capital assets, net	<u>\$ 503,768</u>	<u>\$ 72,514</u>	<u>\$ (2,725)</u>	<u>\$ 573,557</u>

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2018**

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**5. CAPITAL ASSETS—*continued***

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational education	\$ 1,972,190
Support services:	
Pupil	7,651
Instructional staff	1,849
School administration	10,952
Fiscal	3,127
Business	75
Operation and maintenance of plant	620,876
Pupil transportation	9,896
Central	<u>140,679</u>
Total depreciation expense	<u>\$ 2,767,295</u>

Depreciation expense was charged to proprietary funds as follows:

Adult education	\$ 75,208
Food services	<u>31,784</u>
	<u>\$ 106,992</u>

**6. RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2018, the School District contracted with the Ohio School Plan for general liability insurance with \$3,000,000 each occurrence limit and a \$5,000,000 aggregate. Buildings, contents and school vehicles are protected through a local insurance agent. There were no significant reductions in insurance coverage in the prior year. Settlements have not exceeded insurance coverage during the past three fiscal years.

The School District participates in the Butler Health Plan (BHP), a group insurance purchasing pool, in order to provide dental, life, medical, and disability benefits to employees, their dependents and designated beneficiaries and to set aside funds for such purposes. The Trustee provides insurance policies in whole or in part through one or more group insurance policies.

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the 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 percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria.

## **7. PENSION PLANS**

### ***Net Pension Liability***

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for contractually-required pension contributions outstanding at the end of the year is included in *accrued wages and benefits payable* on both the accrual and modified accrual bases of accounting.

### ***Plan Description - School Employees Retirement System (SERS)***

***Plan Description*** – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
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**7. PENSION PLANS—continued**

Age and service requirements for retirement are as follows:

Benefits	Eligible to Retire on or before August 1, 2017*	Eligible to Retire on or after August 1, 2017
Full Benefits	Age 65 with 5 years of service credit; or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\* Members with 25 years of service credit as of August 1, 2017 will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2% for the first 30 years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

**Funding Policy** – Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5%. The remaining 0.5% of the 14% employer contribution rate was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was \$770,279 for fiscal year 2018. Of this amount, \$25,494 is reported as accrued wages and benefits.

**Plan Description - State Teachers Retirement System (STRS)**

**Plan Description** – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
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**7. 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. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by 2% of the original base benefit. For members retiring August 1, 2013, or later, the first 2% is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with 5 years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015 and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5% of the 14% employer rate is allocated to the defined benefit unfunded liability. 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 DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with 5 years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability 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.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
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**7. PENSION PLANS—continued**

**Funding Policy** – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018, plan members were required to contribute 14% of their annual covered salary. The School District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The School District’s contractually required contribution to STRS was approximately \$3,202,113 for fiscal year 2018. Of this amount, \$376,833 is recorded as accrued wages and benefits.

**Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources for Pensions**

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share and negative pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	\$ 8,655,320	\$ 41,683,703	\$ 50,339,023
Proportion of the Net Pension Liability	0.144864%	0.175478%	
Change in Proportion	-0.006469%	0.003383%	
Negative Pension Expense	\$ (834,770)	\$ (17,030,715)	\$ (17,865,485)

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
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**7. PENSION PLANS—continued**

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ 372,494	\$ 1,609,630	\$ 1,982,124
Change in assumptions	447,573	9,116,684	9,564,257
Change in School District's proportionate share and difference in employer contributions	11,867	924,426	936,293
School District's contributions subsequent to the measurement date	<u>770,279</u>	<u>3,202,113</u>	<u>3,972,392</u>
Total Deferred Outflows of Resources	<u>\$ 1,602,213</u>	<u>\$ 14,852,853</u>	<u>\$ 16,455,066</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$ -	\$ 335,956	\$ 335,956
Net difference between projected and actual earnings on pension plan investments	41,084	1,375,611	1,416,695
Change in School District's proportionate share and difference in employer contributions	<u>145,339</u>	<u>2,831,204</u>	<u>2,976,543</u>
Total Deferred Inflows of Resources	<u>\$ 186,423</u>	<u>\$ 4,542,771</u>	<u>\$ 4,729,194</u>

\$3,972,392 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2019	\$ 269,760	\$ 961,511	\$ 1,231,271
2020	457,983	2,832,813	3,290,796
2021	119,542	2,354,345	2,473,887
2022	<u>(201,774)</u>	<u>959,300</u>	<u>757,526</u>
	<u>\$ 645,511</u>	<u>\$ 7,107,969</u>	<u>\$ 7,753,480</u>



**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
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**7. PENSION PLANS—*continued***

***Actuarial Assumptions - SERS***

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2017, are presented below:

