



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

VANDALIA-BUTLER CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

SINGLE AUDIT

For the Year Ended June 30, 2018
Fiscal Year Audited Under GAGAS: 2018

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OHIO AUDITOR OF STATE KEITH FABER



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

We have reviewed the *Independent Auditor's Report* of the Vandalia-Butler City School District, Montgomery County, prepared by BHM CPA Group, Inc., for the audit period July 1, 2017 through June 30, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

February 22, 2019

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

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For the Year Ended June 30, 2018

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Vandalia-Butler City School District
Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2018

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Passed Through to Subrecipients	Expenditures
United States Department of Agriculture				
<i>Passed through the Ohio Department of Education</i>				
<i>Child Nutrition Cluster:</i>				
School Breakfast Program 17-18	3L70	10.553	\$ -	\$ 95,212
National School Lunch Program 17-18	3L60	10.555	-	442,063
Total Child Nutrition Cluster			-	537,275
Total United States Department of Agriculture			-	537,275
United States Department of Education				
<i>Passed through the Ohio Department of Education</i>				
<i>Special Education Cluster:</i>				
Special Education - Grants to States 17-18	3M20	84.027	-	845,592
Special Education - Grants to States 16-17	3M20	84.027	-	18,326
Special Education - Preschool Grants 17-18	3C50	84.173	-	15,310
Total Special Education Cluster			-	879,228
Title I Grants to Local Educational Agencies 17-18	3M00	84.010	-	431,168
Title I Grants to Local Educational Agencies 16-17	3M00	84.010	-	52,792
Total Title I Grants to Local Educational Agencies			-	483,960
Improving Teacher Quality State Grants 17-18	3Y60	84.367	-	72,853
Improving Teacher Quality State Grants 16-17	3Y60	84.367	-	1,168
Total Improving Teacher Quality State Grants			-	74,021
Total United States Department of Education			-	1,437,209
Total Federal Awards Expenditures			\$ -	\$ 1,974,484

See Accompanying Notes to the Schedule of Federal Awards Expenditures

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

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

NOTE A - BASIS OF PRESENTATION

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

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – CHILD NUTRITION CLUSTER

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

NOTE D – FOOD DONATION PROGRAM

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



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

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

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, each major fund, and the aggregate remaining fund information of Vandalia-Butler City School District, Montgomery County, (the School District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 18, 2018, wherein we noted the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions 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.

Members of the Board of Education
Vandalia-Butler City School District
Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Required by *Government Auditing Standards*
Page 2

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.

BHM CPA Group

BHM CPA Group Inc.
Piketon, Ohio
December 18, 2018



Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

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

Members of the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Vandalia Butler City School District's (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 Vandalia-Butler City School District's major federal program for the year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal 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 to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for the School District's major federal 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 Each Major Federal Program

In our opinion, the Vandalia-Butler City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the 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.

Report on the Schedule of Federal Awards Expenditures Required by the Uniform Guidance

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Vandalia-Butler City School District (the School District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. We issued our unmodified report thereon dated December 18, 2018.

Members of the Board of Education
Vandalia Butler City School District
Report on Compliance with Requirements Applicable to the Major Federal Program and on
Internal Control Over Compliance Required by the Uniform Guidance
Page 3

We conducted our audit to opine on the School District's basic financial statements as a whole. The accompanying schedule of federal awards expenditures presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group Inc.
Piketon, Ohio
December 18, 2018

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

**Schedule of Findings
2 CFR § 200.515
June 30, 2018**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

**Schedule of Findings
2 CFR § 200.515
June 30, 2018**

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

None noted

3. FINDINGS FOR FEDERAL AWARDS

None noted

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



**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**FOR THE
FISCAL YEAR ENDED JUNE 30, 2018**

COMPREHENSIVE
ANNUAL FINANCIAL REPORT
OF THE
VANDALIA-BUTLER CITY
SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
FOR THE
FISCAL YEAR ENDED JUNE 30, 2018



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

Vandalia-Butler City Schools | 500 S. Dixie Drive | Vandalia, OH 45377

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INTRODUCTORY SECTION



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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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December 18, 2018

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

We are pleased to present the 2018 Comprehensive Annual Financial Report (CAFR) for the Vandalia-Butler City School District. This report, for the fiscal year ended June 30, 2018, contains the financial statements and other financial and statistical data that provide complete and full disclosure of all material financial aspects of the Vandalia-Butler City School District (the “School District”). The responsibility for the accuracy and completeness of all data presented, and the fairness of the presentation, rests with the School District, specifically with the School District Treasurer’s office.

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

DISTRICT OVERVIEW

The Vandalia-Butler City School District serves an area of 37 square miles in the northern part of Montgomery County, Ohio, encompassing Butler Township, the City of Vandalia, a portion of the City of Union, and a portion of the City of Dayton. The Dayton International Airport, located within the School District, comprises approximately 6.25 square miles of the total 37 square miles.

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

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

The current charter as the Vandalia-Butler City School District was adopted in 1956. For the 2018 fiscal year, the School District operates six school buildings: two elementary schools serving grades Kindergarten through grade 3 with Demmitt Elementary housing the Pre-School as well; two middle schools serving grades 4 through 8; and, one high school serving grades 9 through 12.

SCHOOL DISTRICT ORGANIZATION AND REPORTING ENTITY

The School District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code. Under a locally elected five member Board form of government, the School District provides educational services as authorized by its charter or further mandated by state and/or federal agencies. The Board of Education serves as the taxing authority, contracting body, and policy maker for the School District. In addition, the Board adopts the annual operating budget and approves all expenditures of School District monies. The Board appoints the Superintendent and Treasurer. As the chief administrative officer, the Superintendent is responsible for the development, supervision, and operation of the school programs and facilities and appoints all other personnel in the School District. As the chief financial officer, the Treasurer is responsible for maintaining financial records, acting as the custodian of all School District funds, and investing idle funds as specified by law. The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements of the School District are not misleading.

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

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

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

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

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

Lastly, the School District is a member of the Southwestern Ohio Educational Purchase Cooperative (EPC), which is composed of other public school districts. One primary benefit is the Consortium for insurance benefits. Another benefit is for purchasing of day to day operational materials and supplies. Finally, the purchasing of school buses in compliance with Ohio Revised Code. This membership results in hundreds of thousand dollars of savings.

ECONOMIC CONDITION AND OUTLOOK

The Vandalia-Butler City School District serves the residents of the City of Vandalia and Butler Township, who despite lack of state dollars and removal of personal property from the tax base realize the importance of strong schools. The state budget passed for 2017-2019 continues to reduce anticipated revenues with foundation payments (State Aid) being capped and with the state reimbursement of past personal property taxes being eliminated. Vandalia-Butler renewed a 6.99 limited operating levy, generating \$4 million annually, making it continuous (permanent), November 5, 2018.

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

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

The valuation of real estate, both residential and commercial, had been reduced over the previous years, but are starting to see growth in valuation again. Montgomery County has completed their triennial update for calendar year 2017 and updated valuations will be reflected in tax collections for calendar year 2018. The Board of Revisions reviews reduction requests for both residential and commercial when submitted and the County Treasurer's Office has taken a more direct role in helping taxpayers enroll in payment plans when needed.

MAJOR INITIATIVES

Vandalia-Butler City Schools continues to maintain its high performing status from the state of Ohio while the targets, goals and requirements continue to change. The District continues to improve as it examines weaknesses in student achievement/performance and design targeted interventions to better align our instruction and our financial resources. Over \$43.9 million in School-issued bonds were refunded during the fiscal years of 2014-2018 resulting in taxpayer savings just short of \$2.9 million over the remaining bond life. When contracting with a different transportation service provider, a new bus fleet was made possible via a four-year lease purchase option.

FINANCIAL INFORMATION

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

INTERNAL CONTROLS

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

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

Assistance

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

Budgetary Controls

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

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

Financial Condition

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

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

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

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

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

OTHER INFORMATION

Independent Audit

An audit team from the independent accounting firm BHM CPA Group, Inc. has performed this year's audit. The results of the audit are presented in the Independent Auditor's Report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Vandalia-Butler City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. The Certificate of Achievement is the highest form of recognition for excellence in the state and local government financial reporting.

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

The Treasurer and the District were also awarded the Ohio Auditor of State Award with Distinction for the fiscal year also ending June 30, 2017. This is the highest form of recognition by the Ohio Auditor of State's office and less than 2% public entities receive this award annually.

Acknowledgements

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



Eric K. Beavers
Treasurer/CFO



Robert M. O'Leary
Superintendent



Government Finance Officers Association

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

Presented to

**Vandalia-Butler City School District
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

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

List of Principal Officials
June 30, 2018

ELECTED OFFICIALS

President, Board of Education	Mr. Rodney Washburn
Vice President, Board of Education	Ms. Mary Kilsheimer
Board of Education Member	Mr. Kent Zimmerman
Board of Education Member	Mr. Holly Herbst
Board of Education Member	Ms. Melissa Pruszynski

ADMINISTRATIVE OFFICIALS

Superintendent	Mr. Robert O'Leary
Treasurer/CFO	Mr. Eric Beavers
Director of Pupil Personnel and Curriculum	Mr. Brandon Hartley
Director of Human Resources and Operations	Mr. Russ Garman
Information Officer	Mr. David Mohler

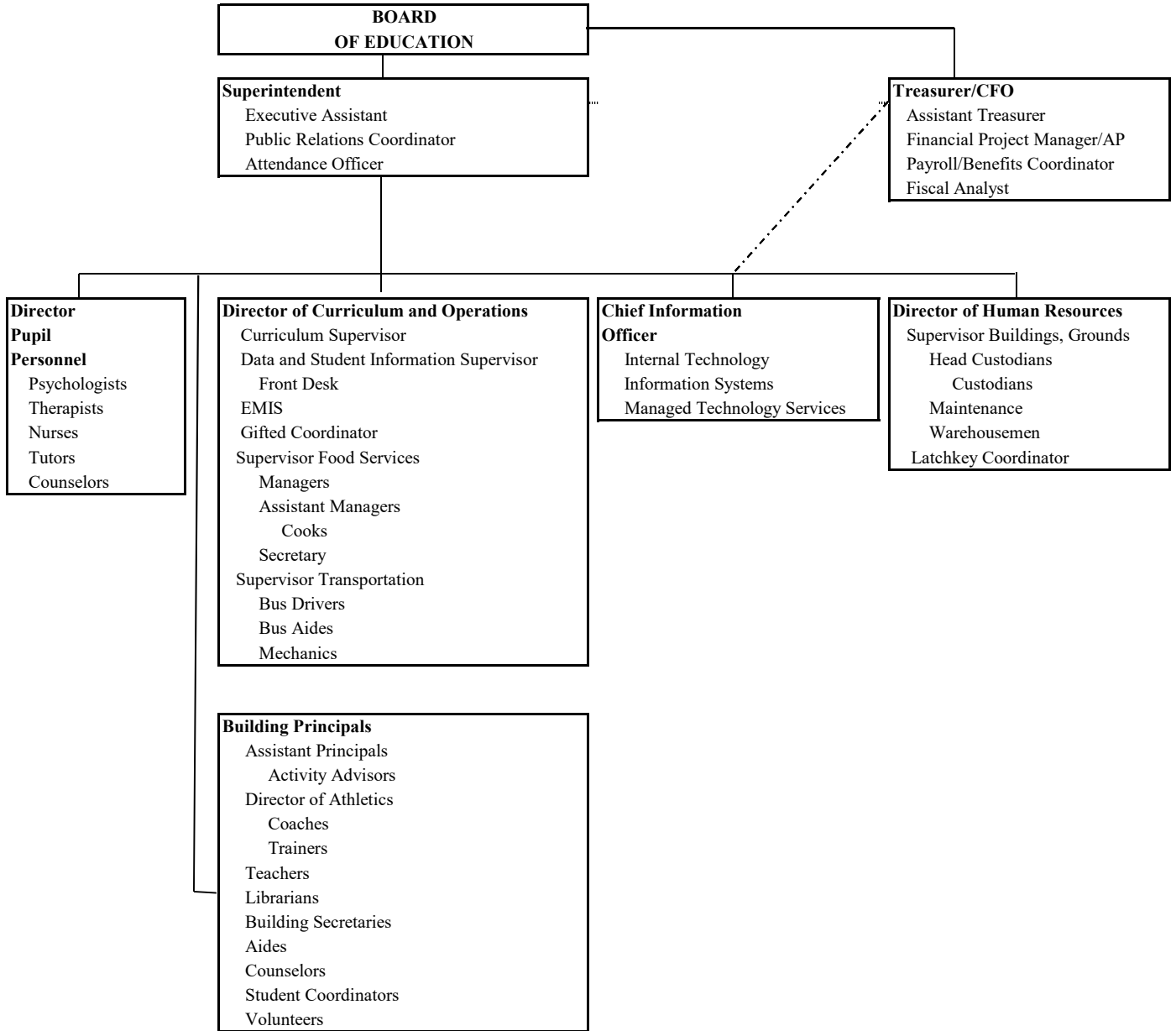
OFFICE OF THE TREASURER

Treasurer/CFO	Mr. Eric Beavers
Assistant Treasurer	Ms. Leigh Anne Snow
Payroll Coordinator	Ms. Kari Magill
Fiscal Analyst	Ms. Lori Stutz

