



OHIO AUDITOR OF STATE  
**KEITH FABER**





**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS  
BUTLER COUNTY  
JUNE 30, 2020**

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BUTLER COUNTY  
JUNE 30, 2019**

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# OHIO AUDITOR OF STATE KEITH FABER



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## 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, 2020, 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, 2020, 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 15 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. We did not modify our opinion regarding this matter. Also, as discussed in Note 17 to the financial statements, during 2020, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding these matters.

**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 10, 2020, 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.



Keith Faber  
Auditor of State  
Columbus, Ohio  
December 10, 2020

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**Year Ended June 30, 2020**

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 fiscal year ended June 30, 2020. 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 2020 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 \$33,575,715.
- The School District's total net position increased during the fiscal year by \$3,570,718. The majority of this is due to increases in pension and other postemployment benefits (OPEB) expenses recognized under GASB Statement Nos. 68 and 75.
- The School District's total expenses were \$54,991,268, an increase of \$8,898,432, due to increases in pension and OPEB expenses.
- Program revenues of \$7,747,777 reduced the net cost of the School District's functions to be financed from general revenues to \$47,243,491.
- The School District's General Fund increased by \$2,574,963, or 17%. The School District's unassigned fund balance in the General Fund was \$13,708,458 at the end of the fiscal year, or 32% 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, 2020

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, 2020****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, 2020 and 2019:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<i>Restated</i>		<i>Restated</i>		<i>Restated</i>	
	<u>FY2020</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2019</u>
Current and other assets	\$ 53,305,373	47,907,806	1,764,767	1,620,585	55,070,140	49,528,391
Capital assets	<u>57,206,289</u>	<u>57,322,812</u>	<u>706,146</u>	<u>791,870</u>	<u>57,912,435</u>	<u>58,114,682</u>
Total assets	<u>110,511,662</u>	<u>105,230,618</u>	<u>2,470,913</u>	<u>2,412,455</u>	<u>112,982,575</u>	<u>107,643,073</u>
Deferred outflows	<u>11,129,872</u>	<u>14,003,507</u>	<u>1,311,145</u>	<u>1,606,280</u>	<u>12,441,017</u>	<u>15,609,787</u>
Long-term liabilities:						
Net pension liability	43,247,661	43,182,493	5,745,448	5,130,052	48,993,109	48,312,545
Net OPEB liability	2,902,514	3,324,498	514,962	519,453	3,417,476	3,843,951
Other long-term liabilities	10,203,218	10,662,831	63,802	101,121	10,267,020	10,763,952
Other liabilities	<u>5,055,292</u>	<u>5,102,598</u>	<u>256,828</u>	<u>234,827</u>	<u>5,312,120</u>	<u>5,337,425</u>
Total liabilities	<u>61,408,685</u>	<u>62,272,420</u>	<u>6,581,040</u>	<u>5,985,453</u>	<u>67,989,725</u>	<u>68,257,873</u>
Deferred inflows	<u>23,026,387</u>	<u>23,967,847</u>	<u>831,765</u>	<u>1,022,143</u>	<u>23,858,152</u>	<u>24,989,990</u>
Net position:						
Net investment						
in capital assets	49,408,914	49,131,243	706,146	791,870	50,115,060	49,923,113
Restricted	891,673	834,094	-	-	891,673	834,094
Unrestricted (deficit)	<u>(13,094,125)</u>	<u>(16,971,479)</u>	<u>(4,336,893)</u>	<u>(3,780,731)</u>	<u>(17,431,018)</u>	<u>(20,752,210)</u>
Total net position	\$ <u>37,206,462</u>	<u>32,993,858</u>	<u>(3,630,747)</u>	<u>(2,988,861)</u>	<u>33,575,715</u>	<u>30,004,997</u>

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

**Management's Discussion and Analysis**

**Year Ended June 30, 2020**

**Unaudited**

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The net pension liability is reported pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27*, and the net OPEB asset/liability is reported pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. 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 asset/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 asset/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 asset/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**

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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 asset/liability, respectively, not accounted for as deferred inflows/outflows.

At year-end, investment in capital assets, net of accumulated depreciation and related debt used to acquire the assets were \$50,115,060. 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, \$891,673 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.

Total assets increased by about \$5.3 million, or 5%. The majority of this increase occurred in cash and investments, due to positive operating results and a buildup of resources for future construction, and an increase in taxes receivable. The School District took over Hamilton City Schools' career tech programming and the related tax valuations was added to the School District's assessment.

Total liabilities decreased by approximately \$268,000, or less than 1 %.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Management's Discussion and Analysis**  
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**B. Governmental and Business-type Activities during fiscal year 2020**

The following table presents a condensed summary of the School District's activities during fiscal years 2020 and 2019 and the resulting change in net position:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>FY2020</u>	<i>Restated</i> <u>FY2019</u>	<u>FY2020</u>	<i>Restated</i> <u>FY2019</u>	<u>FY2020</u>	<i>Restated</i> <u>FY2019</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services and sales	\$ 804,429	1,381,231	4,123,846	4,137,048	4,928,275	5,518,279
Operating grants and contributions	1,712,149	1,396,558	1,107,353	755,732	2,819,502	2,152,290
Capital grants and contributions	-	7,088	-	-	-	7,088
Total program revenues	<u>2,516,578</u>	<u>2,784,877</u>	<u>5,231,199</u>	<u>4,892,780</u>	<u>7,747,777</u>	<u>7,677,657</u>
General revenues:						
Property taxes	17,010,302	15,392,234	-	-	17,010,302	15,392,234
Grants and entitlements	32,666,785	31,796,532	-	-	32,666,785	31,796,532
Investment earnings	608,794	574,480	-	-	608,794	574,480
Miscellaneous	528,328	364,801	-	-	528,328	364,801
Total general revenues	<u>50,814,209</u>	<u>48,128,047</u>	<u>-</u>	<u>-</u>	<u>50,814,209</u>	<u>48,128,047</u>
<b>Total revenues</b>	<u>53,330,787</u>	<u>50,912,924</u>	<u>5,231,199</u>	<u>4,892,780</u>	<u>58,561,986</u>	<u>55,805,704</u>
<b>Expenses:</b>						
Instruction	28,695,456	23,771,942	-	-	28,695,456	23,771,942
Support services	19,138,493	15,669,536	-	-	19,138,493	15,669,536
Non-instructional services	762,831	1,409,240	-	-	762,831	1,409,240
Interest and fiscal charges	271,403	278,635	-	-	271,403	278,635
Adult education	-	-	5,579,832	4,375,290	5,579,832	4,375,290
Food services	-	-	517,871	517,815	517,871	517,815
Other enterprise	-	-	25,382	70,378	25,382	70,378
<b>Total expenses</b>	<u>48,868,183</u>	<u>41,129,353</u>	<u>6,123,085</u>	<u>4,963,483</u>	<u>54,991,268</u>	<u>46,092,836</u>
<b>Excess (deficiency) before transfers</b>	4,462,604	9,783,571	(891,886)	(70,703)	3,570,718	9,712,868
Transfers	(250,000)	(1,000,000)	250,000	1,000,000	-	-
<b>Change in net position</b>	4,212,604	8,783,571	(641,886)	929,297	3,570,718	9,712,868
Beginning net position	32,993,858	24,210,287	(2,988,861)	(3,918,158)	30,004,997	20,292,129
<b>Ending net position</b>	<u>\$ 37,206,462</u>	<u>32,993,858</u>	<u>(3,630,747)</u>	<u>(2,988,861)</u>	<u>33,575,715</u>	<u>30,004,997</u>

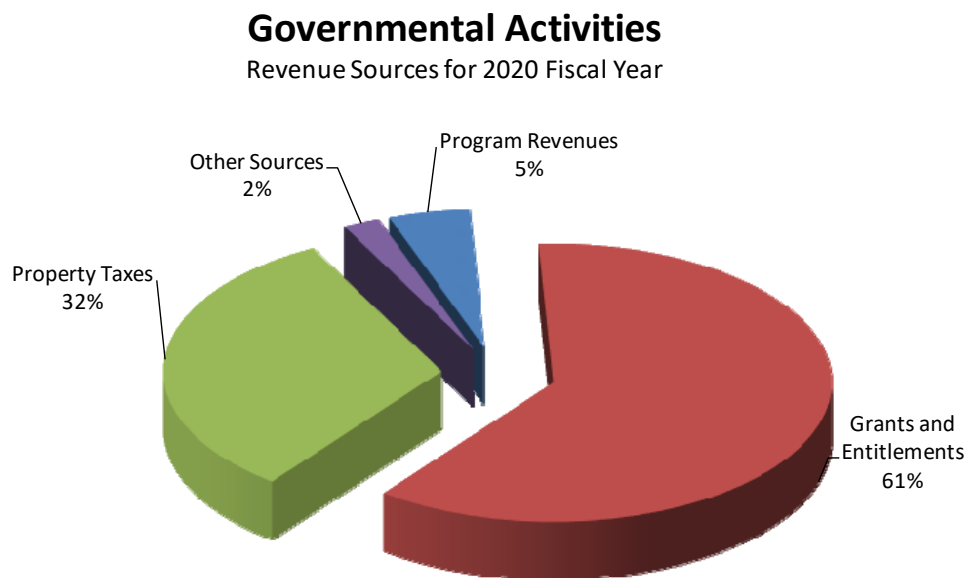
**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2020**  
**Unaudited**