Wage Inflation	3.00%
Future Salary Increases, including Inflation	3.50% to 18.20%, including inflation
COLA or Ad Hoc COLA	2.50%
Investment Rate of Return	7.50% net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2010 to June 30, 2015, adopted by the Board on April 21, 2016.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
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**Year Ended June 30, 2018**

**7. PENSION PLANS—continued**

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
U.S. Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Estate	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

**Discount Rate** – Total pension liability was calculated using the discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$12,011,335	\$8,655,320	\$5,843,973

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**7. PENSION PLANS—continued**

**Actuarial Assumptions - STRS**

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement as follows:

<b>Assumptions</b>	<b>July 1, 2017 Valuation</b>	<b>July 1, 2016 Valuation and prior</b>
Inflation	2.50%	2.75%
Salary increases	12.50% at age 20 to 2.50% at age 65	12.25% at age 20 to 2.75% at age 70
Investment rate of return, Including inflation	7.45%, net of investment expenses	7.75%. net of investment expenses
Payroll increases	3.00%	3.50% per annum compounded annually for the next two years, 4.00% thereafter
Cost-of-living adjustments	0% effective July 1, 2017	2% simple for members retiring before August 1, 2013, 2% per year; for members retiring August 1, 2013 or later, 2% COLA commences on 5 <sup>th</sup> anniversary of retirement date
Mortality tables	RP-2014	RP-2000

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disability mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally, using mortality improvement scale MP-2016.

The actuarial assumptions were based on the results of an actual experience study for the period July 1, 2011 through June 30, 2016.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board.

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**7. PENSION PLANS—continued**

The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	6.84 %

\* 10-year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.45% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45%) or one-percentage-point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$59,752,169	\$41,683,703	\$26,463,728

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**7. PENSION PLANS—*continued***

**Social Security System**

All employees not otherwise covered by SERS or STRS have an option to choose Social Security or SERS/STRS. As of June 30, 2018, some members of the Board of Education have elected Social Security. The School District's liability is 6.2% of wages paid.

**8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS**

***Net OPEB Liability***

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the School District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments, health care cost trend rates and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which OPEB are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability* on the accrual basis of accounting. Any liability for contractually-required OPEB contributions outstanding at the end of the fiscal year is included in *accrued wages and benefits* on both the accrual and modified accrual bases of accounting.

**8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS—*continued***

***Plan Description - School Employees Retirement System (SERS)***

*Health Care Plan Description*—The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB Statement No. 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established 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.

*Funding Policy*—State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, 0.5% of covered payroll was made 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 if less than a full year of service credit was earned. For fiscal year 2018, the minimum compensation amount was \$23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the School District's surcharge obligation was \$28,625.

The surcharge, added to the 0.5% allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$58,097 for fiscal year 2018. Of this amount, \$29,569 is reported as accrued wages and benefits.

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**8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS—continued**

***Plan Description - State Teachers Retirement System (STRS)***

*Plan Description*—The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

*Funding Policy*—Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>		<u>STRS</u>		<u>Total</u>
Proportionate Share of the Net					
OPEB Liability	\$ 3,623,536	\$	6,846,264	\$	10,469,800
Proportion of the Net OPEB					
Liability	0.135018%		0.175472%		
Change in Proportion	-0.001164%		0.003383%		
(Negative) OPEB Expense	\$ 194,932	\$	(2,089,108)	\$	(1,894,176)

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**8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS—continued**

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ -	\$ 395,208	\$ 395,208
Change in School District's proportionate share and difference in employer contributions	-	155,067	155,067
School District's contributions subsequent to the measurement date	<u>58,097</u>	<u>-</u>	<u>58,097</u>
Total Deferred Outflows of Resources	<u>\$ 58,097</u>	<u>\$ 550,275</u>	<u>\$ 608,372</u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on OPEB plan investments	\$ 9,570	\$ 292,624	\$ 302,194
Change in assumptions	343,854	551,490	895,344
Change in School District's proportionate share and difference in employer contributions	<u>75,458</u>	<u>-</u>	<u>75,458</u>
Total Deferred Inflows of Resources	<u>\$ 428,882</u>	<u>\$ 844,114</u>	<u>\$ 1,272,996</u>

\$58,097 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2019	\$ (154,317)	\$ (73,359)	\$ (227,676)
2020	(154,317)	(73,359)	(227,676)
2021	(117,855)	(73,359)	(191,214)
2022	(2,393)	(73,359)	(75,752)
2023	-	(203)	(203)
2024	-	(200)	(200)
	<u>\$ (428,882)</u>	<u>\$ (293,839)</u>	<u>\$ (722,721)</u>



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**8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS—*continued***