PUBLIC RELATIONS

Public Relations Coordinator	Ms. Anaka Johnson
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VANDALIA-BUTLER CITY SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
 ORGANIZATIONAL CHART
 JUNE 30, 2018



FINANCIAL SECTION





Independent Auditor's Report

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vandalia-Butler City School District, Montgomery County, Ohio (the School District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Vandalia-Butler City School District, Montgomery County, Ohio, as of June 30, 2018, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2018, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, and schedules of net pension and postemployment benefit liabilities and pension and postemployment 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 introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2018, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group Inc.
Piketon, Ohio
December 18, 2018



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

The management discussion and analysis of the Vandalia-Butler City School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2018 are as follows:

- In total, net position of governmental activities increased \$17,500,283 which represents a 45.23% increase from June 30, 2017's net restated position.
- General revenues accounted for \$36,188,274 in revenue or 84.83% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$6,470,290 or 15.17%.
- The School District had \$25,158,281 in expenses related to governmental activities; \$6,470,290 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$36,188,274 were adequate to provide for these programs.
- The School District has two major funds which include the general fund and the bond retirement fund. The general fund had \$35,369,735 in revenues and other financing sources and \$34,233,701 in expenditures. The general fund's fund balance increased \$1,136,034 from \$14,425,540 to \$15,561,574.
- The bond retirement fund had \$14,626,991 in revenues and other financing sources and \$14,425,015 in expenditures and other financing uses. The bond retirement fund's fund balance increased \$201,976 from \$3,184,116 to \$3,386,092.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2018?" The statement of net position and the statement of activities answer this question. These statements include *all assets, all deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major governmental funds begins on page 13. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the bond retirement fund.

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 19-24 of this report.

Reporting the School District's Fiduciary Responsibilities

The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in an agency fund. The School District's statement of fiduciary assets and liabilities can be found on page 25. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 27-79 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School District's net pension liability. The required supplementary information can be found on pages 82-95 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

The School District as a Whole

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

The table below provides a summary of the School District's net position at June 30, 2018 and June 30, 2017. The net position at June 30, 2017 has been restated as described in Note 3.A.

	Net Position		
	Governmental Activities <u>2018</u>	Restated Governmental Activities <u>2017</u>	<u>Percent Change</u>
<u>Assets</u>			
Current and other assets	\$ 50,637,964	\$ 49,394,490	2.52 %
Capital assets, net	<u>46,817,053</u>	<u>47,627,503</u>	(1.70) %
Total assets	<u>97,455,017</u>	<u>97,021,993</u>	0.45 %
<u>Deferred Outflows of Resources</u>			
Unamortized deferred charges on debt refunding	3,820,653	3,821,929	(0.03) %
Pension	10,645,042	8,960,890	18.79 %
OPEB	<u>374,545</u>	<u>69,811</u>	436.51 %
Total deferred outflows of resources	<u>14,840,240</u>	<u>12,852,630</u>	15.46 %
<u>Liabilities</u>			
Current liabilities	3,547,847	3,240,409	9.49 %
Long-term liabilities:			
Due within one year	2,241,879	2,793,937	(19.76) %
Due in more than one year:			
Net pension liability	36,156,191	49,531,163	(27.00) %
Net OPEB liability	8,228,784	10,198,935	(19.32) %
Other amounts	<u>53,721,573</u>	<u>54,964,114</u>	(2.26) %
Total liabilities	<u>103,896,274</u>	<u>120,728,558</u>	(13.94) %
<u>Deferred Inflows of Resources</u>			
Property taxes and PILOTs levied for next year	26,596,912	26,751,843	(0.58) %
Pension	2,029,824	1,087,298	86.69 %
OPEB	<u>965,040</u>	<u>-</u>	100.00 %
Total deferred inflows of resources	<u>29,591,776</u>	<u>27,839,141</u>	6.30 %
<u>Net Position</u>			
Net investment in capital assets	(1,190,028)	(1,987,524)	(40.13) %
Restricted	2,110,879	1,754,344	20.32 %
Unrestricted	<u>(22,113,644)</u>	<u>(38,459,896)</u>	(42.50) %
Total net position	<u>\$ (21,192,793)</u>	<u>\$ (38,693,076)</u>	(45.23) %

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the School District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB).

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

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 the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension/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 and other postemployment benefits. GASB noted that the unfunded portion of this 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 these liabilities. 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 healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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 system is 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 liability or the net OPEB liability. 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 party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

As a result of implementing GASB 75, the School District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from (\$27,997,650) to (\$38,693,076).

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2018 and June 30, 2017, the School District's liabilities plus deferred inflows of resources exceeded assets plus deferred outflows of resources by \$21,192,793 and \$38,693,076, respectively. Net position increased \$17,500,283 from June 30, 2017's restated net position.

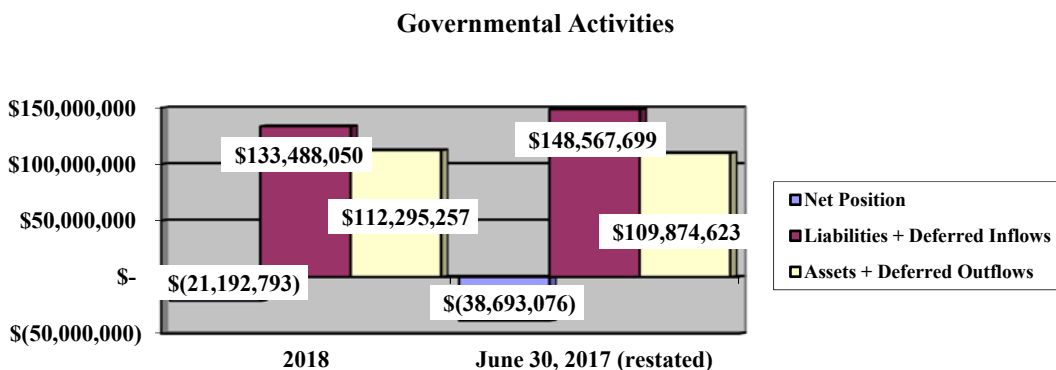
Assets of the School District increased \$433,024 or 0.45%. Current assets increased \$1,243,474 or 2.52%. The most significant increase was in the areas of equity in pooled cash and investments. The increase in equity in pooled cash and investments can be derived from an increase in general fund cash due to better cash management and the reduction of expenses. At year-end, capital assets represented 48.04% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, software and vehicles. Net investment in capital assets at June 30, 2018 and June 30, 2017, were (\$1,190,028) and (\$1,987,524), respectively. These capital assets are used to provide services to the students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities. The capital assets decreased due to current year depreciation of \$2,180,858 exceeding current year additions of \$630,421 and \$739,987 in donations and disposals, net of accumulated depreciation.

Deferred outflows of resources increased due to pension and OPEB related amounts provided by the pension systems that the School District employees participate in.

Liabilities of the School District decreased \$16,832,284 or 13.94%. Current liabilities increased \$307,438 or 9.49% due to an increase in accounts payable and accrued wages and benefits payable. Long-term liabilities decreased \$17,139,722. This decrease is mainly due to a decrease in the net pension liability and net OPEB liability. The School District also refunded a portion of the Series 2009 and 2010A general obligation bonds and the Series 2010 energy conservation bonds.

A portion of the School District's net position, \$2,110,879, represents resources that are subject to external restriction on how they may be used. Of the restricted net position, \$1,857,724 is restricted for debt service. The remaining balance of unrestricted net position is (\$22,113,644).

The graph below shows the School District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2018 and June 30, 2017. Amounts at June 30, 2017 have been restated as described in Note 3.A.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

The table below shows the change in net position for fiscal years 2018 and 2017. The net position at June 30, 2017 has been restated as described in Note 3.A.

	Change in Net Position		
	Governmental Activities 2018	Restated Governmental Activities 2017	Percentage Change
<u>Revenues</u>			
Program revenues:			
Charges for services and sales	\$ 2,262,878	\$ 1,922,471	17.71 %
Operating grants and contributions	3,435,851	3,613,415	(4.91) %
Capital grants and contributions	771,561	-	100.00 %
General revenues:			
Taxes	26,354,496	25,718,584	2.47 %
Payment in lieu of taxes	988,861	1,115,807	(11.38) %
Grants and entitlements not restricted	8,453,593	8,943,941	(5.48) %
Investment earnings	213,996	147,363	45.22 %
Other	177,328	154,072	15.09 %
Total revenues	<u>42,658,564</u>	<u>41,615,653</u>	2.51 %
<u>Expenses</u>			
Program expenses:			
Instruction:			
Regular	6,031,402	13,377,481	(54.91) %
Special	4,375,068	6,126,422	(28.59) %
Vocational	51,188	124,191	(58.78) %
Other	1,646,675	2,031,034	(18.92) %
Support services:			
Pupil	1,348,970	2,267,876	(40.52) %
Instructional staff	706,095	1,520,003	(53.55) %
Board of education	17,802	48,292	(63.14) %
Administration	1,044,199	2,339,318	(55.36) %
Business and fiscal	828,075	1,210,506	(31.59) %
Operations and maintenance	2,308,914	2,819,726	(18.12) %
Pupil transportation	2,122,766	1,990,006	6.67 %
Central	479,474	562,886	(14.82) %
Operations of non-instructional services	1,251,517	1,944,001	(35.62) %
Extracurricular activities	575,219	1,039,167	(44.65) %
Interest and fiscal charges	2,370,917	2,491,622	(4.84) %
Total expenses	<u>25,158,281</u>	<u>39,892,531</u>	(36.93) %
Change in net position	17,500,283	1,723,122	(915.61) %
Net position, beginning of year (restated)	<u>(38,693,076)</u>	N/A	-
Net position, end of year	<u>\$ (21,192,793)</u>	<u>\$ (38,693,076)</u>	(45.23) %

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

Governmental Activities

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$69,811 computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of \$1,214,650. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASB 75	\$ 25,158,281
Negative OPEB expense under GASB 75	1,214,650
2018 contractually required contributions	<u>95,195</u>
Adjusted 2018 program expenses	26,468,126
Total 2017 program expenses under GASB 45	<u>39,892,531</u>
Decrease in program expenses not related to OPEB	<u>\$ (13,424,405)</u>

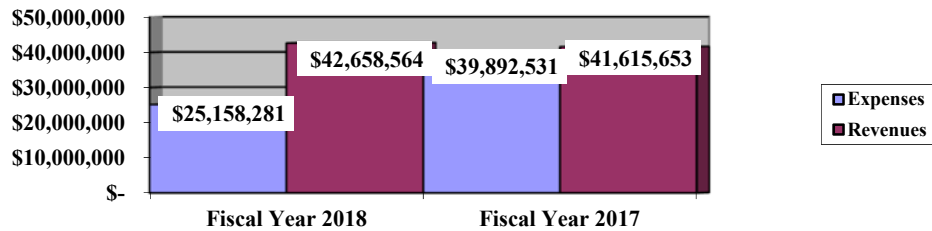
Net position of the School District's governmental activities increased \$17,500,283 in fiscal year 2018 and increased \$1,723,122 in fiscal year 2017. Total governmental expenses of \$25,158,281 were offset by program revenues of \$6,470,290 and general revenues of \$36,188,274 during fiscal year 2018. Program revenues supported 25.72% of the total governmental expenses during fiscal year 2018.

Revenues of the School District increased \$1,042,911 or 2.51%. The most significant increases were in the area of charges for services, property taxes and capital grants and contributions. Charges for services increased due to an increase in tuition in comparison to the previous fiscal year. Property taxes increased \$635,912. The increase in property tax revenues is related to an increase in property tax valuations throughout the School District. The capital grants and contributions increased due to the donation of land, land improvements and buildings associated with the land swap the School District entered into for the acquisition of the new administration building.

Expenses of the governmental activities decreased \$14,734,250 or 36.94%. This decrease is primarily the result of the State Teachers Retirement System (STRS) indefinitely suspending the Cost of Living Adjustment ("COLA") and the School Employees Retirement System (SERS) lowering the COLA from 3.00% to 2.50%. On an accrual basis, the School District reported (\$11,565,593) in pension expense and (\$1,214,650) in OPEB expense mainly due to these benefit changes.

The graph below presents the School District's governmental activities revenues and expenses for fiscal years 2018 and 2017.