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Overall, total revenues of the School District increased by approximately \$2.8 million, or 5%, from the previous fiscal year. Total expenses increased by approximately \$8.9 million, or 19%, from the previous fiscal year. Significant items that contributed to these changes include the following:

- The School District received a boost in tax revenue during the fiscal year due to taking over Hamilton City Schools’ career tech programming and having the related valuations added to the School District’s assessment.
- The increase in grants and entitlements revenue is also attributable to adding Hamilton City Schools’ career tech programming, with the state adjusting the career-technical weighted funding formula for the additional programming and students.
- Approximately \$8.1 million in increased total expenses is related to increases in pension and OPEB expenses. The School District recognized \$3.9 million in pension expenses during fiscal year 2019 compared to \$6.6 million in pension expenses in fiscal year 2020, a \$2.7 million increase; and recognizing \$6.2 million in *negative* OPEB expenses in fiscal year 2019 compared to \$813,000 in *negative* OPEB expenses in fiscal year 2020, a \$5.4 million change in expenses.
- After factoring out the effects of pension and OPEB expenses, several functions experienced increases due to increases in salary and benefits for taking over the additional career tech programming, some additional personnel costs associated with transitioning program shifts, and increased maintenance costs.

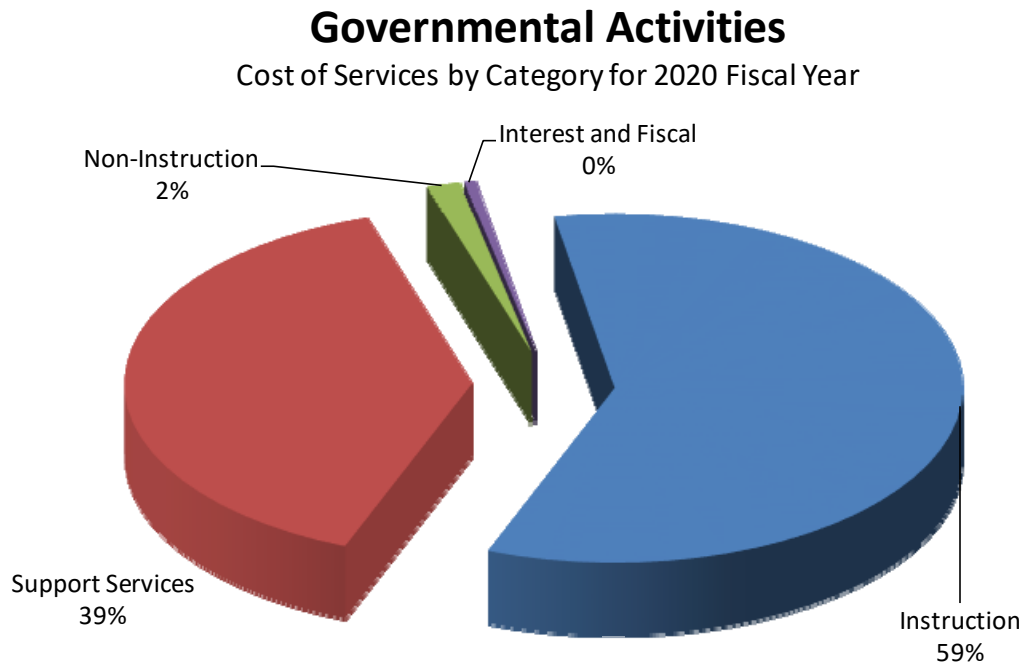
Of the total governmental activities revenues of \$53,330,787, \$2,516,578 (5%) is from program revenue. This means that the School District relies on general revenues to fund the majority of the cost of services provided to its students. The School District’s operations are reliant upon its property tax levy and the State’s foundation program with 32% (\$17,010,302 of total revenue coming from property taxes and ) 61% (\$32,666,785) of total revenue coming from State funding.



**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 5% of the cost of the general government programs was recouped in program revenues. Instruction costs were \$28,695,456, but program revenue contributed to fund 2% of those costs. Thus, general revenues of \$28,208,993 were used to support the remainder of the instruction costs.

<b>Governmental Activities</b>				
	<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	\$ 28,695,456	486,463	2%	28,208,993
Support services	19,138,493	1,452,920	8%	17,685,573
Non-instructional services	762,831	577,195	76%	185,636
Interest and fiscal charges	271,403	-	0%	271,403
<b>Total</b>	<b>\$ 48,868,183</b>	<b>2,516,578</b>	<b>5%</b>	<b>46,351,605</b>



**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2020**  
**Unaudited**

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***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 decrease in net position of \$641,886 was a decrease from last fiscal year's increase of \$932,599, primarily due to the swings in pension and OPEB expenses previously discussed.

<b>Business-type Activities</b>					
		<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	\$	5,579,832	4,701,166	84%	878,666
Food services		517,871	496,274	96%	21,597
Other enterprise		25,382	33,759	133%	(8,377)
<b>Total</b>	<b>\$</b>	<b>6,123,085</b>	<b>5,231,199</b>	<b>85%</b>	<b>891,886</b>

**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 98% of total assets of \$50,593,693 of the governmental funds.

The General Fund's fund balance at June 30, 2020 was \$17,361,470, including \$13,708,458 in unassigned fund balance, which represents 32% of General Fund expenditures for fiscal year 2020. The fund balance increased \$2,574,963, or 17%, from the previous fiscal year. Factors contributing to this increase included increases in both tax and intergovernmental revenue, previously discussed.

The Permanent Improvement Fund's fund balance at June 30, 2020 was \$10,467,555, an increase of \$1,683,091. Fiscal year 2020 accomplishments included Middletown Aviation renovation, signage and wayfinding updates and replacement, Bioscience Center renovation, various furniture purchasing and replacement, Mechatronics lab creation and renovation and cosmetology renovation at the D. Russel Lee campus, and safety and security upgrades.



**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO****Management's Discussion and Analysis****Year Ended June 30, 2020****Unaudited****Proprietary funds**

The School District has one major proprietary fund – the Adult Education Fund. Net position at June 30, 2020 was a deficit of \$4.2 million. The Adult Education Fund experienced a decrease in fund net position of \$715,329, which is lower than the prior fiscal year’s increase of \$926,023, primarily due to the swings in pension and OPEB expenses (\$820,985 in fiscal year 2020 versus a negative \$507,106 in fiscal year 2019).

**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 2020 fiscal year, actual revenues exceeded estimates by 3%. Actual expenditures for the year were approximately 6% less than budgeted. Actual taxes and intergovernmental revenue came in higher than budgeted due to additional property tax valuations and increase in State funding associated with taking over Hamilton City Schools’ career tech programming. The expenditure budget decreased from the original to the final budget by 2% due to a decrease in student-related costs associated with the COVID-19 pandemic closing of schools during the last half of the fiscal year. Actual expenditures came in under budget by approximately \$2.9 million due to decreases in activity associated with COVID-19 closures.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** At June 30, 2020, the School District had \$57,912,435 invested in a broad range of capital assets, including land, buildings, equipment, and vehicles. The change in capital assets cost is attributable to depreciation expense. See Note 5 to the financial statements for more detail.

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

		Governmental Activities		Business-Type Activities		Total	
		FY2020	FY2019	FY2020	FY2019	FY2020	FY2019
Land	\$	5,458,966	5,458,966	-	-	5,458,966	5,458,966
Land improvements		2,086,448	2,241,352	2,999	3,104	2,089,447	2,244,456
Building and improvements		46,007,378	45,690,730	300,225	312,878	46,307,603	46,003,608
Furniture and equipment		3,468,190	3,723,960	376,729	443,624	3,844,919	4,167,584
Vehicles		185,307	207,804	26,193	32,264	211,500	240,068
Total	\$	<u>57,206,289</u>	<u>57,322,812</u>	<u>706,146</u>	<u>791,870</u>	<u>57,912,435</u>	<u>58,114,682</u>

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

### **Management's Discussion and Analysis**

**Year Ended June 30, 2020**

**Unaudited**

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#### **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, 2020 was \$7.7 million, with \$395,000 due in December 2020.