***Actuarial Assumptions – SERS***

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will consider the employee's entire career with the employer and take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation, prepared as of June 30, 2017, are presented below:

Investment Rate of Return	7.50% net of investment expense, including inflation
Wage Inflation	3.00%
Future Salary Increases, including Inflation	3.50% to 18.20%
Municipal Bond Index Rate:	
Prior Measurement Date	2.92%
Measurement Date	3.56%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Prior Measurement Date	2.98%
Measurement Date	3.63%
Medical Trend Assumption:	
Pre-Medicare	7.50% - 5.00%
Medicare	5.50% - 5.00%

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**8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS—*continued***

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120% of male rates and 110% of female rates. PR-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015 and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
U.S. Stocks	22.50	4.75
Non-U.S. Stock	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Estate	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

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**8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS—continued**

**Discount Rate** – The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63%. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and SERS at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from basic benefits plan. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56% as of June 30, 2017 (i.e., municipal bond rate) was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and the Health Care Cost Trend Rates** – The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability calculated using the discount rate of 3.63%, as well as what the School District’s net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.63%) and one percentage point higher (4.63%) than the current rate.

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
School District's proportionate share of the net OPEB liability	\$4,375,881	\$3,623,536	\$3,027,487

The following table presents the net OPEB liability calculated using current health care cost trend rates, as well as what the School District’s net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower (6.5% decreasing to 4.0%) and one percentage point higher (8.5% decreasing to 6.0%) than the current rates.

	1% Decrease (6.5% decreasing to 4.0%)	Current Trend (7.5% decreasing to 5.0%)	1% Increase (8.5% decreasing to 6.0%)
School District's proportionate share of the net OPEB liability	\$2,940,228	\$3,623,536	\$4,527,906

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
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**8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS—*continued***

***Actuarial Assumptions - STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017 actuarial valuation are presented below:

Inflation	2.50%
Salary increases	12.50% at age 20 to 2.50% at age 65
Payroll increases	3.00%
Blended discount rate of return	4.13%
Investment rate of return	7.45%, net of investment expenses, including inflation
Health care cost trends	6% - 11% initially, 4.50% ultimate
Cost-of-living adjustments	0% effective July 1, 2017

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also, since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
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**8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS—*continued***

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	6.84 %

\* 10-year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** – The discount rate used to measure the total OPEB liability was 4.13% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58% as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13%, which represents the long-term expected rate of return of 7.45% for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58% for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26% which represents the long term expected rate of return of 7.75% for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85% for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
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**8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS—continued**

***Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and the Health Care Cost Trend Rates*** – The following table presents the School District's proportionate share of the net OPEB liability calculated using the current period discount rate assumption of 4.13%, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13%) and one percentage point higher (5.13%) than the current rate. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's proportionate share of the net OPEB liability	\$9,190,997	\$6,846,264	\$4,993,155

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$4,756,490	\$6,846,264	\$9,596,648

**9. EMPLOYEE BENEFITS**

**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 fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one fourth days per month. Sick leave may be accumulated up to maximum of 225 days for teachers and classified staff and 230 days for administrators. Upon retirement, payment is made for 35% of the employee's accumulated sick leave.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2018**

**10. LONG-TERM LIABILITIES**

The changes in the School District's long-term liabilities during fiscal year 2018 were as follows:

	<i>Restated</i> Principal Outstanding 7/1/17	Additions	Reductions	Principal Outstanding 6/30/18	Amounts Due in One Year
<b>Governmental Activities:</b>					
General obligation bonds:					
School Improvement	\$ 7,270,000	\$ -	\$ (260,000)	\$ 7,010,000	\$ 265,000
Energy Conservation	1,545,000	-	(125,000)	1,420,000	130,000
Unamortized premiums	174,957	-	(9,194)	165,763	-
Compensated absences	1,701,406	666,358	(338,765)	2,028,999	170,384
Net pension liability:					
STRS	51,843,053	-	(14,327,720)	37,515,333	-
SERS	9,647,024	-	(2,145,747)	7,501,277	-
Net OPEB liability:					
STRS	8,375,064	-	(2,144,964)	6,230,100	-
SERS	3,415,886	-	(227,174)	3,188,712	-
<b>Total</b>	<b><u>\$ 83,972,390</u></b>	<b><u>\$ 666,358</u></b>	<b><u>\$ (19,578,564)</u></b>	<b><u>\$ 65,060,184</u></b>	<b><u>\$ 565,384</u></b>
<b>Business-type Activities:</b>					
Compensated absences	\$ 142,007	\$ 19,003	\$ (57,704)	\$ 103,306	\$ 17,707
Net pension liability:					
STRS	5,760,339	-	(1,591,969)	4,168,370	-
SERS	1,429,189	-	(275,146)	1,154,043	-
Net OPEB liability:					
STRS	828,303	-	(212,139)	616,164	-
SERS	465,803	-	(30,979)	434,824	-
<b>Total</b>	<b><u>\$ 8,625,641</u></b>	<b><u>\$ 19,003</u></b>	<b><u>\$ (2,167,937)</u></b>	<b><u>\$ 6,476,707</u></b>	<b><u>\$ 17,707</u></b>