Governmental Activities - Revenues and Expenses



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

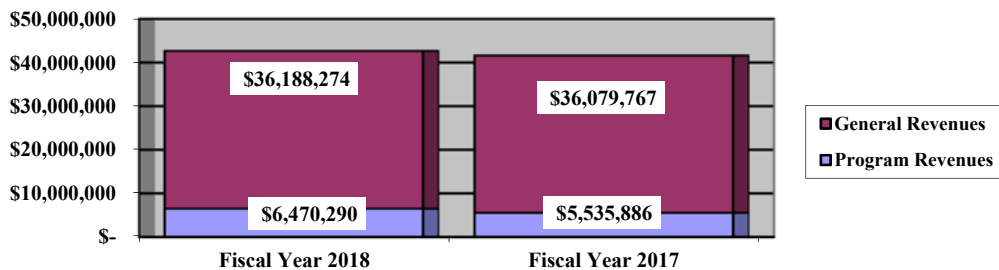
The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported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

Governmental Activities				
	Total Cost of Services 2018	Net Cost of Services 2018	Total Cost of Services 2017	Net Cost of Services 2017
Program expenses				
Instruction:				
Regular	\$ 6,031,402	\$ 5,122,587	\$ 13,377,481	\$ 12,931,882
Special	4,375,068	2,307,244	6,126,422	4,486,749
Vocational	51,188	34,239	124,191	110,930
Other	1,646,675	1,646,675	2,031,034	2,031,034
Support services:				
Pupil	1,348,970	1,022,095	2,267,876	2,148,708
Instructional staff	706,095	547,229	1,520,003	604,956
Board of education	17,802	17,802	48,292	48,292
Administration	1,044,199	266,318	2,339,318	2,302,770
Business and fiscal	828,075	817,703	1,210,506	1,200,327
Operations and maintenance	2,308,914	2,280,951	2,819,726	2,796,405
Pupil transportation	2,122,766	1,974,222	1,990,006	1,858,786
Central	479,474	479,474	562,886	562,886
Operations of non-instructional services	1,251,517	(361,235)	1,944,001	230,751
Extracurricular activities	575,219	161,770	1,039,167	550,547
Interest and fiscal charges	2,370,917	2,370,917	2,491,622	2,491,622
Total	<u>\$ 25,158,281</u>	<u>\$ 18,687,991</u>	<u>\$ 39,892,531</u>	<u>\$ 34,356,645</u>

The dependence upon tax and other general revenues for governmental activities is apparent, 75.27% of instruction activities were supported through taxes and other general revenues during fiscal year 2018. For all governmental activities, general revenue support was 74.28% in fiscal year 2018. The School District's taxpayers and unrestricted grants and entitlements are by far the primary support for School District students.

The graph below presents the School District's governmental activities revenues for fiscal years 2018 and 2017.

Governmental Activities - General and Program Revenues



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

The School District's Funds

The School District's governmental funds (as presented on the balance sheet on page 19) reported a combined fund balance of \$19,231,549, which is higher than last year's total of \$17,929,378. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2018 and 2017.

	Fund Balance <u>June 30, 2018</u>	Fund Balance <u>June 30, 2017</u>	<u>Change</u>	Percentage <u>Change</u>
General	\$ 15,561,574	\$ 14,425,540	\$ 1,136,034	7.88 %
Bond Retirement	3,386,092	3,184,116	201,976	6.34 %
Other Governmental	<u>283,883</u>	<u>319,722</u>	<u>(35,839)</u>	(11.21) %
Total	<u>\$ 19,231,549</u>	<u>\$ 17,929,378</u>	<u>\$ 1,302,171</u>	7.26 %

General Fund

The general fund increased \$1,136,034 during fiscal year 2018. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2018 <u>Amount</u>	2017 <u>Amount</u>	<u>Change</u>	Percentage <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 23,351,184	\$ 22,523,288	\$ 827,896	3.68 %
Payment in lieu of taxes	982,431	1,115,807	(133,376)	(11.95) %
Earnings on investments	212,402	134,355	78,047	58.09 %
Intergovernmental	8,975,707	9,477,518	(501,811)	(5.29) %
Other revenues	<u>1,846,614</u>	<u>1,384,464</u>	<u>462,150</u>	33.38 %
Total	<u>\$ 35,368,338</u>	<u>\$ 34,635,432</u>	<u>\$ 732,906</u>	2.12 %
<u>Expenditures</u>				
Instruction	\$ 20,200,332	\$ 19,022,165	\$ 1,178,167	6.19 %
Support services	11,374,605	10,640,474	734,131	6.90 %
Operation of				
non-instructional services	409,036	361,728	47,308	13.08 %
Extracurricular activities	718,721	635,740	82,981	13.05 %
Facilities acquisition				
and construction	563,523	266,095	297,428	111.78 %
Debt service	<u>967,484</u>	<u>1,010,564</u>	<u>(43,080)</u>	(4.26) %
Total	<u>\$ 34,233,701</u>	<u>\$ 31,936,766</u>	<u>\$ 2,296,935</u>	7.19 %

Revenues of the general fund increased by \$732,906 or 2.12%. Taxes increased \$827,896. The increase in property tax revenues is due to an increase in valuation throughout the School District. Other revenues increased \$462,150 or 33.38%. This is primarily due to an increase in tuition in the School District. Intergovernmental revenue decreased \$501,811 due to a decrease in homestead and rollback from the State.

Expenditures of the general fund increased \$2,296,935 or 7.19%. The most significant increase was in the area of instruction and support services which increased \$1,178,167 and \$734,131, respectively. These increases were the result of increased spending in areas of wages and benefits for employees. Facilities acquisition and construction increased due to costs associated with the renovation of the new administration building.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

Bond Retirement Fund

During fiscal year 2018, the bond retirement fund had revenues and other financing sources of \$14,626,991 and expenditures and other financing uses of \$14,425,015. The fund balance of the bond retirement fund increased \$201,976 from \$3,184,116 to \$3,386,092. This increase is the result of a property taxes exceeding scheduled principal and interest payments on debt.

General Fund Budgeting Highlights

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

For the general fund, original revenues and other financing sources of \$34,831,620 were decreased to \$34,707,864 in the final budget. The largest decreases were in the areas of property taxes and intergovernmental - state which decreased due to lower property tax collection estimates and lower than expected State foundation revenues, respectively. Actual revenues and other financing sources increased \$462,797 to \$35,170,661. This increase from the final budget resulted from high actual property tax collections and an increase in actual State foundation revenues.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$35,771,330 were decreased to \$35,715,171 in the final budget. Actual expenditures and other uses of \$35,121,549 were \$593,622 lower than final appropriations due to the School District's conservative budget practices.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2018, the School District had \$46,817,053 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities.

The following table shows June 30, 2018 balances compared to June 30, 2017. The amounts at June 30, 2017 have been restated as described in Note 3.A.

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

	Governmental Activities	
	2018	Restated 2017
Land	\$ 1,679,701	\$ 1,544,261
Construction in progress	-	266,095
Land improvements	2,747,513	2,955,908
Buildings and improvements	39,485,775	39,407,396
Furniture and equipment	1,649,696	1,983,577
Vehicles	1,254,368	1,470,266
Total	\$ 46,817,053	\$ 47,627,503

The capital assets decreased due to current year depreciation of \$2,180,858 and disposals, net of accumulated of \$31,574 exceeding current year additions of \$1,401,982.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

Debt Administration

At June 30, 2018 the School District had \$53,357,066 in general obligation bonds and capital lease obligations outstanding. Of this total, \$1,946,246 is due within one year and \$51,410,820 is due in greater than one year.

The following table summarizes the bonds and capital lease obligations outstanding.

Outstanding Debt, at Year End

	Governmental Activities <u>2018</u>	Governmental Activities <u>2017</u>
General Obligation Bonds	\$ 45,285,000	\$ 46,280,000
Premiums	5,823,615	5,583,390
Capital Appreciation Bonds	565,511	788,918
Accreted interest	1,529,332	1,786,866
Capital lease obligations	<u>153,608</u>	<u>784,648</u>
Total	<u>\$ 53,357,066</u>	<u>\$ 55,223,822</u>

The School District maintained ratings of Aa3 and AA- with Moody's Investor Services and Standard & Poor's, respectively.

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

For the Future

The Board of Education approved the 2021 Strategic Plan in the spring of 2017. In fiscal year 2018, School District administration implemented 34 of the 43 identified goals. For fiscal year 2019, 7 of the 9 remaining goals, will begin. The plan sets the mission, goals and expectations for the next five years. With collaboration by staff and community, right sizing, prudent and responsible expenditures along with reliable forecasting, School District finances have stabilized, even with declining revenue from the State. School District voters approved November 5, 2013 the 6.99 limited operating levy, generating \$4 million annually, and made it continuous (permanent).

In August of 2017, the Board of Education offices moved into the former Vandalia Branch of the Dayton Metro Library. The Library moved into the new constructed library, provided through a Montgomery County wide library levy, and with land that was "swapped" with the School District. The former Board of Education offices were razed and is now "green space" for the library, its patrons and students of Vandalia-Butler City Schools.

School District administration is currently revising a district wide spending/capital needs plan. This document combined with the strategic plan and stable financial resources, commitments can be made to continue to move students and the School District forward all while continuing academic progress and achievement.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Eric K. Beavers, Treasurer/CFO, Vandalia-Butler City School District, 500 South Dixie Drive, Vandalia, Ohio 45377.

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

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 20,826,853
Receivables:	
Property taxes	28,144,760
Payment in lieu of taxes	924,631
Accounts	17,850
Accrued interest	26,335
Intergovernmental	596,074
Prepayments	96,906
Inventory held for resale	4,555
Capital assets:	
Nondepreciable capital assets	1,679,701
Depreciable capital assets, net	45,137,352
Capital assets, net	46,817,053
Total assets	97,455,017
 Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	3,820,653
Pension	10,645,042
OPEB	374,545
Total deferred outflows of resources	14,840,240
 Liabilities:	
Accounts payable	254,390
Accrued wages and benefits payable	2,538,215
Intergovernmental payable	174,101
Pension and postemployment benefits payable	444,999
Accrued interest payable	136,142
Long-term liabilities:	
Due within one year	2,241,879
Due in more than one year:	
Net pension liability	36,156,191
Net OPEB liability	8,228,784
Other amounts due in more than one year	53,721,573
Total liabilities	103,896,274
 Deferred inflows of resources:	
Property taxes levied for the next fiscal year	25,742,941
Payment in lieu of taxes levied for the next fiscal year	853,971
Pension	2,029,824
OPEB	965,040
Total deferred inflows of resources	29,591,776
 Net position:	
Net investment in capital assets	(1,190,028)
Restricted for:	
Debt service	1,857,724
State funded programs	52,451
Federally funded programs	41,967
Student activities	69,154
Food service operations	89,583
Unrestricted (deficit)	(22,113,644)
Total net position	\$ (21,192,793)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction:					
Regular	\$ 6,031,402	\$ 888,320	\$ 20,495	\$ -	\$ (5,122,587)
Special	4,375,068	158,949	1,908,875	-	(2,307,244)
Vocational	51,188	-	16,949	-	(34,239)
Other	1,646,675	-	-	-	(1,646,675)
Support services:					
Pupil	1,348,970	-	326,875	-	(1,022,095)
Instructional staff	706,095	-	158,866	-	(547,229)
Board of education	17,802	-	-	-	(17,802)
Administration	1,044,199	-	6,320	771,561	(266,318)
Fiscal	684,788	-	10,372	-	(674,416)
Business	143,287	-	-	-	(143,287)
Operations and maintenance	2,308,914	27,963	-	-	(2,280,951)
Pupil transportation	2,122,766	3,930	144,614	-	(1,974,222)
Central	479,474	-	-	-	(479,474)
Operation of non-instructional services:					
Other non-instructional services	348,832	332,712	179,516	-	163,396
Food service operations	902,685	554,967	545,557	-	197,839
Extracurricular activities	575,219	296,037	117,412	-	(161,770)
Interest and fiscal charges	2,370,917	-	-	-	(2,370,917)
Total governmental activities	\$ 25,158,281	\$ 2,262,878	\$ 3,435,851	\$ 771,561	(18,687,991)
General revenues:					
Property taxes levied for:					
General purposes					23,263,208
Debt service					3,091,288
Payments in lieu of taxes					988,861
Grants and entitlements not restricted					
to specific programs					8,453,593
Investment earnings					213,996
Miscellaneous					177,328
Total general revenues					36,188,274
Change in net position					17,500,283
Net position at beginning of year (restated)					(38,693,076)
Net position at end of year					\$ (21,192,793)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and investments	\$ 17,181,078	\$ 3,220,293	\$ 425,482	\$ 20,826,853
Receivables:				
Property taxes	24,806,749	3,338,011	-	28,144,760
Payment in lieu of taxes	924,631	-	-	924,631
Accounts	17,850	-	-	17,850
Accrued interest	26,335	-	-	26,335
Intergovernmental	330,342	-	265,732	596,074
Prepayments	95,572	-	1,334	96,906
Inventory held for resale	-	-	4,555	4,555
Due from other funds	90,748	-	-	90,748
Total assets	<u>\$ 43,473,305</u>	<u>\$ 6,558,304</u>	<u>\$ 697,103</u>	<u>\$ 50,728,712</u>
Liabilities:				
Accounts payable	\$ 173,629	\$ -	\$ 80,761	\$ 254,390
Accrued wages and benefits payable	2,383,123	-	155,092	2,538,215
Compensated absences payable	29,782	-	-	29,782
Intergovernmental payable	171,939	-	2,162	174,101
Pension and postemployment benefits payable	415,931	-	29,068	444,999
Due to other funds	-	-	90,748	90,748
Total liabilities	<u>3,174,404</u>	<u>-</u>	<u>357,831</u>	<u>3,532,235</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	22,677,585	3,065,356	-	25,742,941
Payment in lieu of taxes levied for the next fiscal year	853,971	-	-	853,971
Delinquent property tax revenue not available	917,162	106,856	-	1,024,018
Intergovernmental revenue not available	262,767	-	55,389	318,156
Accrued interest not available	19,412	-	-	19,412
Delinquent PILOTs not available	6,430	-	-	6,430
Total deferred inflows of resources	<u>24,737,327</u>	<u>3,172,212</u>	<u>55,389</u>	<u>27,964,928</u>
Fund balances:				
Nonspendable:				
Prepays	95,572	-	1,334	96,906
Restricted:				
Debt service	-	3,386,092	-	3,386,092
Food service operations	-	-	172,107	172,107
Non-public schools	-	-	68,754	68,754
Targeted academic assistance	-	-	3,126	3,126
Other purposes	-	-	1,050	1,050
Extracurricular activities	-	-	81,198	81,198
Committed:				
Other purposes	-	-	2,618	2,618
Assigned:				
Student instruction	581,711	-	-	581,711
Student and staff support	983,734	-	-	983,734
Extracurricular activities	4,167	-	-	4,167
Facilities acquisition and construction	215,033	-	-	215,033
Subsequent year's appropriations	144,046	-	-	144,046
Other purposes	251,318	-	-	251,318
Unassigned (deficit)	13,285,993	-	(46,304)	13,239,689
Total fund balances	<u>15,561,574</u>	<u>3,386,092</u>	<u>283,883</u>	<u>19,231,549</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 43,473,305</u>	<u>\$ 6,558,304</u>	<u>\$ 697,103</u>	<u>\$ 50,728,712</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2018