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**

Butler Tech took over the Hamilton City School District (CSD) Career Technical programming during FY2019-20. This increased the Butler Tech property valuation to include the Hamilton CSD property values and increased the Butler Tech tax base and tax collections. State funding for fiscal year 2019-20 was a flat funding model through the State biennium budget. Although school districts were to receive the same funding they received in prior year, due to Butler Tech taking over the Hamilton CSD career technical programming, there was an addendum to the State budget that allowed the weighted funding to shift from Hamilton CSD to Butler Tech which is why there was an increase in State funding. 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.

#### **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.

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

## Statement of Net Position

June 30, 2020

	Governmental Activities	Business- Type Activities	Total
<b>Assets:</b>			
Equity in pooled cash and investments	\$ 33,151,477	\$ 1,359,077	\$ 34,510,554
Receivables:			
Taxes	17,340,028	-	17,340,028
Accounts	31,581	104,332	135,913
Intergovernmental	47,401	-	47,401
Prepaid items	22,660	-	22,660
Net OPEB assets	2,712,226	301,358	3,013,584
Nondepreciable capital assets	5,458,966	-	5,458,966
Depreciable capital assets, net	<u>51,747,323</u>	<u>706,146</u>	<u>52,453,469</u>
<b>Total assets</b>	<u>110,511,662</u>	<u>2,470,913</u>	<u>112,982,575</u>
<b>Deferred Outflows of Resources:</b>			
Pension	10,230,857	1,188,968	11,419,825
OPEB	<u>899,015</u>	<u>122,177</u>	<u>1,021,192</u>
<b>Total deferred outflows of resources</b>	<u>11,129,872</u>	<u>1,311,145</u>	<u>12,441,017</u>
<b>Liabilities:</b>			
Accounts payable	467,726	124,037	591,763
Accrued wages and benefits	4,564,450	132,791	4,697,241
Accrued interest payable	23,116	-	23,116
Long-term liabilities:			
Due within one year	722,905	15,124	738,029
Due more than one year:			
Net pension liability	43,247,661	5,745,448	48,993,109
Net OPEB liability	2,902,514	514,962	3,417,476
Other amounts due more than one year	<u>9,480,313</u>	<u>48,678</u>	<u>9,528,991</u>
<b>Total liabilities</b>	<u>61,408,685</u>	<u>6,581,040</u>	<u>67,989,725</u>
<b>Deferred Inflows of Resources:</b>			
Pension	2,490,033	313,367	2,803,400
OPEB	4,148,474	518,398	4,666,872
Taxes levied for next fiscal year	<u>16,387,880</u>	-	<u>16,387,880</u>
<b>Total deferred inflows of resources</b>	<u>23,026,387</u>	<u>831,765</u>	<u>23,858,152</u>
<b>Net Position:</b>			
Net investment in capital assets	49,408,914	706,146	50,115,060
Restricted for:			
Local grant programs	190,603	-	190,603
State grant programs	279,001	-	279,001
Student organizations	422,069	-	422,069
Unrestricted (deficit)	<u>(13,094,125)</u>	<u>(4,336,893)</u>	<u>(17,431,018)</u>
<b>Total net position</b>	<u>\$ 37,206,462</u>	<u>\$ (3,630,747)</u>	<u>\$ 33,575,715</u>

See accompanying notes to the basic financial statements.

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

Statement of Activities

Year Ended June 30, 2020

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>						
Instruction:						
Regular	\$ 134,773	\$ -	\$ -	\$ (134,773)	\$ -	\$ (134,773)
Vocational education	28,231,935	281,893	120,076	(27,829,966)	-	(27,829,966)
Other	328,748	-	84,494	(244,254)	-	(244,254)
Support services:						
Pupil	1,680,587	-	357,435	(1,323,152)	-	(1,323,152)
Instructional staff	3,902,936	-	611,892	(3,291,044)	-	(3,291,044)
General administration	102,187	-	-	(102,187)	-	(102,187)
School administration	2,247,888	-	60,006	(2,187,882)	-	(2,187,882)
Fiscal	1,657,320	-	65,554	(1,591,766)	-	(1,591,766)
Business	427,371	-	-	(427,371)	-	(427,371)
Operation and maintenance of plant	5,406,307	-	141,149	(5,265,158)	-	(5,265,158)
Pupil transportation	238,538	-	-	(238,538)	-	(238,538)
Central	3,475,359	-	216,884	(3,258,475)	-	(3,258,475)
Non-instructional services:						
Extracurricular activities	762,250	522,536	54,659	(185,055)	-	(185,055)
Community service	581	-	-	(581)	-	(581)
Interest and fiscal charges	271,403	-	-	(271,403)	-	(271,403)
Total Governmental Activities	<u>48,868,183</u>	<u>804,429</u>	<u>1,712,149</u>	<u>(46,351,605)</u>	<u>-</u>	<u>(46,351,605)</u>
<b>Business-Type Activities:</b>						
Food service	517,871	328,259	168,015	-	(21,597)	(21,597)
Adult education	5,579,832	3,761,828	939,338	-	(878,666)	(878,666)
Other enterprise activities	25,382	33,759	-	-	8,377	8,377
Total Business-Type Activities	<u>6,123,085</u>	<u>4,123,846</u>	<u>1,107,353</u>	<u>-</u>	<u>(891,886)</u>	<u>(891,886)</u>
	<u>\$ 54,991,268</u>	<u>\$ 4,928,275</u>	<u>\$ 2,819,502</u>	<u>(46,351,605)</u>	<u>(891,886)</u>	<u>(47,243,491)</u>
<b>General Revenues:</b>						
Property taxes levied for general purposes				17,010,302	-	17,010,302
Unrestricted grants and entitlements				32,666,785	-	32,666,785
Investment earnings				608,794	-	608,794
Miscellaneous				528,328	-	528,328
Transfers				(250,000)	250,000	-
Total general revenues and transfers				50,564,209	250,000	50,814,209
Change in net position				4,212,604	(641,886)	3,570,718
Net position beginning of year, <i>restated</i>				32,993,858	(2,988,861)	30,004,997
Net position end of year				<u>\$ 37,206,462</u>	<u>\$ (3,630,747)</u>	<u>\$ 33,575,715</u>

See accompanying notes to the basic financial statements.

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

Balance Sheet

Governmental Funds

June 30, 2020

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Equity in pooled cash and investments	\$ 21,781,631	\$ 10,508,300	\$ 861,546	\$ 33,151,477
Receivables:				
Taxes	17,340,028	-	-	17,340,028
Accounts	30,468	-	1,113	31,581
Intergovernmental	-	-	47,401	47,401
Prepaid items	22,660	-	-	22,660
Interfund receivable	546	-	-	546
<b>Total assets</b>	<u>\$ 39,175,333</u>	<u>\$ 10,508,300</u>	<u>\$ 910,060</u>	<u>\$ 50,593,693</u>
<b>Liabilities:</b>				
Accounts payable	\$ 391,719	\$ 40,745	\$ 35,262	\$ 467,726
Accrued wages and benefits	4,560,043	-	4,407	4,564,450
Interfund payable	-	-	546	546
Compensated absences payable	184,193	-	-	184,193
<b>Total liabilities</b>	<u>5,135,955</u>	<u>40,745</u>	<u>40,215</u>	<u>5,216,915</u>
<b>Deferred Inflows of Resources:</b>				
Taxes levied for next fiscal year	16,387,880	-	-	16,387,880
Unavailable revenue	290,028	-	32,930	322,958
<b>Total deferred inflows of resources</b>	<u>16,677,908</u>	<u>-</u>	<u>32,930</u>	<u>16,710,838</u>
<b>Fund Balances:</b>				
Nonspendable	154,139	-	-	154,139
Restricted	443,907	-	858,743	1,302,650
Committed	330,874	-	-	330,874
Assigned	2,724,092	10,467,555	-	13,191,647
Unassigned	13,708,458	-	(21,828)	13,686,630
<b>Total fund balances</b>	<u>17,361,470</u>	<u>10,467,555</u>	<u>836,915</u>	<u>28,665,940</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 39,175,333</u>	<u>\$ 10,508,300</u>	<u>\$ 910,060</u>	<u>\$ 50,593,693</u>

See accompanying notes to the basic financial statements.

Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
June 30, 2020

**Total Governmental Fund Balances** \$ 28,665,940

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 57,206,289

Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds. 322,958

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	7,650,000	
Unamortized premiums	147,375	
Compensated absences	2,221,650	
Accrued interest	23,116	(10,042,141)

The net pension and net OPEB liabilities are not due and payable in the current period. The net OPEB assets are not available to pay for current period expenditures. Therefore, the assets, liabilities, and related deferred outflows and inflows of resources are not reported in the governmental funds:

Deferred outflows - pension and OPEB	11,129,872	
Deferred inflows - pension and OPEB	(6,638,507)	
Net OPEB assets	2,712,226	
Net pension liability	(43,247,661)	
Net OPEB liability	(2,902,514)	(38,946,584)

**Net Position of Governmental Activities** \$ 37,206,462

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, 2020

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 16,917,610	\$ -	\$ -	\$ 16,917,610
Tuition and fees	281,893	-	-	281,893
Investment income	518,603	90,191	1,876	610,670
Charges for services	-	-	497,897	497,897
Intergovernmental	32,728,749	-	1,678,960	34,407,709
Miscellaneous	425,045	33,053	97,552	555,650
<b>Total revenues</b>	<u>50,871,900</u>	<u>123,244</u>	<u>2,276,285</u>	<u>53,271,429</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	134,773	-	-	134,773
Vocational education	26,587,520	-	131,662	26,719,182
Other	-	-	81,508	81,508
Support services:				
Pupil	1,274,865	-	384,345	1,659,210
Instructional staff	3,219,824	-	616,306	3,836,130
General administration	101,605	-	-	101,605
School administration	2,092,195	-	120,439	2,212,634
Fiscal	1,538,301	-	66,027	1,604,328
Business	409,568	-	-	409,568
Operation and maintenance of plant	4,008,975	261,282	4,417	4,274,674
Pupil transportation	229,217	-	125,687	354,904
Central	3,019,842	-	217,449	3,237,291
Non-instructional services:				
Extracurricular	181,048	-	581,202	762,250
Community service	581	-	-	581
Capital outlay	17,167	2,678,871	-	2,696,038
Debt Service:				
Principal	-	-	385,000	385,000
Interest and fiscal charges	-	-	281,239	281,239
<b>Total expenditures</b>	<u>42,815,481</u>	<u>2,940,153</u>	<u>2,995,281</u>	<u>48,750,915</u>
Excess of revenues over (under) expenditures	<u>8,056,419</u>	<u>(2,816,909)</u>	<u>(718,996)</u>	<u>4,520,514</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	4,500,000	731,456	5,231,456
Transfers out	(5,481,456)	-	-	(5,481,456)
<b>Total other financing sources (uses)</b>	<u>(5,481,456)</u>	<u>4,500,000</u>	<u>731,456</u>	<u>(250,000)</u>
Net change in fund balances	2,574,963	1,683,091	12,460	4,270,514
Fund balance, beginning of year, <i>restated</i>	14,786,507	8,784,464	824,455	24,395,426
Fund balance, end of year	<u>\$ 17,361,470</u>	<u>\$ 10,467,555</u>	<u>\$ 836,915</u>	<u>\$ 28,665,940</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, 2020

**Net Change in Fund Balances - Total Governmental Funds** \$ 4,270,514

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital asset additions	2,857,325
Depreciation expense	(2,972,396)

In the statement of activities, loss on disposal of capital assets is reported, whereas only proceeds from sales are reported in the funds. (1,452)

Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 59,358

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

Compensated absences	130,918
Interest on long-term debt	642
Amortization of bond premiums	9,194

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 385,000

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows:

Pension	3,963,321
OPEB	19,009

Except for amounts reported as deferred outflows or inflows of resources, changes in the net pension liabilities and net OPEB assets and liabilities are reported as pension and OPEB expenses in the statement of activities:

Pension	(5,323,651)
OPEB	<u>814,822</u>

**Change in Net Position of Governmental Activities** \$ 4,212,604

See accompanying notes to the basic financial statements.



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

## Statement of Net Position

Enterprise Funds

June 30, 2020

	Adult Education Fund	Other Enterprise Funds	Total
<b>Assets:</b>			
Current assets:			
Equity in pooled cash and investments	\$ 958,233	\$ 400,844	\$ 1,359,077
Receivables:			
Accounts	99,121	5,211	104,332
Total current assets	<u>1,057,354</u>	<u>406,055</u>	<u>1,463,409</u>
Noncurrent assets:			
Net OPEB asset	301,358	-	301,358
Capital assets, net	594,288	111,858	706,146
Total noncurrent assets	<u>895,646</u>	<u>111,858</u>	<u>1,007,504</u>
<b>Total assets</b>	<u>1,953,000</u>	<u>517,913</u>	<u>2,470,913</u>
<b>Deferred Outflows of Resources:</b>			
Pension	1,188,968	-	1,188,968
OPEB	122,177	-	122,177
<b>Total deferred outflows of resources</b>	<u>1,311,145</u>	<u>-</u>	<u>1,311,145</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	116,527	7,510	124,037
Accrued wages and benefits	132,791	-	132,791
Compensated absences	15,124	-	15,124
Total current liabilities	<u>264,442</u>	<u>7,510</u>	<u>271,952</u>
Long-term liabilities:			
Compensated absences	48,678	-	48,678
Net pension liability	5,745,448	-	5,745,448
Net OPEB liability	514,962	-	514,962
Total long-term liabilities	<u>6,309,088</u>	<u>-</u>	<u>6,309,088</u>
<b>Total liabilities</b>	<u>6,573,530</u>	<u>7,510</u>	<u>6,581,040</u>
<b>Deferred Inflows of Resources:</b>			
Pension	313,367	-	313,367
OPEB	518,398	-	518,398
<b>Total deferred inflows of resources</b>	<u>831,765</u>	<u>-</u>	<u>831,765</u>
<b>Net Position:</b>			
Investment in capital assets	594,288	111,858	706,146
Unrestricted (deficit)	(4,735,438)	398,545	(4,336,893)
<b>Total net position</b>	<u>\$ (4,141,150)</u>	<u>\$ 510,403</u>	<u>\$ (3,630,747)</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, 2020

	Adult Education Fund	Other Enterprise Funds	Total
<b>Operating revenues:</b>			
Charges for services	\$ 3,628,449	\$ 359,518	\$ 3,987,967
Other operating revenues	133,379	2,500	135,879
<b>Total operating revenues</b>	<u>3,761,828</u>	<u>362,018</u>	<u>4,123,846</u>
<b>Operating expenses:</b>			
Salaries and wages	2,386,216	-	2,386,216
Fringe benefits	661,546	-	661,546
Pension and OPEB expenses	734,322	-	734,322
Contractual services	1,054,832	507,006	1,561,838
Materials and supplies	581,090	24,260	605,350
Depreciation	82,014	10,904	92,918
Other expenses	79,812	1,083	80,895
<b>Total operating expenses</b>	<u>5,579,832</u>	<u>543,253</u>	<u>6,123,085</u>
Operating loss	(1,818,004)	(181,235)	(1,999,239)
<b>Nonoperating revenues:</b>			
State and federal grants	939,338	162,930	1,102,268
Interest income	-	5,085	5,085
<b>Total nonoperating revenues</b>	<u>939,338</u>	<u>168,015</u>	<u>1,107,353</u>
Net loss before transfers	(878,666)	(13,220)	(891,886)
Transfers in	250,000	-	250,000
Change in net position	(628,666)	(13,220)	(641,886)
Net position, beginning of year, <i>restated</i>	<u>(3,512,484)</u>	<u>523,623</u>	<u>(2,988,861)</u>
Net position, end of year	<u>\$ (4,141,150)</u>	<u>\$ 510,403</u>	<u>\$ (3,630,747)</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, 2020