In March 2014, the School District issued \$8,100,000 in general obligation school improvement bonds to provide funds for the acquisition and construction of career-technical labs for various health-related programs as well as traditional classrooms for academic instruction and to retire outstanding bond anticipation notes. The issuance is composed of serial bonds and term bonds that bear interest rates ranging between 1.5% to 4.50% and mature on December 31, 2037.

In April 2014, the School District issued \$1,935,000 in general obligation school energy conservation improvement bonds to provide funds for the acquisition, constructing, and installing energy conservation measures. The issuance is composed of serial bonds and term bonds that bear interest rates ranging between 1.5% to 4.0% and maturing on December 1, 2028.

Compensated absences, net pension and net OPEB liabilities are generally liquidated from the General Fund and Adult Education Fund.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2018**

**10. LONG-TERM LIABILITIES—continued**

The debt service requirements for the School District's bonds are as follows:

Year ending June 30,	School Improvement		Energy Conservation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 265,000	\$ 249,558	\$ 130,000	\$ 38,818	\$ 395,000	\$ 288,376
2020	270,000	244,870	115,000	36,368	385,000	281,238
2021	275,000	239,420	120,000	34,018	395,000	273,438
2022	280,000	233,520	120,000	31,468	400,000	264,988
2023	285,000	226,095	125,000	28,634	410,000	254,729
2024-2028	1,550,000	994,608	665,000	86,225	2,215,000	1,080,833
2029-2033	1,830,000	695,975	145,000	2,900	1,975,000	698,875
2034-2038	2,255,000	262,238	-	-	2,255,000	262,238
	<u>\$ 7,010,000</u>	<u>\$ 3,146,284</u>	<u>\$ 1,420,000</u>	<u>\$ 258,431</u>	<u>\$ 8,430,000</u>	<u>\$ 3,404,715</u>

**11. FUND BALANCES**

Fund balance is classified as restricted, committed, assigned and/or unassigned 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 constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b><i>Nonspendable</i></b>				
Prepays	\$ 34,056	\$ -	\$ -	\$ 34,056
<b><i>Restricted for</i></b>				
Classroom Facilities Maintenance	514,421	-	-	514,421
Motorcycle Safety & Education	-	-	162,923	162,923
Other Purposes	-	-	71,272	71,272
<b><i>Total Restricted</i></b>	<u>514,421</u>	<u>-</u>	<u>234,195</u>	<u>748,616</u>
<b><i>Committed to</i></b>				
Termination benefits	309,956	-	-	309,956
<b><i>Assigned to</i></b>				
Public School Support	44,199	-	-	44,199
Encumbrances	1,707,060	-	-	1,707,060
Budget Resource	500,000	-	-	500,000
Capital Improvements	-	5,935,777	-	5,935,777
<b><i>Total Assigned</i></b>	<u>2,251,259</u>	<u>5,935,777</u>	<u>-</u>	<u>8,187,036</u>
<b><i>Unassigned</i></b>	<u>11,424,411</u>	<u>-</u>	<u>(2,371)</u>	<u>11,422,040</u>
<b><i>Total Fund Balance</i></b>	<u>\$ 14,534,103</u>	<u>\$ 5,935,777</u>	<u>\$ 231,824</u>	<u>\$ 20,701,704</u>



**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2018**

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**12. FUND BALANCE DEFICITS**

At June 30, 2018, the following fund had a deficit fund balance:

Other Governmental Funds:		
Vocational Education Fund	\$	2,371

The deficit fund balance was created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**13. JOINTLY GOVERNED ORGANIZATION**

*Southwestern Ohio Computer Association*

The Southwestern Ohio Computer Association (SWOCA), a jointly governed organization, was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the member schools of the three-county consortium supports SWOCA based upon per pupil charge dependent upon the software package utilized. SWOCA is governed by a board of directors consisting of the superintendents and treasurers of member school districts. The degree of control exercised by any participating school district is limited to its representation on the Board.

The School District serves as fiscal agent for legally separate Southwest Ohio Computer Association (SWOCA) but is not financially accountable. Therefore, SWOCA has been included in the School District's financial statements as an agency fund. To obtain financial information, write to the Southwestern Ohio Computer Association, at 3603 Hamilton-Middletown, Hamilton, Ohio 45011.