Total governmental fund balances		\$	19,231,549
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			46,817,053
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	1,024,018	
Payment in lieu of taxes receivable		6,430	
Accrued interest receivable		19,412	
Intergovernmental receivable		318,156	
Total		318,156	1,368,016
Unamortized premiums on bonds issued are not recognized in the funds.			(5,823,615)
Unamortized amounts on refundings are not recognized in the funds.			3,820,653
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(136,142)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/ outflows are not reported in governmental funds:			
Deferred outflows of resources - pension		10,645,042	
Deferred inflows of resources - pension		(2,029,824)	
Net pension liability		(36,156,191)	
Total		(36,156,191)	(27,540,973)
The net OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/ outflows are not reported in governmental funds:			
Deferred outflows of resources - OPEB		374,545	
Deferred inflows of resources - OPEB		(965,040)	
Net OPEB liability		(8,228,784)	
Total		(8,228,784)	(8,819,279)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(47,379,843)	
Capital lease obligations		(153,608)	
Compensated absences		(2,576,604)	
Total		(50,110,055)	(50,110,055)
Net position of governmental activities		\$	(21,192,793)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Property taxes	\$ 23,351,184	\$ 3,109,047	\$ -	\$ 26,460,231
Payment in lieu of taxes	982,431	-	-	982,431
Tuition	873,100	-	-	873,100
Transportation fees	3,930	-	-	3,930
Earnings on investments	212,402	-	-	212,402
Charges for services	-	-	549,338	549,338
Extracurricular	108,075	-	187,962	296,037
Classroom materials and fees	172,069	-	-	172,069
Rental income	27,963	-	-	27,963
Contributions and donations	-	-	1,482	1,482
Contract services	334,812	-	5,629	340,441
Other local revenues	326,665	-	222	326,887
Intergovernmental - state	8,975,707	400,007	400,473	9,776,187
Intergovernmental - federal	-	-	1,979,090	1,979,090
Total revenues	35,368,338	3,509,054	3,124,196	42,001,588
Expenditures:				
Current:				
Instruction:				
Regular	12,688,492	-	20,494	12,708,986
Special	5,766,607	-	1,112,895	6,879,502
Vocational	116,898	-	1,023	117,921
Other	1,628,335	-	-	1,628,335
Support services:				
Pupil	1,948,872	-	322,691	2,271,563
Instructional staff	649,930	-	128,758	778,688
Board of education	19,863	-	-	19,863
Administration	2,286,078	-	-	2,286,078
Fiscal	878,797	35,731	7,974	922,502
Business	341,120	-	-	341,120
Operations and maintenance	2,897,464	-	-	2,897,464
Pupil transportation	1,801,334	-	324	1,801,658
Central	551,147	-	-	551,147
Operation of non-instructional services:				
Other non-instructional services	409,036	-	151,662	560,698
Food service operations	-	-	1,219,616	1,219,616
Extracurricular activities	718,721	-	162,886	881,607
Facilities acquisition and construction	563,523	-	31,712	595,235
Debt service:				
Principal retirement	850,873	793,574	-	1,644,447
Interest and fiscal charges	81,444	1,619,510	-	1,700,954
Bond issuance costs	-	212,645	-	212,645
Accreted interest on capital appreciation bonds	35,167	861,426	-	896,593
Total expenditures	34,233,701	3,522,886	3,160,035	40,916,622
Excess (deficiency) of revenues over (under) expenditures	1,134,637	(13,832)	(35,839)	1,084,966
Other financing sources (uses):				
Premium on bonds issued	-	957,937	-	957,937
Issuances of bonds	-	10,160,000	-	10,160,000
Sale of capital assets	1,397	-	-	1,397
Payment to refunded bond escrow agent	-	(10,902,129)	-	(10,902,129)
Total other financing sources (uses)	1,397	215,808	-	217,205
Net change in fund balances	1,136,034	201,976	(35,839)	1,302,171
Fund balances at beginning of year	14,425,540	3,184,116	319,722	17,929,378
Fund balances at end of year	\$ 15,561,574	\$ 3,386,092	\$ 283,883	\$ 19,231,549

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds	\$	1,302,171
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 630,421	
Current year depreciation	<u>(2,180,858)</u>	
Total		(1,550,437)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to increase net position. This amount includes \$771,561 in donated capital assets and (\$31,574) in disposals, net of accumulated depreciation.		
		739,987
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(105,735)	
Payment in lieu of taxes	6,430	
Earnings on investments	1,594	
Intergovernmental	<u>(20,969)</u>	
Total		(118,680)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
Bonds	1,013,407	
Accreted interest on CABs	896,593	
Capital leases	<u>631,040</u>	
Total		2,541,040
Issuances of bonds and premiums are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
Bonds	(10,160,000)	
Premiums on bonds	<u>(957,937)</u>	
Total		(11,117,937)
Payment to refunded bond escrow agent for the retirement of bonds is an other financing use in the governmental funds but the payment reduces long-term liabilities on the statement of net position. Deferred charges related to bond refundings are amortized over the life of the issuance in the statement of activities. The following refunding transactions occurred during the year:		
Bonds refunded	10,365,000	
Premiums refunded	310,646	
Deferred charges on refundings	<u>226,483</u>	
Total		10,902,129
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Change in accrued interest payable	2,434	
Accreted interest on capital appreciation bonds	(639,059)	
Amortization of bond premiums	407,066	
Amortization of deferred charges	<u>(227,759)</u>	
Total		(457,318)

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	
Pension	\$ 2,551,005
OPEB	95,195
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.	
Pension	11,565,593
OPEB	1,214,650
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
	(167,115)
Change in net position of governmental activities	\$ 17,500,283

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 23,568,923	\$ 23,182,881	\$ 23,391,012	\$ 208,131
Payment in lieu of taxes.	933,838	918,201	918,201	-
Tuition.	883,536	873,100	873,100	-
Transportation fees.	7,811	3,930	3,930	-
Earnings on investments.	205,949	502,389	342,926	(159,463)
Extracurricular.	91,533	108,075	108,075	-
Classroom materials and fees	5,289	5,290	5,290	-
Rental income	22,642	22,263	21,513	(750)
Contract services.	1,626	2,200	2,100	(100)
Other local revenues	163,371	168,513	168,282	(231)
Intergovernmental - state	8,640,670	8,577,614	8,992,824	415,210
Total revenues	<u>34,525,188</u>	<u>34,364,456</u>	<u>34,827,253</u>	<u>462,797</u>
Expenditures:				
Current:				
Instruction:				
Regular	13,822,755	13,226,534	13,015,709	210,825
Special.	4,713,924	6,091,148	5,976,641	114,507
Vocational.	136,307	117,261	116,479	782
Other.	1,738,787	1,641,730	1,630,146	11,584
Support services:				
Pupil.	1,651,244	2,092,996	2,027,622	65,374
Instructional staff	625,032	674,687	648,884	25,803
Board of education	31,336	26,684	22,652	4,032
Administration.	2,396,389	2,520,150	2,490,459	29,691
Fiscal	766,102	739,668	940,882	(201,214)
Business	360,909	380,596	372,509	8,087
Operations and maintenance.	4,410,458	3,367,045	3,176,368	190,677
Pupil transportation	2,733,025	2,418,533	2,383,771	34,762
Central.	412,213	607,358	559,575	47,783
Extracurricular activities.	719,892	640,461	626,254	14,207
Facilities acquisition and construction	900,560	817,923	781,201	36,722
Debt service:				
Principal	219,833	219,833	219,833	-
Interest and fiscal charges.	61,775	61,775	61,775	-
Accreted interest on capital appreciation bonds	35,167	35,167	35,167	-
Total expenditures	<u>35,735,708</u>	<u>35,679,549</u>	<u>35,085,927</u>	<u>593,622</u>
Excess of expenditures over revenues.	<u>(1,210,520)</u>	<u>(1,315,093)</u>	<u>(258,674)</u>	<u>1,056,419</u>
Other financing sources (uses):				
Refund of prior year's expenditures	305,000	342,011	342,011	-
Transfers (out).	(35,622)	(35,622)	(35,622)	-
Sale of capital assets	1,432	1,397	1,397	-
Total other financing sources (uses)	<u>270,810</u>	<u>307,786</u>	<u>307,786</u>	<u>-</u>
Net change in fund balance	(939,710)	(1,007,307)	49,112	1,056,419
Fund balance at beginning of year	14,141,569	14,141,569	14,141,569	-
Prior year encumbrances appropriated	865,171	865,171	865,171	-
Fund balance at end of year	<u>\$ 14,067,030</u>	<u>\$ 13,999,433</u>	<u>\$ 15,055,852</u>	<u>\$ 1,056,419</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2018

	Agency
Assets:	
Equity in pooled cash and investments	\$ 126,718
Total assets.	\$ 126,718
Liabilities:	
Intergovernmental payable	\$ 1,063
Due to students.	125,655
Total liabilities	\$ 126,718

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and/or federal agencies. This Board of Education controls the School District's six school buildings, one bus garage and one board office staffed by 138 non-certified and 202 certified full-time teaching personnel who provide services to 2,912 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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

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

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

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

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

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

During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the general fund. During fiscal year 2018, the School District paid \$2,034,606 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, Director, 303 Corporate Center Drive Suite 208, Vandalia, Ohio 45377.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

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

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the Net Position shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the general fund. During fiscal year 2018, the School District did not make any payments to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Frank DePalma, who serves as Interim Director, 150 East Sixth Street, Franklin, Ohio 45005.

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

Metropolitan Educational Technology Association (META) Solutions - The School District is a participant in META Solutions which is a computer consortium that resulted from the mergers between Tri-Rivers Educational Computer Association (TRECA), Metropolitan Educational Council (MEC), Metropolitan Dayton Educational Cooperative Association (MDECA), Southeastern Ohio Valley Voluntary Education Cooperative (SEOVEC), and South Central Ohio Computer Association (SCOCA). META Solutions develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eleven of the member districts. During fiscal year 2018, the School District paid META Solutions \$83,385 for services. Financial information can be obtained from Dave Varda, who serves as Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

INSURANCE PURCHASING POOL

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

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

FIDUCIARY FUNDS

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

C. Basis of Presentation

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

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

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

D. Measurement Focus

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

E. Basis of Accounting

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents 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, See Notes 13 and 14 for deferred outflows of resources related the School District's net pension liability and net OPEB liability, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements 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 and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow 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 funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the School District, See Notes 13 and 14 for deferred inflows of resources related to the District's net pension liability and net OPEB liability, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

F. Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2018.