	Adult Education Fund	Other Enterprise Funds	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 3,585,586	\$ 369,879	\$ 3,955,465
Cash received from other operating sources	133,379	-	133,379
Cash payments for personal services	(3,098,257)	-	(3,098,257)
Cash payments for contract services	(1,000,841)	(543,181)	(1,544,022)
Cash payments for supplies and materials	(568,608)	(24,260)	(592,868)
Cash payments for other expenses	(74,933)	(1,083)	(76,016)
Net cash from operating activities	<u>(1,023,674)</u>	<u>(198,645)</u>	<u>(1,222,319)</u>
<b>Cash flows from noncapital financing activities:</b>			
Transfers	250,000	-	250,000
Cash received from state and federal grants	2,884,205	162,930	3,047,135
Cash paid to students for tuition and other reimbursements	(1,944,867)	-	(1,944,867)
Net cash from noncapital financing activities	<u>1,189,338</u>	<u>162,930</u>	<u>1,352,268</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of capital assets	-	(7,194)	(7,194)
<b>Cash flows from investing activities:</b>			
Investment income	-	5,085	5,085
Net change in cash and investments	165,664	(37,824)	127,840
Cash and investments at beginning of year, <i>restated</i>	792,569	438,668	1,231,237
Cash and investments at end of year	<u>\$ 958,233</u>	<u>\$ 400,844</u>	<u>\$ 1,359,077</u>
<b>Reconciliation of operating loss to net cash from operating activities:</b>			
Operating loss	\$ (1,818,004)	\$ (181,235)	\$ (1,999,239)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation	82,014	10,904	92,918
Changes in assets, liabilities and deferrals:			
Accounts receivable	(42,863)	7,861	(35,002)
Accounts payable	71,352	(36,175)	35,177
Accrued wages and benefits	(13,176)	-	(13,176)
Compensated absences payable	(37,319)	-	(37,319)
Net pension liability and related deferrals	767,519	-	767,519
Net OPEB asset, liability and related deferrals	(33,197)	-	(33,197)
Net cash from operating activities	<u>\$ (1,023,674)</u>	<u>\$ (198,645)</u>	<u>\$ (1,222,319)</u>

See accompanying notes to the basic financial statements.

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

Statement of Fiduciary Net Position

Fiduciary Fund

June 30, 2020

	<u>Custodial</u>
<b>Assets</b>	
Equity in pooled cash and investments	\$ 8,109,964
Accounts receivable	<u>6,333</u>
Total assets	<u><u>8,116,297</u></u>
<b>Liabilities</b>	
Accounts payable	<u>47,991</u>
<b>Net Position</b>	
Restricted for other organization	<u><u>\$ 8,068,306</u></u>

See accompanying notes to the basic financial statements.

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

Statement of Changes in Fiduciary Net Position

Fiduciary Fund

Year Ended June 30, 2020

	<u>Custodial</u>
<b>Additions:</b>	
Fees and other charges for services	\$ 5,825,169
Interest earnings	91,983
Intergovernmental funding	<u>386,919</u>
Total additions	<u>6,304,071</u>
<b>Deductions:</b>	
Distributions as fiscal agent	<u>6,068,839</u>
Change in net position	235,232
Net position, beginning of year, <i>restated</i>	<u>7,833,074</u>
Net position, end of year	<u><u>\$ 8,068,306</u></u>

See accompanying notes to the basic financial statements.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2020**

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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 a custodial 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, 2020**

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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, 2020

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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 custodial fund. The custodial fund is used to account for SWOCA and is accounted for on a flow of economic resources measurement focus similar to proprietary funds.



**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2020**

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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, 2020**

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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, 2020, but are intended to finance fiscal year 2021 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 2020, 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, 2020 at the fair value.

Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to custodial 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, 2020**

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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, 2020**

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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 liabilities, net OPEB assets and 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, 2020**

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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, 2020**

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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 the financial institutions participation in the Ohio Pooled Collateral System, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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;

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2020**

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

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;
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 2020, 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 \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2020**

**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, \$19,787,811 of the School District's bank balance of \$21,385,326 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, 2020 are summarized as follows:

	Balance at 6/30/20	Weighted Average Maturity (Years)	Concentration of Credit Risk
FHLB	\$ 806,397	2.38	3.76%
FNMA	1,396,767	1.29	6.51%
FFCB	1,292,058	3.38	6.02%
FHLMC	1,404,145	2.25	6.55%
Commercial paper	3,141,912	0.35	14.65%
Negotiable CDs	8,554,315	2.16	39.88%
STAR Ohio	4,797,907	0.11	22.37%
U.S. Money market	57,274	0.12	0.26%
	\$ <u>21,450,775</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. The negotiable certificates of deposit are covered by FDIC.



**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2020**

**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, 2020:

Investments by Fair Value Level	Balance at 6/30/20	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	\$ 4,899,367	\$ -	\$ 4,899,367	\$ -
Commercial paper	3,141,912	-	3,141,912	-
Negotiable CDs	8,554,315	-	8,554,315	-
STAR Ohio (net asset value)	4,797,907	n/a	n/a	n/a
U.S. Money market (amortized cost)	57,274	n/a	n/a	n/a
	<u>\$ 21,450,775</u>	<u>\$ -</u>	<u>\$ 16,595,594</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 2020 represents collections of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed value listed as of the prior January 1, 2019, 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 2020 represent collections of calendar year 2019 taxes. Public utility real and tangible personal property taxes received in calendar year 2020 became a lien on December 31, 2018, were levied after April 1, 2019 and are collected in calendar year 2020 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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**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, 2020 are available to finance fiscal year 2020 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, 2020. 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 2020 taxes were collected are:

	2019 Second-Half Collections		2020 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 8,388,519,540	93.22%	\$ 9,282,572,960	93.29%
Public Utility	610,381,030	6.78%	667,426,130	6.71%
Total Assessed Value	<u>\$ 8,998,900,570</u>	100.00%	<u>\$ 9,949,999,090</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, 2020, consisted of the following:

	Interfund		Transfers	
	Receivables	Payables	In	Out
General Fund	\$ 546	\$ -	\$ -	\$ 5,481,456
Permanent Improvement Fund	-	-	4,500,000	-
Other Governmental Funds	-	546	731,456	-
Adult Education Fund	-	-	250,000	-
Total	<u>\$ 546</u>	<u>\$ 546</u>	<u>\$ 5,481,456</u>	<u>\$ 5,481,456</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, 2020**

**5. CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2020 was as follows:

	Balance 7/1/19	Additions	Disposals	Balance 6/30/20
<b>Governmental Activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 5,458,966	\$ -	\$ -	\$ 5,458,966
<b>Capital assets being depreciated:</b>				
Land improvements	4,223,922	3,500	-	4,227,422
Building and improvements	69,744,096	2,219,908	-	71,964,004
Furniture and equipment	16,971,705	598,452	(23,049)	17,547,108
Vehicles	1,220,703	35,465	-	1,256,168
Books	500,516	-	-	500,516
Subtotal	<u>92,660,942</u>	<u>2,857,325</u>	<u>(23,049)</u>	<u>95,495,218</u>
Totals at historical cost	<u>98,119,908</u>	<u>2,857,325</u>	<u>(23,049)</u>	<u>100,954,184</u>
Less accumulated depreciation:				
Land improvements	1,982,570	158,404	-	2,140,974
Building and improvements	24,053,366	1,903,260	-	25,956,626
Furniture and equipment	13,247,745	852,770	(21,597)	14,078,918
Vehicles	1,012,899	57,962	-	1,070,861
Books	500,516	-	-	500,516
Total accumulated depreciation	<u>40,797,096</u>	<u>2,972,396</u>	<u>(21,597)</u>	<u>43,747,895</u>
Capital assets, net	<u>\$ 57,322,812</u>	<u>\$ (115,071)</u>	<u>\$ (1,452)</u>	<u>\$ 57,206,289</u>

	Balance 7/1/19	Additions	Disposals	Balance 6/30/20
<b>Business-type Activities:</b>				
Land improvements	\$ 3,139	\$ -	\$ -	\$ 3,139
Building and improvements	352,731	-	-	352,731
Furniture and equipment	1,648,073	7,194	-	1,655,267
Vehicles	152,718	-	(12,000)	140,718
Totals at historical cost	<u>2,156,661</u>	<u>7,194</u>	<u>(12,000)</u>	<u>2,151,855</u>
Less accumulated depreciation:				
Land improvements	35	105	-	140
Building and improvements	39,853	12,653	-	52,506
Furniture and equipment	1,204,449	74,089	-	1,278,538
Vehicles	120,454	6,071	(12,000)	114,525
Total accumulated depreciation	<u>1,364,791</u>	<u>92,918</u>	<u>(12,000)</u>	<u>1,445,709</u>
Capital assets, net	<u>\$ 791,870</u>	<u>\$ (85,724)</u>	<u>\$ -</u>	<u>\$ 706,146</u>

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2020**

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**5. CAPITAL ASSETS—continued**

Depreciation expense was charged to governmental functions as follows:

Instruction:		
Vocational education		\$ 1,917,491
Support services:		
Pupil		7,250
Instructional staff		8,577
School administration		8,525
Fiscal		4,069
Business		75
Operation and maintenance of plant		878,757
Pupil transportation		4,948
Central		142,704
Total depreciation expense		<u>\$ 2,972,396</u>

Depreciation expense was charged to proprietary funds as follows:

Adult education		\$ 82,014
Food services		10,904
		<u>\$ 92,918</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 2020, 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**  
**Year Ended June 30, 2020**

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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, 2020, the 14% was allocated to only three of the funds (Pension Trust Fund, Death Benefit Fund and Medicare B Fund).