**14. INSURANCE PURCHASING POOLS**

*Butler Health Plan*

The School District participates in the Butler Health Plan (BHP), an insurance purchasing pool, formed to provide affordable and desirable dental, life, medical, and other disability group insurance for member's employees, eligible dependents and designated beneficiaries. The Board of Directors consists of one representative from each of the participating members and is elected by the vote of a majority of the member school districts. Financial information can be obtained from BHP at 400 North Erie Boulevard, Suite B, Hamilton, OH 45011.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2018**

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**14. INSURANCE PURCHASING POOLS—*continued***

*Ohio School Plan*

The Ohio School Plan (OSP) is an insurance purchasing pool among school districts in Ohio formed for the purpose of establishing a group primary and excess insurance/self-insurance and risk management program. Members agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by OSP. This coverage includes comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance. The affairs of the corporation are managed by a 13-member Board of Directors made up of school administrators. The School District does not have an equity interest in OSP.

*Ohio School Boards Association Workers' Compensation Group Rating Plan*

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

**15. COMMITMENTS AND CONTINGENCIES**

**Encumbrances**

The School District utilizes encumbrance accounting to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. The School District's outstanding encumbrance amounts outstanding at June 30, 2018 for governmental funds were:

General Fund	\$	1,908,480
Permanent Improvement Fund		708,796
Other Governmental Funds		816,946

**Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2018.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2018**

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**15. COMMITMENTS AND CONTINGENCIES—continued**

**School Foundation**

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by the schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2018 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2018 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

**16. REQUIRED SET-ASIDES**

The School District is required by State Statute to annually set aside in the general fund an amount based on the statutory formula for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end. The following cash basis information describes the change in the year-end set aside amounts for capital acquisition. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside reserve balance as of June 30, 2017	\$ -
Current year set-aside requirement	620,143
Current year qualifying expenditures	<u>(5,177,171)</u>
Total	<u>\$ (4,557,028)</u>
Set-aside reserve balance as of June 30, 2018	<u>\$ -</u>

**17. CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT**

In prior years, SWOCA's portion of the net pension liability and related deferrals was included in the School District's financial statements. While SWOCA is reported as an agency fund of the School District, due to fiscal agent relationship, SWOCA is considered a separate employer for pension purposes. Therefore, SWOCA's portion of the net pension liability and related deferrals was removed from the financial statements.

Additionally, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, was implemented during the fiscal year. GASB Statement No. 75 established standards for measuring and recognizing postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expenses.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2018**

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**17. CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT—continued**

The implementation of GASB Statement No. 75 and removal of SWOCA's portion of the net pension liability and related deferrals had the following effect on net position as reported June 30, 2017:

	Adult Education Enterprise Fund
	<u>                    </u>
Fund Balance at June 30, 2017	\$ (5,258,557)
Adjustments:	
Net OPEB Liability	(1,294,106)
Deferred Outflow - Payments Subsequent to the Measurement Date	<u>5,545</u>
Restated Fund Balance at June 30, 2015	<u>\$ (6,547,118)</u>

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net Position at June 30, 2017	\$ 5,706,485	\$ (4,857,085)
Adjustments:		
Net OPEB Liability	(11,790,950)	(1,294,106)
Deferred Outflow - Payments Subsequent to the Measurement Date	18,658	5,545
Net Pension Liability adjustments	<u>2,577,295</u>	<u>-</u>
Restated Net Position at June 30, 2017	<u>\$ (3,488,512)</u>	<u>\$ (6,145,646)</u>

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred outflows or inflows of resources related to implementation of GASB Statement No. 75, as the information needed to generate these restatements was not available.

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**Required  
Supplementary  
Information**

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**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**

Schedule of Revenues, Expenditures and Changes in Fund Balance -

Budget and Actual (Non-GAAP Budgetary Basis)