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

G. Encumbrances

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

H. Cash and Investments

Cash received by the School District is deposited into one of several bank accounts with individual fund balance integrity maintained in the School District's records. Balances of all funds are maintained in these accounts or are temporarily used to purchase certificates of deposit or investments. All investment earnings accrue to the general fund except those specifically related to those funds deemed appropriate according to Board of Education policy or unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal year 2018 amount to \$212,402 which includes \$44,888 assigned from other funds.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

During fiscal year 2018, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures its 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 an NAV per share that approximates fair value.

For fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$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.

The School District records all its investments at fair value. For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

I. Inventory

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

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

J. Capital Assets and Depreciation

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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

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

K. Interfund Balances

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

L. Prepayments

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

M. Compensated Absences

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

N. Accrued Liabilities and Long-Term Obligations

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

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

O. Net Position

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

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

P. Fund Balance

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

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

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

Q. Interfund Transactions

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

R. Estimates

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

S. Bond Issuance Costs/Unamortized Bond Premium and Discount/Deferred Change on Debt Refunding

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

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

For bond refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter and is presented as a deferred outflow of resources on the statement of net position.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

T. Pensions/Other Postemployment Benefits (OPEB)

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

U. Fair Value

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Net Position

For fiscal year 2018, the School District has implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pension", GASB Statement No. 81 "Irrevocable Split-Interest Agreements" GASB Statement No. 85, "Omnibus 2017" and GASB Statement No. 86, "Certain Debt Extinguishments".

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pension (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 effected the School District's postemployment benefit plan disclosures, as presented in Note 14 to the basic financial statements, and added required supplementary information which is presented after the notes to the basic financial statements.

GASB Statement No. 81 improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the School District.

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the School District.

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the School District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

A net position restatement is required in order to implement GASB Statement No 75. The net position has also been restated to restate capital assets due to a reappraisal of the School District’s capital assets. The governmental activities at July 1, 2017 have been restated as follows:

	Governmental Activities
Net position as previously reported	\$ (27,997,650)
Deferred outflows - payments subsequent to measurement date	69,811
Net OPEB liability	(10,198,935)
Restatement of capital assets	(566,302)
Restated net position at July 1, 2017	\$ (38,693,076)

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement had no effect on fund balances.

B. Deficit Fund Balances

Fund balances at June 30, 2018 included the following individual fund deficits:

Nonmajor funds	Deficit
Special education	\$ 5,410
Title I	27,224
Miscellaneous federal grants	13,670

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

A. Cash on Hand

At fiscal year end, the School District had \$17,650 in undeposited cash on hand which is included on the financial statements of the School District as part of "equity in pooled cash and investments".

B. Deposits with Financial Institutions

At June 30, 2018, the carrying amount of all School District deposits was \$758,624 and the bank balance of all School District deposits was \$1,332,190. Of the bank balance, \$850,188 was covered by the FDIC and \$482,002 was covered by the Ohio Pooled Collateral System.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), 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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State.

C. Investments

As of June 30, 2018, the School District had the following investments and maturities:

Measurement/ <u>Investment type</u>	Measurement <u>Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
<i>Fair Value:</i>						
FHLB	\$ 1,721,290	\$ -	\$ -	\$ -	\$ -	\$ 1,721,290
FHLMC	1,280,723	-	-	-	-	1,280,723
Negotiable CDs	4,788,038	243,986	487,193	243,084	1,207,841	2,605,934
U.S. Government money market	1,082,720	1,082,720	-	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	11,304,526	11,304,526	-	-	-	-
Total	<u>\$ 20,177,297</u>	<u>\$ 12,631,232</u>	<u>\$ 487,193</u>	<u>\$ 243,084</u>	<u>\$ 1,207,841</u>	<u>\$ 5,607,947</u>

The weighted average maturity of investments is 1.18 years.

The School District's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The School District's investments in federal agency securities (FHLB, FHLMC) and negotiable CD's are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

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

Credit Risk: The School District's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio Law requires that STAR Ohio and the U.S. Government money market maintain the highest rating provided by at least one nationally recognized rating standard rating service. The School District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the School District's name. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The School District places no limit on the amount that may be invested in any one issuer other than for commercial paper and banker's acceptances. The following table includes the percentage of each investment type held by the School District at June 30, 2018:

Measurement/ <u>Investment type</u>	<u>Measurement</u> <u>Value</u>	<u>% to Total</u>
FHLB	\$ 1,721,290	8.53
FHLMC	1,280,723	6.35
Negotiable CDs	4,788,038	23.73
U.S. Government money market	1,082,720	5.37
<i>Amortized Cost:</i>		
STAR Ohio	<u>11,304,526</u>	<u>56.02</u>
Total	<u>\$ 20,177,297</u>	<u>100.00</u>

D. Reconciliation of Cash to the Statement of Net Position

The following is a reconciliation of cash as reported in the note above to cash as reported on the statement of net position as of June 30, 2018:

<u>Cash per note</u>		
Carrying amount of deposits	\$	758,624
Investments		20,177,297
Cash on hand		<u>17,650</u>
Total	\$	<u>20,953,571</u>
 <u>Cash per statement of net position</u>		
Governmental activities	\$	20,826,853
Agency funds		<u>126,718</u>
Total	\$	<u>20,953,571</u>

NOTE 5 - INTERFUND TRANSACTIONS

Due to/from other funds consisted of the following at June 30, 2018, as reported on the fund statement:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 90,748</u>

The primary purpose of the amount due to the general fund from the nonmajor governmental fund was to eliminate negative cash balances. The amount will be repaid once cash is received.

Amounts due to/from between governmental funds are eliminated on the government-wide statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2018 represent the collection of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed values as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2018 represent the collection of calendar year 2017 taxes. Public utility real and personal property taxes received in calendar year 2018 became a lien on December 31, 2016, were levied after April 1, 2017, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Montgomery County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2018, are available to finance fiscal year 2018 operations. The amount available as an advance at June 30, 2018 was \$1,212,002 in the general fund and \$165,799 in the bond retirement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2017 was \$1,251,831 in the general fund and \$181,704 in the bond retirement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2018 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

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

	2017 Second Half Collections		2018 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 581,236,340	97.44	\$ 602,616,890	97.45
Public utility personal	<u>15,241,160</u>	<u>2.56</u>	<u>15,786,060</u>	<u>2.55</u>
Total	<u>\$ 596,477,500</u>	<u>100.00</u>	<u>\$ 618,402,950</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
General	\$56.48		\$56.15	
Bond retirement	6.00		5.50	

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 7 - RECEIVABLES

Receivables at June 30, 2018 consisted of property taxes, payment in lieu of taxes (PILOTs), accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

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

Governmental activities:

Property taxes	\$ 28,144,760
Payment in lieu of taxes	924,631
Account	17,850
Accrued interest	26,335

Intergovernmental:

SERS refund	262,767
Title I	121,902
Title II-A	75,509
Title IV-A	13,670
Title VI-B	53,304
Miscellaneous state grants	1,347
BWC refund	<u>67,575</u>

Total	<u>\$ 29,709,650</u>
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Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, was as follows. Capital assets at June 30, 2018 have been restated as described in Note 3.A.

	Balance		Restated
	<u>06/30/17</u>	<u>Adjustments</u>	<u>06/30/17</u>
Capital assets, not being depreciated:			
Land	\$ 1,544,261	\$ -	\$ 1,544,261
Construction in progress	<u>266,095</u>	<u>-</u>	<u>266,095</u>
Total capital assets, not being depreciated	<u>1,810,356</u>	<u>-</u>	<u>1,810,356</u>
Capital assets, being depreciated:			
Land improvements	5,647,342	11,165	5,658,507
Buildings and improvements	58,724,150	401,100	59,125,250
Furniture and equipment	6,164,299	(1,592,393)	4,571,906
Software	946,995	(946,995)	-
Vehicles	<u>2,512,375</u>	<u>(62,364)</u>	<u>2,450,011</u>
Total capital assets, being depreciated	<u>73,995,161</u>	<u>(2,189,487)</u>	<u>71,805,674</u>
Less: accumulated depreciation			
Land improvements	(2,428,287)	(274,312)	(2,702,599)
Buildings and improvements	(19,348,426)	(369,428)	(19,717,854)
Furniture and equipment	(4,505,816)	1,917,487	(2,588,329)
Software	(358,188)	358,188	-
Vehicles	<u>(970,995)</u>	<u>(8,750)</u>	<u>(979,745)</u>
Total accumulated depreciation	<u>(27,611,712)</u>	<u>1,623,185</u>	<u>(25,988,527)</u>
Governmental activities capital assets, net	<u>\$ 48,193,805</u>	<u>\$ (566,302)</u>	<u>\$ 47,627,503</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8 - CAPITAL ASSETS - (Continued)

	<u>Restated Balance 06/30/17</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/18</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,544,261	\$ 135,440	\$ -	\$ 1,679,701
Construction in progress	266,095	578,550	(844,645)	-
Total capital assets, not being depreciated	<u>1,810,356</u>	<u>713,990</u>	<u>(844,645)</u>	<u>1,679,701</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	5,658,507	89,321	(59,798)	5,688,030
Buildings and improvements	59,125,250	1,391,445	(215,808)	60,300,887
Furniture and equipment	4,571,906	51,871	-	4,623,777
Vehicles	<u>2,450,011</u>	<u>-</u>	<u>-</u>	<u>2,450,011</u>
Total capital assets, being depreciated	<u>71,805,674</u>	<u>1,532,637</u>	<u>(275,606)</u>	<u>73,062,705</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(2,702,599)	(279,891)	41,973	(2,940,517)
Buildings and improvements	(19,717,854)	(1,299,317)	202,059	(20,815,112)
Furniture and equipment	(2,588,329)	(385,752)	-	(2,974,081)
Vehicles	<u>(979,745)</u>	<u>(215,898)</u>	<u>-</u>	<u>(1,195,643)</u>
Total accumulated depreciation	<u>(25,988,527)</u>	<u>(2,180,858)</u>	<u>244,032</u>	<u>(27,925,353)</u>
Governmental activities capital assets, net	<u>\$ 47,627,503</u>	<u>\$ 65,769</u>	<u>\$ (876,219)</u>	<u>\$ 46,817,053</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 589,691
Special	297,152
Vocational	5,471
Other	71,306

Support services:

Pupil	100,159
Instructional staff	246,650
Board of education	870
Administration	107,857
Fiscal	31,998
Business	16,265
Operations and maintenance	148,504
Pupil transportation	316,304
Central	24,115

Operation of non-instructional services:

Other non-instructional services	25,809
Food service operations	100,111

Extracurricular activities 98,596

Total depreciation expense \$ 2,180,858

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

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

The capital assets acquired by the leases have been capitalized in the statement of net position for governmental activities in the amount of \$2,621,204 which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded on the statement of net position for governmental activities. Principal payments in fiscal year 2018 totaled \$631,040 in the general fund.

The assets acquired through the capital leases are as follows:

Assets:	<u>Asset Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Copiers	\$ 697,058	\$ 487,941	\$ 209,117
Buses	1,924,146	841,814	1,082,332

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2018:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2019	\$ 157,800
Total minimum lease payment	157,800
Less: amount representing interest	<u>(4,192)</u>
Present value of minimum lease payments	<u>\$ 153,608</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 10 - LONG-TERM OBLIGATIONS

During the fiscal year 2018, the following changes occurred in governmental activities long-term obligations. The long-term obligations at June 30, 2017 have been restated as described in Note 3.A.