The School District's contractually required contribution to SERS was \$831,516 for fiscal year 2020. Of this amount, \$33,534 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**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2020**

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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 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% 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**  
**Year Ended June 30, 2020**

**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, 2020, 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 2020 contribution rates were equal to the statutory maximum rates.

The School District’s contractually required contribution to STRS was approximately \$3,531,179 for fiscal year 2020. Of this amount, \$424,759 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, 2019, 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$ 8,755,220	\$ 40,237,889	\$ 48,993,109
Proportion of the Net Pension Liability	0.146331%	0.181953%	
Change in Proportion	-0.002158%	0.000906%	
Pension Expense	\$ 1,498,161	\$ 5,090,625	\$ 6,588,786

At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions 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	\$ 222,013	\$ 327,604	\$ 549,617
Change in assumptions	-	4,726,718	4,726,718
Change in School District's proportionate share and difference in employer contributions	105,136	1,675,659	1,780,795
School District's contributions subsequent to the measurement date	831,516	3,531,179	4,362,695
Total Deferred Outflows of Resources	<u>\$ 1,158,665</u>	<u>\$ 10,261,160</u>	<u>\$ 11,419,825</u>



**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2020**

**7. PENSION PLANS—continued**

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$ -	\$ 174,182	\$ 174,182
Net difference between projected and actual earnings on pension plan investments	112,383	1,966,610	2,078,993
Change in School District's proportionate share and difference in employer contributions	<u>10,337</u>	<u>539,888</u>	<u>550,225</u>
Total Deferred Inflows of Resources	<u>\$ 122,720</u>	<u>\$ 2,680,680</u>	<u>\$ 2,803,400</u>

\$4,362,695 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, 2021. 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:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2021	\$ 334,261	\$ 2,543,493	\$ 2,877,754
2022	(186,089)	1,076,976	890,887
2023	(7,479)	90,776	83,297
2024	<u>63,736</u>	<u>338,056</u>	<u>401,792</u>
	<u>\$ 204,429</u>	<u>\$ 4,049,301</u>	<u>\$ 4,253,730</u>

**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.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2020**

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**7. PENSION PLANS—*continued***

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, 2019, are presented below:

Inflation	3.00%
Future Salary Increases, including Inflation	3.50% to 18.20%
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.

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.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2020**

**7. PENSION PLANS—continued**

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	\$12,269,193	\$8,755,220	\$5,808,314

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2020**

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**7. PENSION PLANS—continued**

**Actuarial Assumptions - STRS**

The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	12.50% at age 20 to 2.50% at age 65
Payroll increases	3.00%
Investment rate of return	7.45%, net of investment expenses, including inflation
Discount rate of return	7.45%
Cost-of-living adjustments (COLA)	0%

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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, 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.

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.

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.

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

**Discount Rate** – The discount rate used to measure the total pension liability was 7.45% as of June 30, 2019. 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. 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, 2019. 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, 2019.

**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	\$58,803,192	\$40,237,889	\$24,521,409

**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, 2020, 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 (Asset)**

The net OPEB liability (asset) reported on the statement of net position represents a liability to (or assets for) 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.

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

The net OPEB liability (asset) 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 (asset) 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 (asset). Resulting adjustments to the net OPEB liability (asset) 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* or fully-funded benefits as a long-term *net OPEB asset* 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.

***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.

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

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 2020, there was no portion allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, the minimum compensation amount was \$19,600. 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 2020, the School District's surcharge obligation was \$21,503.

***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, 2020, STRS did not allocate any employer contributions to post-employment health care.

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

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

The net OPEB liability (asset) was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) 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:

	SERS	STRS	Total
Proportionate Share of the Net OPEB Liability/(Asset)	\$ 3,417,476	\$ (3,013,584)	\$ 403,892
Proportion of the Net OPEB Liability/(Asset)	0.135895%	0.181953%	
Change in Proportion	-0.002662%	0.000906%	
(Negative) OPEB Expense	\$ 53,918	\$ (866,638)	\$ (812,720)

At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ 50,166	\$ 273,204	\$ 323,370
Net difference between projected and actual earnings on OPEB plan investments	8,203	-	8,203
Change in assumptions	249,609	63,342	312,951
Change in School District's proportionate share and difference in employer contributions	80,988	274,177	355,165
School District's contributions subsequent to the measurement date	21,503	-	21,503
<b>Total Deferred Outflows of Resources</b>	<b>\$ 410,469</b>	<b>\$ 610,723</b>	<b>\$ 1,021,192</b>



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

	SERS	STRS	Total
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$ 750,795	\$ 153,319	\$ 904,114
Net difference between projected and actual earnings on OPEB plan investments	-	189,273	189,273
Change in assumptions	191,505	3,304,045	3,495,550
Change in School District's proportionate share and difference in employer contributions	77,935	-	77,935
<b>Total Deferred Inflows of Resources</b>	<u>\$ 1,020,235</u>	<u>\$ 3,646,637</u>	<u>\$ 4,666,872</u>

\$21,503 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, 2021. 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:	SERS	STRS	Total
2021	\$ (208,642)	\$ (663,368)	\$ (872,010)
2022	(93,119)	(663,368)	(756,487)
2023	(90,711)	(587,510)	(678,221)
2024	(91,103)	(560,896)	(651,999)
2025	(103,795)	(570,303)	(674,098)
2026	(43,899)	9,531	(34,368)
	<u>\$ (631,269)</u>	<u>\$ (3,035,914)</u>	<u>\$ (3,667,183)</u>

**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.

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

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, 2018, 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	3.62%
Measurement Date	3.13%

Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	3.70%
Measurement Date	3.22%

Medical Trend Assumption:

Pre-Medicare	7.00% - 4.75%
Medicare	5.25% - 4.75%

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 males rate 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.

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

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 %	

**Discount Rate** – The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22%. The discount rate used to measure total OPEB liability at June 30, 2018 was 3.70%. 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 3.13% as of June 30, 2019 (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 3.22%, 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 (2.22%) and one percentage point higher (4.22%) than the current rate.

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
School District's proportionate share of the net OPEB liability	\$4,148,168	\$3,417,476	\$2,836,491

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

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 (6.00% decreasing to 3.75%) and one percentage point higher (8.00% decreasing to 5.75%) than the current rates.

	1% Decrease (6.00% decreasing to 3.75%)	Current Trend (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	\$2,738,091	\$3,417,476	\$4,318,856

**Actuarial Assumptions - STRS**

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Salary increases	12.50% at age 20 to 2.50% at age 65	
Payroll increases	3.00%	
Investment rate of return	7.45%, net of investment expenses, including inflation	
Discount rate of return	7.45%	
Health care cost trends	Initial	Ultimate
Medical		
Pre-Medicare	5.87%	4.00%
Medicare	4.98%	4.00%
Prescription Drug		
Pre-Medicare	7.73%	4.00%
Medicare	9.62%	4.00%

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, 2019 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, claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

**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 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on OPEB plan assets of 7.45% was used to measure the total OPEB liability as of June 30, 2019.

**Sensitivity of the School District's Proportionate Share of the Net OPEB (Asset) 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 (asset) calculated using the current period discount rate assumption of 7.45%, as well as what the School District's proportionate share of the net OPEB (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.45%) and one percentage point higher (8.45%) than the current rate. Also shown is the net OPEB (asset) 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 (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB (asset)	(\$2,571,494)	(\$3,013,584)	(\$3,385,278)

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

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB (asset)	(\$3,417,266)	(\$3,013,584)	(\$2,519,171)

**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.

**10. LONG-TERM LIABILITIES**

The changes in the School District's long-term liabilities during fiscal year 2020 were as follows:

	Principal Outstanding 7/1/19	Additions	Reductions	Principal Outstanding 6/30/20	Amounts Due in One Year
<b>Governmental Activities:</b>					
General obligation bonds:					
School Improvement	\$ 6,745,000	\$ -	\$ (270,000)	\$ 6,475,000	\$ 275,000
Energy Conservation	1,290,000	-	(115,000)	1,175,000	120,000
Unamortized premiums	156,569	-	(9,194)	147,375	-
Compensated absences	2,471,262	602,903	(668,322)	2,405,843	327,905
Total	<u>\$ 10,662,831</u>	<u>\$ 602,903</u>	<u>\$ (1,062,516)</u>	<u>\$ 10,203,218</u>	<u>\$ 722,905</u>
<b>Business-type Activities:</b>					
Compensated absences	<u>\$ 101,121</u>	<u>\$ 25,400</u>	<u>\$ (62,719)</u>	<u>\$ 63,802</u>	<u>\$ 15,124</u>

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.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
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**10. LONG-TERM LIABILITIES—*continued***

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 are generally liquidated from the General Fund and Adult Education Fund.