Year Ended June 30, 2018

	<b>General Fund</b>			
	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>With Final Budget</u>
<b>Revenues:</b>				
Taxes	\$ 14,045,100	\$ 14,900,100	\$ 14,981,486	\$ 81,386
Tuition	575,000	917,811	963,605	45,794
Interest	75,000	150,000	177,655	27,655
Intergovernmental	29,240,000	29,873,561	30,649,196	775,635
Miscellaneous	214,900	167,845	285,857	118,012
<b>Total revenues</b>	<u>44,150,000</u>	<u>46,009,317</u>	<u>47,057,799</u>	<u>1,048,482</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	-	-	69,169	(69,169)
Vocational	24,350,114	24,645,196	25,412,049	(766,853)
Support services:				
Pupil	1,101,683	1,108,007	1,229,539	(121,532)
Instructional staff	3,765,143	3,529,018	3,000,491	528,527
General administration	139,905	139,905	122,156	17,749
School administration	2,033,594	2,074,574	1,975,489	99,085
Fiscal	4,032,018	2,813,161	1,367,852	1,445,309
Business	366,223	364,249	328,683	35,566
Operation and maintenance of plant	3,725,989	3,835,846	3,840,139	(4,293)
Pupil transportation	181,270	181,449	187,048	(5,599)
Central	3,118,538	3,104,273	2,805,858	298,415
Non-instructional services:				
Extracurricular activities	792,005	1,007,005	967,265	39,740
Food services	3,516	3,516	296	3,220
Facilities acquisition and construction	1,021,296	23,133	22,513	620
<b>Total expenditures</b>	<u>44,631,294</u>	<u>42,829,332</u>	<u>41,328,547</u>	<u>1,500,785</u>
Excess of revenues over (under) expenditures	<u>(481,294)</u>	<u>3,179,985</u>	<u>5,729,252</u>	<u>2,549,267</u>
<b>Other financing sources (uses)</b>				
Transfers out	(1,550,000)	(7,496,960)	(7,492,280)	4,680
Advances in	850,000	917,000	917,000	-
Advances out	(100,000)	-	-	-
Other financing sources (uses)	(45,196)	73,683	98,181	24,498
<b>Total other financing sources (uses)</b>	<u>(845,196)</u>	<u>(6,506,277)</u>	<u>(6,477,099)</u>	<u>29,178</u>
Net change in fund balance	<u>(1,326,490)</u>	<u>(3,326,292)</u>	<u>(747,847)</u>	<u>\$ 2,578,445</u>
Fund balance - beginning of year	15,329,837	15,329,837	15,329,837	
Prior year carryover appropriations	1,326,490	1,326,490	1,326,490	
Fund balance - end of year	<u>\$ 15,329,837</u>	<u>\$ 13,330,035</u>	<u>\$ 15,908,480</u>	

See accompanying notes to required supplementary information.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
 Required Supplementary Information  
 Schedule of School District's Proportionate Share of the Net Pension Liability  
 School Employees Retirement System of Ohio  
 Last Five Years (1) (2)

	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability (3)	0.144864%	0.151333%	0.149331%	0.148474%	0.148475%
School District's Proportionate Share of the Net Pension Liability (3)	\$ 8,655,320	\$ 11,076,213	\$ 8,520,998	\$ 7,514,210	\$ 8,829,302
School District's Covered Payroll	\$ 5,282,993	\$ 6,725,307	\$ 7,118,930	\$ 5,810,599	\$ 5,228,736
School District's Proportionate Share of Net Pension Liability as a Percentage of its Covered Payroll (3)	163.83%	164.69%	119.69%	129.32%	168.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

(2) Amounts presented for each fiscal year were determined as of the School District's measurement date, which is the prior fiscal year-end.

(3) Amounts prior to 2018 were restated to exclude SWOCA's portion.

**Notes to Schedule:**

*Change in assumptions.* In 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2015. Significant changes included a reduction of the discount rate from 7.75% to 7.50%, a reduction in the wage inflation rate from 3.25% to 3.00%, a reduction in the payroll growth assumption used from 4.00% to 3.50%, reduction in the assumed real wage growth rate from 0.75% to 0.50%, update of the rates of withdrawal, retirement and disability to reflect recent experience, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables for active members and service retired members and beneficiaries.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
 Required Supplementary Information  
 Schedule of School District's Proportionate Share of the Net Pension Liability  
 State Teachers Retirement System of Ohio  
 Last Five Years (1) (2)

	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.175478%	0.172089%	0.181389%	0.193842%	0.193842%
School District's Proportionate Share of the Net Pension Liability	\$ 41,683,703	\$ 57,603,392	\$ 50,130,722	\$ 47,149,020	\$ 56,163,603
School District's Covered Payroll	\$ 20,455,157	\$ 19,512,650	\$ 20,584,564	\$ 21,328,754	\$ 21,627,946
School District's Proportionate Share of Net Pension Liability as a Percentage of its Covered Payroll	203.78%	295.21%	243.54%	221.06%	259.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.78%	72.09%	74.70%	69.30%

(1) Information prior to 2014 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

(2) Amounts presented for each fiscal year were determined as of the School District's measurement date, which is the prior fiscal year-end.

**Notes to Schedule:**

*Change in assumptions.* In 2018, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2016. Significant changes included a reduction of the discount rate from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0/25% due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

*Change in benefit terms.* Effective July 1, 2017, the COLA was reduced to zero.