	Restated Balance Outstanding <u>June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>June 30, 2018</u>	Amounts Due in <u>One Year</u>
Governmental Activities:					
General Obligation Bonds:					
2009 School Improvement Bonds					
Serial and Term 3-4.70%	\$ 1,940,000	\$ -	\$ (1,940,000)	\$ -	\$ -
Premium	116,127	-	(116,127)	-	-
2009 Capital Appreciation Bonds	189,991	-	(52,087)	137,904	77,134
Accreted Interest	1,153,672	309,189	(362,913)	1,099,948	615,217
2010A School Improvement Bonds					
Serial and Term 2-5%	8,300,000	-	(7,410,000)	890,000	365,000
Premium	245,060	-	(217,099)	27,961	-
2010A Capital Appreciation Bonds	114,318	-	(93,047)	21,271	21,271
Accreted Interest	348,775	56,357	(321,953)	83,179	83,179
2010B School Improvement Bonds					
Current Interest	435,000	-	(105,000)	330,000	105,000
Premium	7,807	-	(2,286)	5,521	-
2010 Energy Conservation Bonds					
Current Interest	1,950,000	-	(1,555,000)	395,000	195,000
Premium	34,785	-	(28,140)	6,645	-
2011 Energy Conservation Bonds					
Current Interest	660,000	-	-	660,000	65,000
Premium	24,018	-	(2,551)	21,467	-
2011 Capital Appreciation Bonds					
Accreted Interest	29,833	-	(29,833)	-	-
	31,056	4,111	(35,167)	-	-
2014 Refunding Bonds					
Current Interest	7,945,000	-	-	7,945,000	-
Premium	1,303,692	-	(63,854)	1,239,838	-
2014 Capital Appreciation Bonds					
Accreted Interest	42,766	-	(18,821)	23,945	10,622
	128,096	98,592	(81,179)	145,509	64,500
Series 2015 Refunding Bonds					
Current Interest	8,410,000	-	-	8,410,000	-
Premium	1,311,011	-	(85,038)	1,225,973	-
Capital Appreciation Bonds					
Accreted Interest	8,053	-	(4,606)	3,447	2,045
	59,344	63,337	(55,394)	67,287	39,566

- (Continued)

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

	Restated Balance Outstanding <u>June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>June 30, 2018</u>	Amounts Due in <u>One Year</u>
Governmental Activities:					
General Obligation Bonds:					
Series 2016 Refunding Bonds					
Current Interest	\$ 8,170,000	\$ -	\$ -	\$ 8,170,000	\$ -
Premium	1,560,961	-	(76,455)	1,484,506	-
Capital Appreciation Bonds	52,108	-	(25,013)	27,095	14,275
Accreted Interest	50,203	55,921	(39,987)	66,137	34,829
Series 2017A Refunding Bonds					
Current Interest	3,020,000	-	(65,000)	2,955,000	55,000
Premium	301,564	-	(35,829)	265,735	-
Capital Appreciation Bonds	137,875	-	-	137,875	-
Accreted Interest	6,924	22,922	-	29,846	-
Series 2017B Refunding Bonds					
Current Interest	5,450,000	-	(80,000)	5,370,000	45,000
Premium	678,365	-	(38,949)	639,416	-
Capital Appreciation Bonds	213,974	-	-	213,974	-
Accreted Interest	8,796	28,630	-	37,426	-
Series 2017C Energy Conservation Refunding					
Current Interest	-	1,360,000	-	1,360,000	-
Premium	-	108,189	(7,889)	100,300	-
Series 2017C Refunding Bonds					
Current Interest	-	8,800,000	-	8,800,000	-
Premium	-	849,748	(43,495)	806,253	-
Total General Obligation Bonds	<u>54,439,174</u>	<u>11,756,996</u>	<u>(12,992,712)</u>	<u>53,203,458</u>	<u>1,792,638</u>
Compensated Absences	2,534,229	479,377	(407,220)	2,606,386	295,633
Net pension liability	49,531,163	-	(13,374,972)	36,156,191	-
Net OPEB liability	10,198,935	-	(1,970,151)	8,228,784	-
Obligations Under Capital Leases	<u>784,648</u>	<u>-</u>	<u>(631,040)</u>	<u>153,608</u>	<u>153,608</u>
Total governmental activities	<u>\$ 117,488,149</u>	<u>\$ 12,236,373</u>	<u>\$ (29,376,095)</u>	<u>\$ 100,348,427</u>	<u>\$ 2,241,879</u>

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

Refunding Bonds: See Note 10.F - 10.L for details.

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

Net Pension Liability and Net OPEB Liability: See Notes 13 and 14 for details. The School District pays obligations related to employee compensation from the fund benefitting from their services which is primarily the general fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Obligations Under Capital Leases: See Note 9 for details.

A. Series 2009 General Obligation School Improvement Bonds

General Obligation Bonds were issued March 4, 2009 in the amount of \$25,949,991. The voted general obligation bonds were issued for the purpose of constructing a new middle school, renovations and additions to the high school, replacing the bus garage, and acquiring land. The bond issue included serial and term bonds and capital appreciation bonds in the amounts of \$9,640,000, \$16,120,000 and \$189,991, respectively. During fiscal year 2015, \$16,570,000 in bonds were refunded by the Series 2015 refunding bonds. During fiscal year 2017, \$3,160,000 in bonds were refunded by the Series 2017A refunding bonds. During fiscal year 2018, \$1,590,000 in bonds were refunded by the Series 2017C refunding bonds.

The accreted value at maturity for the capital appreciation bonds is \$1,975,000. Total accreted interest of \$1,099,948 has been included on the statement of net position.

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

Fiscal Year Ending June 30,	<u>2009 General Obligation School Improvement Bonds</u>		
	<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 77,134	\$ 702,866	\$ 780,000
2020	<u>60,770</u>	<u>719,230</u>	<u>780,000</u>
Total	<u>\$ 137,904</u>	<u>\$ 1,422,096</u>	<u>\$ 1,560,000</u>

B. Series 2010A General Obligation School Improvement Bonds

General Obligation Bonds were issued February 11, 2010 in the amount of \$23,999,318. The voted general obligation bonds were issued for the purpose of paying in full the bond anticipation notes originally issued for the purpose of construction a new school, improvements, renovations and additions to the existing high school, replacing the existing bus garage, acquiring land and providing equipment, furnishings, and site improvements to school facilities. The bond issue included serial and term bonds and capital appreciation bonds in the amounts of \$11,795,000, \$12,090,000 and \$114,318, respectively. During fiscal year 2016, \$8,330,000 in bonds were refunded by the Series 2016 refunding bonds. During fiscal year 2017, \$5,665,000 in bonds were refunded by the Series 2017B refunding bonds. During fiscal year 2018, \$7,410,000 in bonds were refunded by the Series 2017C refunding bonds.

The accreted value at maturity for the capital appreciation bonds maturing December 1, 2017 and 2018 is \$530,000. Total accreted interest of \$83,179 has been included on the statement of net position.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

Fiscal Year Ending June 30,	<u>2010 A General Obligation School Improvement Bonds</u>					
	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 365,000	\$ 29,841	\$ 394,841	\$ 21,271	\$ 93,729	\$ 115,000
2020	<u>525,000</u>	<u>11,156</u>	<u>536,156</u>	-	-	-
Total	<u>\$ 890,000</u>	<u>\$ 40,997</u>	<u>\$ 930,997</u>	<u>\$ 21,271</u>	<u>\$ 93,729</u>	<u>\$ 115,000</u>

C. Series 2010 B General Obligation School Improvement Bonds

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

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

Fiscal Year Ending June 30,	<u>2010 B School Improvement Bonds</u>		
	<u>Current Interest Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 105,000	\$ 8,120	\$ 113,120
2020	110,000	5,147	115,147
2021	<u>115,000</u>	<u>1,783</u>	<u>116,783</u>
Total	<u>\$ 330,000</u>	<u>\$ 15,050</u>	<u>\$ 345,050</u>

D. Series 2010 General Obligation Energy Conservation Bonds

During fiscal year 2011, the School District issued \$2,998,120 in general obligation bonds to provide financing for various construction projects to improve energy conservation. The issue is comprised of both current interest bonds, par value \$2,985,000 and capital appreciation bonds, par value \$13,120. The interest rates on the current interest bonds range from 1.50% - 4.00%. The capital appreciation bonds matured December 1, 2014 (approximate equivalent interest rate 20.00%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bond maturing December 1, 2013 was \$30,000. During fiscal year 2018, \$1,365,000 in bonds were refunded by the Series 2017C energy conservation refunding bonds.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

Fiscal Year Ending June 30,	<u>2010 Energy Conservation Bonds</u>		
	<u>Current Interest Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 195,000	\$ 63,000	\$ 258,000
2020	200,000	56,825	256,825
Total	<u>\$ 395,000</u>	<u>\$ 119,825</u>	<u>\$ 514,825</u>

E. Series 2011 General Obligation Energy Conservation Bonds

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

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

Fiscal Year Ending June 30,	<u>2011 Energy Conservation Bonds</u>		
	<u>Current Interest Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 65,000	\$ 19,375	\$ 84,375
2020	65,000	17,832	82,832
2021	70,000	15,975	85,975
2022	70,000	14,050	84,050
2023	75,000	12,056	87,056
2024 - 2027	<u>315,000</u>	<u>22,662</u>	<u>337,662</u>
Total	<u>\$ 660,000</u>	<u>\$ 101,950</u>	<u>\$ 761,950</u>

F. Series 2014 Refunding Bonds

During fiscal year 2015, the School District issued \$8,094,987 in general obligation bonds to refund \$8,095,000 of the Series 2009 General Obligation School Improvement Bonds. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded bonds outstanding at June 30, 2018 was \$8,095,000.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The issue is comprised of both current interest bonds, par value \$7,945,000 and capital appreciation bonds, par value \$149,987. The interest rates on the current interest bonds range from 3.50% - 4.00%. The remaining capital appreciation bonds mature December 1, 2018 through December 1, 2033 (approximate equivalent interest rate 66.23436%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds maturing December 1, 2016 through December 1, 2024 are \$100,000 each and the capital appreciation bonds maturing December 1, 2033 is \$875,000. Total accreted interest of \$145,509 has been included on the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,096,387. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which has a final maturity date of December 1, 2037. This advance refunding was undertaken to reduce the combined total debt service payments by \$578,414 and resulted in an economic gain of \$338,792.

The following is a summary of the future debt service requirements to maturity for the series 2014 refunding bonds:

Fiscal Year Ending June 30,	2014 Refunding Bonds					
	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ -	\$ 309,900	\$ 309,900	\$ 10,622	\$ 89,378	\$ 100,000
2020	-	309,900	309,900	5,994	94,006	100,000
2021	-	309,900	309,900	3,383	96,617	100,000
2022	-	309,900	309,900	1,909	98,091	100,000
2023	-	309,900	309,900	1,077	98,923	100,000
2024 - 2028	215,000	1,538,388	1,753,388	951	199,046	199,997
2029 - 2033	605,000	1,470,062	2,075,062	-	-	-
2034 - 2038	7,125,000	775,675	7,900,675	9	874,991	875,000
Total	<u>\$ 7,945,000</u>	<u>\$ 5,333,625</u>	<u>\$ 13,278,625</u>	<u>\$ 23,945</u>	<u>\$ 1,551,052</u>	<u>\$ 1,574,997</u>

G. Series 2015 Refunding Bonds

During fiscal year 2015, the School District issued \$8,474,996 in general obligation bonds to refund \$8,475,000 of the Series 2009 General Obligation School Improvement Bonds. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded bonds outstanding at June 30, 2018 was \$8,475,000.

The issue is comprised of both current interest bonds, par value \$8,410,000 and capital appreciation bonds, par value \$64,996. The interest rates on the current interest bonds range from 3.00% - 4.00%. The remaining capital appreciation bonds mature December 1, 2018 through December 1, 2025 (approximate equivalent interest rate 112.41653%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bond maturing December 1, 2016 through December 1, 2025 vary from \$60,000 to \$420,000. Total accreted interest of \$67,287 has been included on the statement of net position.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The reacquisition price exceeded the net carrying amount of the old debt by \$1,150,467. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which has a final maturity date of December 1, 2032. This advance refunding was undertaken to reduce the combined total debt service payments by \$497,993 and resulted in an economic gain of \$413,663.

The following is a summary of the future debt service requirements to maturity for the series 2015 refunding bonds:

Fiscal Year Ending June 30,	<u>2015 Refunding Bonds</u>					
	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 324,350	\$ 324,350	\$ 2,045	\$ 62,955	\$ 65,000
2020	-	324,350	324,350	838	64,162	65,000
2021	-	324,350	324,350	317	59,683	60,000
2022	-	324,350	324,350	140	64,860	65,000
2023	-	324,350	324,350	53	59,947	60,000
2024 - 2028	2,320,000	1,541,625	3,861,625	54	539,946	540,000
2029 - 2033	<u>6,090,000</u>	<u>612,600</u>	<u>6,702,600</u>	-	-	-
Total	<u>\$ 8,410,000</u>	<u>\$ 3,775,975</u>	<u>\$ 12,185,975</u>	<u>\$ 3,447</u>	<u>\$ 851,553</u>	<u>\$ 855,000</u>

H. Series 2016 Refunding Bonds

During fiscal year 2016, the School District issued \$8,329,988 in general obligation bonds to refund \$8,330,000 of the Series 2010A General Obligation School Improvement Bonds. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded bonds outstanding at June 30, 2018 was \$8,330,000.