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
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	295,000	217,395	125,000	25,275	420,000	242,670
2025	300,000	208,470	130,000	21,450	430,000	229,920
2026-2030	1,645,000	890,693	555,000	42,400	2,200,000	933,093
2031-2035	1,985,000	539,288	-	-	1,985,000	539,288
2036-2038	1,410,000	96,975	-	-	1,410,000	96,975
	<u>\$ 6,475,000</u>	<u>\$ 2,651,856</u>	<u>\$ 1,175,000</u>	<u>\$ 183,245</u>	<u>\$ 7,650,000</u>	<u>\$ 2,835,101</u>

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**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
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**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>				
Unclaimed Funds	\$ 131,479	\$ -	\$ -	\$ 131,479
Prepays	22,660	-	-	22,660
<b><i>Total Nonspendable</i></b>	<b>154,139</b>	<b>-</b>	<b>-</b>	<b>154,139</b>
<b><i>Restricted for</i></b>				
Scholarships	-	-	157,051	157,051
Local Grant Programs	-	-	33,552	33,552
Classroom Facilities Maintenance	443,907	-	-	443,907
Career-Tech Student Organizations	-	-	422,069	422,069
Motorcycle Safety & Education	-	-	225,450	225,450
Other Purposes	-	-	20,621	20,621
<b><i>Total Restricted</i></b>	<b>443,907</b>	<b>-</b>	<b>858,743</b>	<b>1,302,650</b>
<b><i>Committed to</i></b>				
Termination benefits	330,874	-	-	330,874
<b><i>Assigned to</i></b>				
Public School Support	43,123	-	-	43,123
Encumbrances	1,680,969	-	-	1,680,969
Budget Resource	1,000,000	-	-	1,000,000
Capital Improvements	-	10,467,555	-	10,467,555
<b><i>Total Assigned</i></b>	<b>2,724,092</b>	<b>10,467,555</b>	<b>-</b>	<b>13,191,647</b>
<b><i>Unassigned</i></b>	<b>13,708,458</b>	<b>-</b>	<b>(21,828)</b>	<b>13,686,630</b>
<b><i>Total Fund Balance</i></b>	<b>\$ 17,361,470</b>	<b>\$ 10,467,555</b>	<b>\$ 836,915</b>	<b>\$ 28,665,940</b>



**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2020**

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**12. FUND BALANCE DEFICITS**

At June 30, 2020, the following funds had a deficit fund balance:

Other Governmental Funds:	
Vocational Education Enhancements Fund	\$ 4,407
Vocational Education Fund	17,421

The deficit fund balances were 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 a custodial 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, 2020**

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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, 2020 for governmental funds were:

General Fund	\$	1,868,434
Permanent Improvement Fund		769,199
Other Governmental Funds		413,844

**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, 2020.

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2020**

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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 2020 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2020 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.

**COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures impacted the second half of fiscal year 2020 and may impact subsequent periods of the School District. The School District's investment portfolio and other employee benefit plan in which the School District participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. The impact on the School District's future operating costs, revenues and any recovery from emergency funding, either federal or state, cannot be estimated.

**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, 2019	\$ -
Current year set-aside requirement	646,819
Current year qualifying expenditures	<u>(4,829,597)</u>
Total	<u>\$ (4,182,778)</u>
Set-aside reserve balance as of June 30, 2020	<u>\$ -</u>

**BUTLER TECHNOLOGY AND CAREER DEVELOPMENT SCHOOLS, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2020**

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

For fiscal year 2020, the School District has implemented GASB Statement No. 84, *Fiduciary Activities*, GASB Implementation Guide No. 2019-2, *Fiduciary Activities*, and GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities. Due to the implementation of GASB Statement No. 84, the School District will no longer report a private-purpose trust fund. The School District reviewed its agency funds and certain funds will be reported in the new fiduciary classification of custodial funds, while other funds have been reclassified as governmental or proprietary funds.

GASB Statement No. 88 requires disclosures on direct borrowings and direct placements. This Statement also refines debt for purposes of disclosures and requires additional essential information related to debt to be disclosed, including unused lines of credit, assets pledged for collateral and certain debt agreement terms. The requirements of this Statement have been incorporated into the School District's long-term obligations note disclosure, as applicable.

The implementation of GASB Statement No 84 had the following effect on fund balances and net position reported at June 30, 2019:

	General Fund	Other Governmental Funds			
Fund Balance at June 30, 2019	\$ 14,655,028	\$ 242,669			
Adjustments:					
GASB No. 84 fund reclassifications	131,479	581,786			
Restated Fund Balance at June 30, 2019	\$ 14,786,507	\$ 824,455			
			Adult Education Enterprise Fund	Private Purpose Trust Fund	Custodial Funds
	Governmental Activities	Business-Type Activities	Enterprise Fund	Private Purpose Trust Fund	Custodial Funds
Net Position at June 30, 2019	\$ 32,280,593	\$ (2,985,559)	\$ (3,509,182)	\$ 155,709	\$ -
Adjustments:					
GASB No. 84 fund reclassifications	713,265	(3,302)	(3,302)	(155,709)	7,833,074
Restated Net Position at June 30, 2019	\$ 32,993,858	\$ (2,988,861)	\$ (3,512,484)	\$ -	\$ 7,833,074

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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, 2020

	<b>General Fund</b>			
	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	With Final <u>Budget</u>
<b>Revenues:</b>				
Taxes	\$ 15,750,000	\$ 15,750,000	\$ 16,543,477	\$ 793,477
Tuition	175,000	175,000	281,603	106,603
Interest	175,000	175,000	276,555	101,555
Intergovernmental	32,215,000	32,215,000	32,733,049	518,049
Miscellaneous	185,000	185,000	305,617	120,617
<b>Total revenues</b>	<u>48,500,000</u>	<u>48,500,000</u>	<u>50,140,301</u>	<u>1,640,301</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	75,000	130,449	134,773	(4,324)
Vocational	27,644,016	27,427,774	27,162,700	265,074
Support services:				
Pupil	1,269,791	1,249,681	1,262,748	(13,067)
Instructional staff	4,034,800	4,015,053	3,410,623	604,430
General administration	162,709	163,639	127,893	35,746
School administration	2,622,024	2,697,946	2,244,078	453,868
Fiscal	2,503,625	1,963,996	1,807,770	156,226
Business	482,422	489,329	438,936	50,393
Operation and maintenance of plant	4,531,615	4,779,372	4,177,018	602,354
Pupil transportation	192,632	203,875	238,883	(35,008)
Central	3,613,160	3,743,414	3,224,522	518,892
Non-instructional services:				
Extracurricular activities	1,192,300	458,966	228,850	230,116
Food services	1,900	2,500	581	1,919
<b>Total expenditures</b>	<u>48,325,994</u>	<u>47,325,994</u>	<u>44,459,375</u>	<u>2,866,619</u>
Excess of revenues over expenditures	<u>174,006</u>	<u>1,174,006</u>	<u>5,680,926</u>	<u>4,506,920</u>
<b>Other financing sources (uses)</b>				
Transfers out	(3,500,000)	(5,500,000)	(6,119,185)	(619,185)
Other financing sources	-	-	85,703	85,703
<b>Total other financing sources (uses)</b>	<u>(3,500,000)</u>	<u>(5,500,000)</u>	<u>(6,033,482)</u>	<u>(533,482)</u>
Net change in fund balance	(3,325,994)	(4,325,994)	(352,556)	<u>\$ 3,973,438</u>
Fund balance - beginning of year	16,827,080	16,827,080	16,827,080	
Prior year carryover appropriations	1,825,994	1,825,994	1,825,994	
Fund balance - end of year	<u>\$ 15,327,080</u>	<u>\$ 14,327,080</u>	<u>\$ 18,300,518</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 Seven Fiscal Years (1) (2)

	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.148475%	\$ 8,829,302	\$ 5,228,736	168.86%	65.52%
2015	0.148475%	7,514,210	5,810,599	129.32%	71.70%
2016	0.149331%	8,520,998	7,118,930	119.69%	69.16%
2017	0.151333%	11,076,213	6,725,307	164.69%	62.98%
2018	0.144864%	8,655,320	5,282,993	163.83%	69.50%
2019	0.148489%	8,504,245	5,705,770	149.05%	71.36%
2020	0.146331%	8,755,220	5,625,163	155.64%	70.85%

(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 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 measurement year 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.