**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**

Required Supplementary Information  
 Schedule of School District Pension Contributions  
 School Employees Retirement System of Ohio  
 Last Six Fiscal Years (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contributions	\$ 770,279	\$ 739,619	\$ 941,543	\$ 938,275	\$ 805,349
Contributions in Relation to the Contractually Required Contributions	<u>\$ (770,279)</u>	<u>\$ (739,619)</u>	<u>\$ (941,543)</u>	<u>\$ (938,275)</u>	<u>\$ (805,349)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District Covered Payroll	\$ 5,705,770	\$ 5,282,993	\$ 6,725,307	\$ 7,118,930	\$ 5,810,599
Contributions as a Percentage of Covered Payroll	13.50%	14.00%	14.00%	13.18%	13.86%

	<u>2013</u>
Contractually Required Contributions	\$ 723,657
Contributions in Relation to the Contractually Required Contributions	<u>\$ (723,657)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
School District Covered Payroll	\$ 5,228,736
Contributions as a Percentage of Covered Payroll	13.84%

(1) The School District elected not to present information prior to 2013. The School District will continue to present information for years available until a full ten-year trend is compiled.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**

Required Supplementary Information  
 Schedule of School District Pension Contributions  
 State Teachers Retirement System of Ohio  
 Last Six Fiscal Years (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contributions	\$ 3,202,113	\$ 2,863,722	\$ 2,731,771	\$ 2,881,839	\$ 2,772,738
Contributions in Relation to the Contractually Required Contributions	<u>\$ (3,202,113)</u>	<u>\$ (2,863,722)</u>	<u>\$ (2,731,771)</u>	<u>\$ (2,881,839)</u>	<u>\$ (2,772,738)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District Covered Payroll	\$ 22,872,236	\$ 20,455,157	\$ 19,512,650	\$ 20,584,564	\$ 21,328,754
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	13.00%
	<u>2013</u>				
Contractually Required Contributions	\$ 2,811,633				
Contributions in Relation to the Contractually Required Contributions	<u>\$ (2,811,633)</u>				
Contribution Deficiency (Excess)	<u>\$ -</u>				
School District Covered Payroll	\$ 21,627,946				
Contributions as a Percentage of Covered Payroll	13.00%				

(1) The School District elected not to present information prior to 2013. The School District will continue to present information for years available until a full ten-year trend is compiled.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**

Required Supplementary Information

Schedule of School District's Proportionate Share of the Net OPEB Liability

School Employees Retirement System of Ohio

Last Two Years (1) (2)

	<u>2018</u>	<u>2017</u>
School District's Proportion of the Net OPEB Liability	0.135018%	0.136182%
School District's Proportionate Share of the Net OPEB Liability	\$ 3,623,536	\$ 3,881,689
School District's Covered Payroll	\$ 5,282,993	\$ 6,725,307
School District's Proportionate Share of Net OPEB Liability as a Percentage of its Covered Payroll	68.59%	57.72%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	11.49%

(1) Information prior to 2017 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

(2) Amounts presented for each fiscal year were determined as of the School District's measurement date, which is the prior fiscal year-end.

**Notes to Schedule:**

*Change in assumption.* Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal Year 2018	3.56%
Fiscal Year 2017	2.92%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**

Required Supplementary Information

Schedule of School District's Proportionate Share of the Net OPEB Liability

State Teachers Retirement System of Ohio

Last Two Years (1) (2)

	<u>2018</u>	<u>2017</u>
School District's Proportion of the Net OPEB Liability	0.175472%	0.172089%
School District's Proportionate Share of the Net OPEB Liability	\$ 6,846,264	\$ 9,203,367
School District's Covered Payroll	\$ 20,455,157	\$ 19,512,650
School District's Proportionate Share of Net OPEB Liability as a Percentage of its Covered Payroll	33.47%	47.17%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.11%	37.30%

(1) Information prior to 2017 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

(2) Amounts presented for each fiscal year were determined as of the School District's measurement date, which is the prior fiscal year-end.

**Notes to Schedule:**

*Change in assumption.* For fiscal year 2018, the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, and the long-term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also for fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**

Required Supplementary Information  
Schedule of School District OPEB Contributions  
School Employees Retirement System of Ohio  
Last Three Fiscal Years (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contributions (2)	\$ 58,097	\$ 24,203	\$ 21,908
Contributions in Relation to the Contractually Required Contributions	<u>\$ (58,097)</u>	<u>\$ (24,203)</u>	<u>\$ (21,908)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District Covered Payroll	\$ 5,705,770	\$ 5,282,993	\$ 6,725,307
Contributions as a Percentage of Covered Payroll (2)	1.02%	0.46%	0.33%

(1) The School District elected not to present information prior to 2016. The School District will continue to present information for years available until a full ten-year trend is compiled.