The issue is comprised of both current interest bonds, par value \$8,170,000 and capital appreciation bonds, par value \$1,159,988. The interest rates on the current interest bonds range from 0.90% - 4.00%. The capital appreciation bonds mature December 1, 2018 through December 1, 2020 and December 1, 2034 through December 1, 2035 (approximate equivalent interest rate 64.74509%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bond maturing December 1, 2015 through December 1, 2035 vary from \$65,000 to \$995,000. Total accreted interest of \$66,137 has been included on the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,391,361. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which has a final maturity date of December 1, 2038. This advance refunding was undertaken to reduce the combined total debt service payments by \$771,878 and resulted in an economic gain of \$544,457.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the future debt service requirements to maturity for the series 2016 refunding bonds:

Fiscal Year Ending June 30,	<u>2016 Refunding Bonds</u>					
	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 319,300	\$ 319,300	\$ 14,275	\$ 50,725	\$ 65,000
2020	-	319,300	319,300	8,147	56,853	65,000
2021	-	319,301	319,301	4,650	60,350	65,000
2022	65,000	318,650	383,650	-	-	-
2023	65,000	317,350	382,350	-	-	-
2024 - 2028	345,000	1,561,113	1,906,113	-	-	-
2029 - 2033	405,000	1,497,712	1,902,712	-	-	-
2034 - 2038	3,975,000	1,225,500	5,200,500	23	1,314,977	1,315,000
2039	<u>3,315,000</u>	<u>66,300</u>	<u>3,381,300</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,170,000</u>	<u>\$ 5,944,526</u>	<u>\$ 14,114,526</u>	<u>\$ 27,095</u>	<u>\$ 1,482,905</u>	<u>\$ 1,510,000</u>

I. Series 2017A Refunding Bonds

During fiscal year 2017, the School District issued \$3,157,875 in general obligation bonds to refund \$3,160,000 of the Series 2009 General Obligation School Improvement Bonds. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded bonds outstanding at June 30, 2018 was \$3,160,000.

The issue is comprised of both current interest bonds, par value \$3,020,000 and capital appreciation bonds, par value \$137,875. The interest rates on the current interest bonds range from 2.00% - 3.50%. The capital appreciation bonds mature December 1, 2025 (approximate equivalent interest rate 15.25%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bond maturing December 1, 2025 is \$505,000. Total accreted interest of \$29,846 has been included on the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$136,156. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which has a final maturity date of December 1, 2024. This advance refunding was undertaken to reduce the combined total debt service payments by \$241,471 and resulted in an economic gain of \$219,713.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the future debt service requirements to maturity for the series 2017A refunding bonds:

Fiscal Year Ending June 30,	<u>2017A Refunding Bonds</u>					
	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 55,000	\$ 67,575	\$ 122,575	\$ -	\$ -	\$ -
2020	50,000	66,525	116,525	-	-	-
2021	50,000	65,525	115,525	-	-	-
2022	50,000	64,525	114,525	-	-	-
2023	890,000	52,900	942,900	-	-	-
2024 - 2026	<u>1,860,000</u>	<u>39,780</u>	<u>1,899,780</u>	<u>137,875</u>	<u>367,125</u>	<u>505,000</u>
Total	<u>\$ 2,955,000</u>	<u>\$ 356,830</u>	<u>\$ 3,311,830</u>	<u>\$ 137,875</u>	<u>\$ 367,125</u>	<u>\$ 505,000</u>

J. Series 2017B Refunding Bonds

During fiscal year 2017, the School District issued \$5,663,974 in general obligation bonds to refund \$5,665,000 of the Series 2010A General Obligation School Improvement Bonds. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded bonds outstanding at June 30, 2018 was \$5,665,000.

The issue is comprised of both current interest bonds, par value \$5,450,000 and capital appreciation bonds, par value \$213,974. The interest rates on the current interest bonds range from 1.00% - 3.10%. The capital appreciation bonds mature December 1, 2025 and December 1, 2029 (approximate equivalent interest rate 15.25% and 12.25%, respectively) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bond maturing December 1, 2025 and December 1, 2029 are \$55,000 to \$915,000, respectively. Total accreted interest of \$37,426 has been included on the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$430,706. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which has a final maturity date of December 1, 2034. This advance refunding was undertaken to reduce the combined total debt service payments by \$280,045 and resulted in an economic gain of \$221,363.

The following is a summary of the future debt service requirements to maturity for the series 2017B refunding bonds:

Fiscal Year Ending June 30,	<u>2017B Refunding Bonds</u>					
	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 45,000	\$ 181,926	\$ 226,926	-	-	-
2020	50,000	180,974	230,974	-	-	-
2021	50,000	179,975	229,975	-	-	-
2022	50,000	178,975	228,975	-	-	-
2023	50,000	177,850	227,850	-	-	-
2024 - 2028	215,000	873,352	1,088,352	15,016	39,984	55,000
2029 - 2033	3,390,000	677,986	4,067,986	198,958	716,042	915,000
2034 - 2035	<u>1,520,000</u>	<u>38,150</u>	<u>1,558,150</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5,370,000</u>	<u>\$ 2,489,188</u>	<u>\$ 7,859,188</u>	<u>\$ 213,974</u>	<u>\$ 756,026</u>	<u>\$ 970,000</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

K. Series 2017C Energy Conservation Refunding Bonds

During fiscal year 2018, the School District issued \$1,360,000 in general obligation bonds to refund \$1,365,000 of the Series 2010 Energy Conservation Bonds. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded bonds outstanding at June 30, 2018 was \$1,365,000.

The issue is comprised of current interest bonds, par value \$1,365,000. The interest rates on the current interest bonds range from 2.00% - 4.00%. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2025.

The reacquisition price exceeded the net carrying amount of the old debt by \$48,613. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which has a final maturity date of December 1, 2025. This advance refunding was undertaken to reduce the combined total debt service payments by \$44,275 and resulted in an economic gain of \$43,773.

The following is a summary of the future debt service requirements to maturity for the series 2017 energy conservation refunding bonds:

Fiscal Year Ending <u>June 30,</u>	<u>2017C E.C. Refunding Bonds</u>		
	<u>Current Interest Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 45,600	\$ 45,600
2020	-	45,600	45,600
2021	210,000	42,450	252,450
2022	215,000	36,075	251,075
2023	225,000	29,475	254,475
2024 - 2026	<u>710,000</u>	<u>42,050</u>	<u>752,050</u>
Total	<u>\$ 1,360,000</u>	<u>\$ 241,250</u>	<u>\$ 1,601,250</u>

L. Series 2017C Refunding Bonds

During fiscal year 2018, the School District issued \$8,800,000 in general obligation bonds to refund \$1,590,000 of the Series 2009 General Obligation School Improvement Bonds and \$7,410,000 of the Series 2010A General Obligation School Improvement Bonds. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded bonds outstanding at June 30, 2018 was \$9,000,000.

The issue is comprised of current interest bonds, par value \$8,800,000. The interest rates on the current interest bonds range from 2.00% - 4.00%. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2029.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The reacquisition price exceeded the net carrying amount of the old debt by \$177,870. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which has a final maturity date of December 1, 2029. This advance refunding was undertaken to reduce the combined total debt service payments by \$470,825 and resulted in an economic gain of \$416,431.

The following is a summary of the future debt service requirements to maturity for the series 2017C refunding bonds:

Fiscal Year Ending June 30,	2017C Refunding Bonds		
	Current Interest Bonds		
	Principal	Interest	Total
2019	\$ -	\$ 315,100	\$ 315,100
2020	-	315,100	315,100
2021	1,370,000	294,550	1,664,550
2022	1,475,000	244,500	1,719,500
2023	725,000	204,125	929,125
2024 - 2028	4,185,000	622,425	4,807,425
2029 - 2030	1,045,000	25,500	1,070,500
Total	\$ 8,800,000	\$ 2,021,300	\$ 10,821,300

M. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the School District shall never exceed 9% of the total assessed valuation of the School District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the School District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the School District. The assessed valuation used in determining the School District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the School District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2018 are a voted debt margin of \$15,606,847, including available funds of \$3,386,092 an unvoted debt margin of \$618,403 and an energy conservation debt margin of \$3,150,627.

NOTE 11 - EMPLOYEE BENEFITS

A. Compensated Absences

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 11 - EMPLOYEE BENEFITS - (Continued)

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month with a maximum as follows:

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

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

B. Insurance Benefits

Effective with the 2018 medical insurance plan year, “premium costs” has been clarified to be relevant to both insurance premiums and HSA deductible contributions. Additionally, the 85% Board paid and 15% employee paid monthly premium copays will be applied to premium costs. Furthermore, the long standing practice of a 3% maximum annual increase to the Board for insurance premium renewals has been eliminated. Both the Board and participating employees will share in the renewal increase by the same percentages outlined above, 85% Board, 15% Employee. Consequently, this is a projected increase for 2018 to the Board of approximately \$175,000.

NOTE 12 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. For fiscal year 2017, the School District contracted with Selective Insurance Company for general liability insurance with a \$1,000,000 single occurrence limit and \$3,000,000 aggregate. Selective Insurance Company covers buildings, boiler and machinery with \$3,500 deductible and a \$100,000,000 limit.

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

For fiscal year 2018, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers’ Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the school district by virtue of its grouping and representation with other participants in the GRP. The workers’ compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers’ compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant’s individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the “equity pooling fund.” This “equity pooling” arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP’s selection criteria. The firm of Hunter Consulting, provides administrative, cost control and actuarial services to the GRP.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 13 - DEFINED BENEFIT 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.

The 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 the contractually-required pension contribution outstanding at the end of the year is included in *pension and postemployment benefits payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description - The 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 under Employers/Audit Resources.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	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 years of service; 2.2 percent for the first thirty years of service and 2.5 percent 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 percent of their annual covered salary and the School District is required to contribute 14 percent 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 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining 0.5 percent of the employer contribution rate was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was \$584,848 for fiscal year 2018. Of this amount, \$34,770 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers 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 website at www.strsoh.org.

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 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent 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, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member 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 five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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.

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 fiscal year 2018, plan members were required to contribute 14 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$1,966,157 for fiscal year 2018. Of this amount, \$324,768 is reported as pension and postemployment benefits payable.

Net Pension Liability

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

**VANDALIA-BUTLER CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.13423880%	0.11862129%	
Proportion of the net pension liability current measurement date	<u>0.13251160%</u>	<u>0.11887460%</u>	
Change in proportionate share	<u>-0.00172720%</u>	<u>0.00025331%</u>	
Proportionate share of the net pension liability	\$ 7,917,275	\$ 28,238,916	\$ 36,156,191
Pension expense	\$ (373,041)	\$ (11,192,552)	\$ (11,565,593)

At June 30, 2018, 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>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 340,731	\$ 1,090,453	\$ 1,431,184
Changes of assumptions	409,408	6,176,162	6,585,570
Difference between School District contributions and proportionate share of contributions/change in proportionate share	1,056	76,227	77,283
School District contributions subsequent to the measurement date	<u>584,848</u>	<u>1,966,157</u>	<u>2,551,005</u>
Total deferred outflows of resources	<u>\$ 1,336,043</u>	<u>\$ 9,308,999</u>	<u>\$ 10,645,042</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 227,594	\$ 227,594
Net difference between projected and actual earnings on pension plan investments	37,584	931,917	969,501
Difference between School District contributions and proportionate share of contributions/change in proportionate share	<u>170,912</u>	<u>661,817</u>	<u>832,729</u>
Total deferred inflows of resources	<u>\$ 208,496</u>	<u>\$ 1,821,328</u>	<u>\$ 2,029,824</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

\$2,551,005 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 the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2019	\$ 229,454	\$ 981,998	\$ 1,211,452
2020	405,360	2,249,722	2,655,082
2021	92,454	1,777,415	1,869,869
2022	(184,569)	512,379	327,810
Total	\$ 542,699	\$ 5,521,514	\$ 6,064,213

Actuarial Assumptions - SERS

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

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

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

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

Wage inflation	3.00 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent
COLA or ad hoc COLA	2.50 percent
Investment rate of return	7.50 percent net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

Prior to 2017, an assumption of 3 percent was used for COLA or Ad Hoc COLA.

**VANDALIA-BUTLER CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

For 2017, the 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 percent of male rates, and 110 percent of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

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 average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.50 percent. 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 percent). 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 percent, 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 percent), or one percentage point higher (8.50 percent) 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	\$ 10,987,121	\$ 7,917,275	\$ 5,345,654

Actuarial Assumptions - STRS Ohio

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2017, actuarial valuation, compared with July 1, 2016 are presented below:

	July 1, 2017	July 1, 2016
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment rate of return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll increases	3 percent	3.5 percent
Cost-of-living adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

For the July 1, 2017, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For the July 1, 2016 actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Actuarial assumptions used in the July 1 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016. Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

STRS Ohio's 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	<u>100.00 %</u>	

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

Discount Rate - The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, 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 percent) or one-percentage-point higher (8.45 percent) 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	\$ 40,479,525	\$ 28,238,916	\$ 17,928,038

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

The 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 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *pension and postemployment benefits payable* 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 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 under Employers/Audit Resources.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 14 - DEFINED BENEFIT 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 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, .5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was \$23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the School District's surcharge obligation was \$73,534.

The surcharge added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$95,195 for fiscal year 2018. Of this amount, \$74,822 is reported as pension and postemployment benefits payable.