*Changes of benefit and funding terms.* In measurement year 2018, post-retirement increases in benefits included the following changes:

1. Members, or their survivors, retiring prior to January 1, 2018, receive a COLA increase of 3% of their base benefit on the anniversary of their initial date of retirement.
2. Members, or their survivors, retiring on and after January 1, 2018, receive a COLA increase on each anniversary of their initial date of retirement equal to the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0%, nor greater than 2.5%. COLAs are suspended for calendar years 2018, 2019, and 2020.
3. Members, or their survivors, retiring on and after April 1, 2018, will have their COLA delayed for three years following their initial date of retirement.

**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 Seven Fiscal Years (1) (2)

	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.193842%	\$ 56,163,603	21,627,946	259.68%	69.30%
2015	0.193842%	47,149,020	21,328,754	221.06%	74.70%
2016	0.181389%	50,130,722	20,584,564	243.54%	72.09%
2017	0.172089%	57,603,392	19,512,650	295.21%	66.78%
2018	0.175478%	41,683,703	20,455,157	203.78%	75.30%
2019	0.181048%	39,808,300	22,872,236	174.05%	77.30%
2020	0.181953%	40,237,889	23,684,393	169.89%	77.40%

(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 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 measurement year 2017, 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 Eight Fiscal Years (1)

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	\$ 723,657	\$ (723,657)	\$ -	\$ 5,228,736	13.84%
2014	805,349	(805,349)	-	5,810,599	13.86%
2015	938,275	(938,275)	-	7,118,930	13.18%
2016	941,543	(941,543)	-	6,725,307	14.00%
2017	739,619	(739,619)	-	5,282,993	14.00%
2018	770,279	(770,279)	-	5,705,770	13.50%
2019	759,397	(759,397)	-	5,625,163	13.50%
2020	831,516	(831,516)	-	5,939,400	14.00%

(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 Pension Contributions

State Teachers Retirement System of Ohio

Last Eight Fiscal Years (1)

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	\$ 2,811,633	\$ (2,811,633)	\$ -	\$ 21,627,946	13.00%
2014	2,772,738	(2,772,738)	-	21,328,754	13.00%
2015	2,881,839	(2,881,839)	-	20,584,564	14.00%
2016	2,731,771	(2,731,771)	-	19,512,650	14.00%
2017	2,863,722	(2,863,722)	-	20,455,157	14.00%
2018	3,202,113	(3,202,113)	-	22,872,236	14.00%
2019	3,315,815	(3,315,815)	-	23,684,393	14.00%
2020	3,531,179	(3,531,179)	-	25,222,707	14.00%

(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 Four Fiscal Years (1) (2)

	School District's Proportion of the Net OPEB Liability	School District's Proportionate Share of the Net OPEB Liability	School District's Covered Payroll	School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.136182%	\$ 3,881,689	\$ 6,725,307	57.72%	11.49%
2018	0.135018%	3,623,536	5,282,993	68.59%	12.46%
2019	0.138557%	3,843,951	5,705,770	67.37%	13.57%
2020	0.135895%	3,417,476	5,625,163	60.75%	15.57%

(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 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 measurement year 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 in the rate of inflation from 3.25% to 3.00%, a reduction in the payroll growth assumption from 4.00% to 3.50%, a reduction in assumed real wage growth from 0.75% to 0.50%, an update in rates of withdrawal, retirement and disability, and transitioning to the following mortality tables: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set back for both active male and female members; RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB (120% of male rates, and 110% of female rates) for service retired members and beneficiaries; and 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 among disabled members.

In measurement year 2018, medical trend rates have been adjusted to reflect premium decreases.

*Change in benefit and funding terms.* In measurement year 2018, SERS' funding policy allowed a 2.0% health care contribution rate to be allocated to the Health Care fund. The 2.0% is a combination of 0.5% employer contributions and 1.5% surcharge.

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

Required Supplementary Information

Schedule of School District's Proportionate Share of the Net OPEB Liability/(Asset)

State Teachers Retirement System of Ohio

Last Four Fiscal Years (1) (2)

	School District's Proportion of the Net OPEB Liability (Asset)	School District's Proportionate Share of the Net OPEB Liability (Asset)	School District's Covered Payroll	School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
2017	0.172089%	\$ 9,203,367	\$ 19,512,650	47.17%	37.3%
2018	0.175472%	6,846,264	20,455,157	33.47%	47.1%
2019	0.181048%	(2,909,251)	22,872,236	(12.72%)	176.0%
2020	0.181953%	(3,013,584)	23,684,393	(12.72%)	174.7%

(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 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 measurement year 2017, 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.

For measurement year 2018, the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74. Valuation year per capital health care costs were updated.

*Change in benefit terms.* For measurement year 2017, the subsidy multiplier for non-Medicare benefit recipient 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.

For measurement year 2018, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For measurement year 2019, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

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

Required Supplementary Information

Schedule of School District's OPEB Contributions

School Employees Retirement System of Ohio

Last Five Fiscal Years (1)

	Contractually Required Contributions (2)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 21,908	\$ (21,908)	\$ -	\$ 6,725,307	0.33%
2017	24,203	(24,203)	-	5,282,993	0.46%
2018	58,097	(58,097)	-	5,705,770	1.02%
2019	51,454	(51,454)	-	5,625,163	0.91%
2020	21,503	(21,503)	-	5,939,400	0.36%

(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's OPEB Contributions

State Teachers Retirement System of Ohio

Last Five Fiscal Years (1)

	Contractually Required Contributions (2)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ -	\$ -	\$ -	\$ 19,512,650	0.00%
2017	-	-	-	20,455,157	0.00%
2018	-	-	-	22,872,236	0.00%
2019	-	-	-	23,684,393	0.00%
2020	-	-	-	25,222,707	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 14% employer contribution rate toward pension benefits.

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

Notes to Required Supplementary Information

Year Ended June 30, 2020

**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, 2020, on the GAAP basis to the budget basis are as follows:

	General Fund
Net change in fund balance - GAAP Basis	\$ 2,574,963
Increase / (decrease):	
Due to inclusion of Public School Support Fund	(999)
Due to inclusion of Classroom Facilities Maintenance Fund	(314,833)
Due to inclusion of Termination Benefits Fund	(48,323)
Due to revenues	(720,316)
Due to expenditures	(60,317)
Due to other financing sources	85,703
Due to encumbrances	<u>(1,868,434)</u>
Net change in fund balance - Budget Basis	\$ <u><u>(352,556)</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, 2020**

<b>FEDERAL GRANTOR Pass Through Grantor 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	31,763
National School Lunch Program	10.555	131,167
Total Child Nutrition Cluster		<u>162,930</u>
Total U.S. Department of Agriculture		<u><b>162,930</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>		
<i>Direct Program</i>		
Student Financial Aid Cluster		
Federal Direct Student Loan Program	84.268	1,168,772
Federal Pell Grant Program	84.063	629,286
Total Student Financial Aid Cluster		<u>1,798,058</u>
<i>Passed Through Ohio Department of Education</i>		
Career and Technical Education - Basic Grants		
Carl Perkins Secondary	84.048	983,514
Carl Perkins Adult	84.048	225,270
Total Career and Technical Education - Basic Grants		<u>1,208,784</u>
Higher Education Emergency Relief Fund		
Student Aid	84.425E	146,382
Institutional Aid	84.425F	146,381
Total Higher Education Emergency Relief Fund Grants		<u>292,763</u>
Total U.S. Department of Education		<u><b>3,299,605</b></u>
<b>Total Expenditures of Federal Awards</b>		<u><b>\$3,462,535</b></u>

*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, 2020**

**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, 2020. 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 or changes in net position 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 Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D - 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 E – 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.

# OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash  
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Blue Ash, Ohio 45242-1817  
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SouthwestRegion@ohioauditor.gov

## 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, 2020, 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 December 10, 2020 wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the School District. We also noted that the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) No. 84, *Fiduciary Activities*.

### ***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.



Keith Faber  
Auditor of State  
Columbus, Ohio  
December 10, 2020

# OHIO AUDITOR OF STATE KEITH FABER



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## 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 School  
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 School's major federal program for the year ended June 30, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal program.

### ***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 program.

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

Our responsibility is to opine on the School District's compliance for the School District's major federal program 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 program. 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 School complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2020.

**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.



Keith Faber  
Auditor of State  
Columbus, Ohio  
December 10, 2020

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

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2020**

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

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

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 12/31/2020**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)