(2) Includes Surcharge

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**

Required Supplementary Information  
Schedule of School District OPEB Contributions  
State Teachers Retirement System of Ohio  
Last Three Fiscal Years (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contributions (2)	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contributions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
School District Covered Payroll	\$ 22,872,236	\$ 20,455,157	\$ 19,512,650
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%

(1) The School District elected not to present information prior to 2016. The School District will continue to present information for years available until a full ten-year trend is compiled.

(2) STRS allocated the entire employer contribution rate towards pension benefits.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**

Notes to Required Supplementary Information

Year Ended June 30, 2018

**Note A Budgetary Basis of Accounting**

While the School District is reporting financial position, results of operations, and changes in fund balances 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, disbursements, and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

Certain funds accounted for as separate funds internally with legally adopted budgets (budget basis) do not meet the definition of special revenue funds under GASB Statement No. 54 and were reported with the General Fund (GAAP basis).

Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

Encumbrances are treated as expenditures for all funds (budget basis) rather than as expenditures when liquidated (GAAP basis).

The adjustments necessary to convert the results of operations for the year ended June 30, 2018, on the GAAP basis to the budget basis are as follows:

	<u>General Fund</u>
Net change in fund balance - GAAP Basis	\$ (1,464,477)
Increase / (decrease):	
Due to inclusion of Public School Support Fund	3,642
Due to inclusion of Classroom Facilities Maintenance Fund	1,299,016
Due to inclusion of Termination Benefits Fund	(3,462)
Due to revenues	(15,411)
Due to expenditures	326,144
Due to other financing sources	1,015,181
Due to encumbrances	<u>(1,908,480)</u>
Net change in fund balance - Budget Basis	\$ <u><u>(747,847)</u></u>

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**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS  
BUTLER COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

<b>FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
<i>Passed Through Ohio Department of Education</i>		
Child Nutrition Cluster - Cash Assistance		
National School Breakfast Program	10.553	32,108
National School Lunch Program	10.555	129,497
Total Child Nutrition Cluster		161,605
Total U.S. Department of Agriculture		161,605
<b>U.S. DEPARTMENT OF EDUCATION</b>		
<i>Direct Program</i>		
Student Financial Aid Cluster		
Federal Direct Student Loan Program	84.268	1,133,510
Federal Pell Grant Program	84.063	532,787
Total Student Financial Aid Cluster		1,666,297
<i>Passed Through Ohio Department of Education</i>		
Career and Technical Education - Basic Grants		
Carl Perkins Secondary	84.048	924,347
Carl Perkins Adult	84.048	344,376
Total Career and Technical Education - Basic Grants		1,268,723
Adult Basic Education Grant	84.002	191,512
Total U.S. Department of Education		3,126,532
<b>Total Expenditures of Federal Awards</b>		<b>\$3,288,137</b>

*The accompanying notes are an integral part of this schedule.*

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS  
BUTLER COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Butler Technology and Career Development Schools (the District) under programs of the federal government for the year ended June 30, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C - CHILD NUTRITION CLUSTER**

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

**NOTE D - MATCHING REQUIREMENTS**

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



# Dave Yost • Auditor of State

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

Butler Technology and Career Development Schools  
Butler County  
3603 Hamilton Middletown Road  
Hamilton, Ohio 45011

To the Board of Education:

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, the business-type activities, each major fund, and the aggregate remaining fund information of the Butler Technology and Career Development Schools, Butler County, (the School District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 03, 2018 wherein we noted the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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

As part of our financial statement audit, we considered the School 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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the School District's internal control. Accordingly, we have not opined on it.

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

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

### ***Compliance and Other Matters***

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

***Purpose of this Report***

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

December 7, 2018



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Butler Technology and Career Development Schools  
Butler County  
3603 Hamilton Middletown Road  
Hamilton, Ohio 45011

To the Board of Education:

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

We have audited the Butler Technology and Career Development Schools' (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Butler Technology and Career Development Schools' major federal programs for the year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal programs.

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

The School District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

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

Our responsibility is to opine on the School District's compliance for the School 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance 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 School 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 School District's major programs. However, our audit does not provide a legal determination of the School District's compliance.

### ***Opinion on the Major Federal Program***

In our opinion, the Butler Technology and Career Development Schools complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal programs for the year ended June 30, 2018.

**Report on Internal Control Over Compliance**

The School 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 School 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 the Uniform Guidance, 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 School 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 over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

December 7, 2018

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS  
BUTLER COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2018**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Career and Technical Education – Basic Grants to States (Perkins IV)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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# OHIO AUDITOR OF STATE KEITH FABER



**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS**

**BUTLER COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 17, 2019**