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 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 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Net OPEB Liability

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.13524694%	0.11862129%	
Proportion of the net OPEB liability current measurement date	<u>0.13379610%</u>	<u>0.11887460%</u>	
Change in proportionate share	<u>-0.00145084%</u>	<u>0.00025331%</u>	
Proportionate share of the net OPEB liability	\$ 3,590,736	\$ 4,638,048	\$ 8,228,784
OPEB expense	\$ 198,697	\$ (1,413,347)	\$ (1,214,650)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 267,737	\$ 267,737
Difference between School District contributions and proportionate share of contributions/change in proportionate share	-	11,613	11,613
School District contributions subsequent to the measurement date	<u>95,195</u>	<u>-</u>	<u>95,195</u>
Total deferred outflows of resources	<u>\$ 95,195</u>	<u>\$ 279,350</u>	<u>\$ 374,545</u>

**VANDALIA-BUTLER CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Net difference between projected and actual earnings on pension plan investments	\$ 9,482	\$ 198,241	\$ 207,723
Changes of assumptions	340,743	373,611	714,354
Difference between School District contributions and proportionate share of contributions/change in proportionate share	<u>42,963</u>	<u>-</u>	<u>42,963</u>
Total deferred inflows of resources	<u>\$ 393,188</u>	<u>\$ 571,852</u>	<u>\$ 965,040</u>

\$95,195 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2019	\$ (141,394)	\$ (65,270)	\$ (206,664)
2020	(141,394)	(65,270)	(206,664)
2021	(108,031)	(65,270)	(173,301)
2022	(2,369)	(65,270)	(67,639)
2023	-	(15,711)	(15,711)
Thereafter	<u>-</u>	<u>(15,711)</u>	<u>(15,711)</u>
Total	<u>\$ (393,188)</u>	<u>\$ (292,502)</u>	<u>\$ (685,690)</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.

**VANDALIA-BUTLER CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT OPEB 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 OPEB liability in the latest actuarial valuation date of June 30, 2017, are presented below:

Wage inflation	3.00 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent
Investment rate of return	7.50 percent net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.56 percent
Prior measurement date	2.92 percent
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.63 percent
Prior measurement date	2.98 percent
Medical trend assumption:	
Medicare	5.50 to 5.00 percent
Pre-Medicare	7.50 to 5.00 percent

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

The most recent experience study was completed for the five year period ended June 30, 2015.

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 percent, 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

The target asset 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 as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

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

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in 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 of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63%) and higher (4.63%) than the current discount rate (3.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 4.0%) and higher (8.5% decreasing to 6.0%) than the current rate.

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
School District's proportionate share of the net OPEB liability	\$ 4,336,271	\$ 3,590,736	\$ 3,000,082

	1% Decrease (6.5 % decreasing to 4.0 %)	Current Trend Rate (7.5 % decreasing to 5.0 %)	1% Increase (8.5 % decreasing to 6.0 %)
School District's proportionate share of the net OPEB liability	\$ 2,913,613	\$ 3,590,736	\$ 4,486,919

**VANDALIA-BUTLER CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - STRS

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

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment rate of return	7.45 percent, net of investment expenses, including inflation
Payroll increases	3 percent
Cost-of-living adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended discount rate of return	4.13 percent
Health care cost trends	6 to 11 percent initial, 4.5 percent ultimate

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

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

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

Since the prior measurement date, the discount rate was increased from 3.26 percent to 4.13 percent 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 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return *</u>
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	<u>1.00</u>	2.25
Total	<u><u>100.00 %</u></u>	

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

Discount Rate - The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. 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 not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's proportionate share of the net OPEB liability	\$ 6,226,505	\$ 4,638,048	\$ 3,382,648
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 3,222,317	\$ 4,638,048	\$ 6,501,316

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 49,112
Net adjustment for revenue accruals	(107,743)
Net adjustment for expenditure accruals	220,970
Net adjustment for other sources/uses	(342,011)
Funds budgeted elsewhere	(44,286)
Adjustment for encumbrances	1,359,992
GAAP basis	\$ 1,136,034

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

NOTE 16 - CONTINGENCIES

A. Grants

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

B. Litigation

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

C. Foundation Funding

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 schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2018 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2018 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 17 - SET-ASIDES

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2017	\$ -
Current year set-aside requirement	500,206
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	-
Excess qualified expenditures from prior years	-
Current year offsets	-
Waiver granted by ODE	-
Prior year offset from bond proceeds	<u>(500,206)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2019	<u>\$ -</u>
Set-aside balance June 30, 2018	<u>\$ -</u>

During fiscal years 1984, 2009, 2011 and 2012, the School District issued a total of \$60,405,462 in capital related school improvement bonds. These proceeds may be used to reduce capital acquisition below zero for future years. The amount presented for Prior Year Offset from Bond Proceeds is limited to an amount needed to reduce the reserve for capital improvement to \$0. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$53,542,072 at June 30, 2018.

NOTE 18 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 1,110,741
Other nonmajor governmental funds	<u>76,063</u>
Total	<u>\$ 1,186,804</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 19 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

The City of Vandalia and Butler Township provide tax abatements through two programs - Enterprise Zone Agreements and Community Reinvestment Area (CRA) Agreements. Under the agreements, various businesses receive the abatement of property taxes to bring jobs and economic development to the City and Township. The agreement affects the property tax receipts collected and distributed to the School District. Under the agreements, the School District property taxes were reduced by \$573,220 during fiscal year 2018.

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REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST FIVE FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's proportion of the net pension liability	0.13251160%	0.13423880%	0.13700230%	0.13692600%	0.13692600%
School District's proportionate share of the net pension liability	\$ 7,917,275	\$ 9,825,042	\$ 7,817,484	\$ 6,929,747	\$ 8,142,550
School District's covered payroll	\$ 4,243,500	\$ 4,166,921	\$ 4,124,484	\$ 3,978,788	\$ 4,843,316
School District's proportionate share of the net pension liability as a percentage of its covered payroll	186.57%	235.79%	189.54%	174.17%	168.12%
Plan fiduciary net position as a percentage of the total pension liability	69.50%	62.98%	69.16%	71.70%	65.52%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FIVE FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's proportion of the net pension liability	0.11887460%	0.11862129%	0.11928882%	0.12387473%	0.12387473%
School District's proportionate share of the net pension liability	\$ 28,238,916	\$ 39,706,121	\$ 32,967,941	\$ 30,130,621	\$ 35,891,399
School District's covered payroll	\$ 13,321,464	\$ 12,198,150	\$ 12,445,793	\$ 12,656,577	\$ 14,635,300
School District's proportionate share of the net pension liability as a percentage of its covered payroll	211.98%	325.51%	264.89%	238.06%	245.24%
Plan fiduciary net position as a percentage of the total pension liability	75.30%	66.80%	72.10%	74.70%	69.30%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 584,848	\$ 594,090	\$ 583,369	\$ 543,607
Contributions in relation to the contractually required contribution	<u>(584,848)</u>	<u>(594,090)</u>	<u>(583,369)</u>	<u>(543,607)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 4,332,207	\$ 4,243,500	\$ 4,166,921	\$ 4,124,484
Contributions as a percentage of covered payroll	13.50%	14.00%	14.00%	13.18%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 551,460	\$ 670,315	\$ 707,978	\$ 646,442	\$ 491,660	\$ 425,204
<u>(551,460)</u>	<u>(670,315)</u>	<u>(707,978)</u>	<u>(646,442)</u>	<u>(491,660)</u>	<u>(425,204)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,978,788	\$ 4,843,316	\$ 5,263,777	\$ 5,142,737	\$ 3,631,167	\$ 4,321,179
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,966,157	\$ 1,865,005	\$ 1,707,741	\$ 1,742,411
Contributions in relation to the contractually required contribution	<u>(1,966,157)</u>	<u>(1,865,005)</u>	<u>(1,707,741)</u>	<u>(1,742,411)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 14,043,979	\$ 13,321,464	\$ 12,198,150	\$ 12,445,793
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 1,645,355	\$ 1,902,589	\$ 2,060,079	\$ 2,179,928	\$ 1,951,255	\$ 1,961,225
<u>(1,645,355)</u>	<u>(1,902,589)</u>	<u>(2,060,079)</u>	<u>(2,179,928)</u>	<u>(1,951,255)</u>	<u>(1,961,225)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 12,656,577	\$ 14,635,300	\$ 15,846,762	\$ 16,768,677	\$ 15,009,654	\$ 15,086,346
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TWO FISCAL YEARS

	2018	2017
School District's proportion of the net OPEB liability	0.13379610%	0.13524694%
School District's proportionate share of the net OPEB liability	\$ 3,590,736	\$ 3,855,038
School District's covered payroll	\$ 4,243,500	\$ 4,166,921
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	84.62%	92.52%
Plan fiduciary net position as a percentage of the total OPEB liability	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TWO FISCAL YEARS

	2018	2017
School District's proportion of the net OPEB liability	0.11887460%	0.11862129%
School District's proportionate share of the net OPEB liability	\$ 4,638,048	\$ 6,343,897
School District's covered payroll	\$ 13,321,464	\$ 12,198,150
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	34.82%	52.01%
Plan fiduciary net position as a percentage of the total OPEB liability	47.10%	37.30%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 95,195	\$ 69,811	\$ 65,049	\$ 101,461
Contributions in relation to the contractually required contribution	<u>(95,195)</u>	<u>(69,811)</u>	<u>(65,049)</u>	<u>(101,461)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 4,332,207	\$ 4,243,500	\$ 4,166,921	\$ 4,124,484
Contributions as a percentage of covered payroll	2.20%	1.65%	1.56%	2.46%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 85,288	\$ 83,288	\$ 102,406	\$ 146,197	\$ 119,857	\$ 227,203
<u>(85,288)</u>	<u>(83,288)</u>	<u>(102,406)</u>	<u>(146,197)</u>	<u>(119,857)</u>	<u>(227,203)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,978,788	\$ 4,843,316	\$ 5,263,777	\$ 5,142,737	\$ 3,631,167	\$ 4,321,179
2.14%	1.72%	1.95%	2.84%	3.30%	5.26%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 14,043,979	\$ 13,321,464	\$ 12,198,150	\$ 12,445,793
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 129,575	\$ 146,353	\$ 158,468	\$ 167,687	\$ 175,148	\$ 151,142
<u>(129,575)</u>	<u>(146,353)</u>	<u>(158,468)</u>	<u>(167,687)</u>	<u>(175,148)</u>	<u>(151,142)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 12,656,577	\$ 14,635,300	\$ 15,846,762	\$ 16,768,677	\$ 15,009,654	\$ 15,086,346
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the change in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to 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 and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) 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 (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.

(Continued)

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2017-2018.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: 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.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients 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.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) 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), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) 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 and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.



COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES

SUPPLEMENTARY INFORMATION

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

MAJOR FUNDS

General Fund

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

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

Uniform School Supply Fund

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

Public School Support Fund

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

Latchkey Fund

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

Other Major Funds

Bond Retirement Fund

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

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>	<u>Actual</u>	
Uniform School Supply Fund			
Total Revenues and Other Sources	\$ 277,264	\$ 202,400	\$ (74,864)
Total Expenditures and Other Uses	<u>231,688</u>	<u>192,244</u>	<u>39,444</u>
Net Change in Fund Balances	45,576	10,156	(35,420)
Fund Balance at Beginning of Year	145,136	145,136	-
Prior Year Encumbrances Appropriated	<u>8,088</u>	<u>8,088</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 198,800</u>	<u>\$ 163,380</u>	<u>\$ (35,420)</u>
Public School Support Fund			
Total Revenues and Other Sources	\$ 149,278	\$ 149,337	\$ 59
Total Expenditures and Other Uses	<u>226,444</u>	<u>137,343</u>	<u>89,101</u>
Net Change in Fund Balances	(77,166)	11,994	89,160
Fund Balance at Beginning of Year	678,720	678,720	-
Prior Year Encumbrances Appropriated	<u>1,444</u>	<u>1,444</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 602,998</u>	<u>\$ 692,158</u>	<u>\$ 89,160</u>
Latchkey Fund			
Total Revenues and Other Sources	\$ 328,072	\$ 332,712	\$ 4,640
Total Expenditures and Other Uses	<u>518,766</u>	<u>430,758</u>	<u>88,008</u>
Net Change in Fund Balances	(190,694)	(98,046)	92,648
Fund Balance at Beginning of Year	197,584	197,584	-
Prior Year Encumbrances Appropriated	<u>9,133</u>	<u>9,133</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 16,023</u>	<u>\$ 108,671</u>	<u>\$ 92,648</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted Amounts	Actual	Variance with Final Budget- Over
	Final		
Bond Retirement Fund			
Total Revenues and Other Sources	\$ 15,031,678	\$ 15,031,678	\$ -
Total Expenditures and Other Uses	<u>14,398,587</u>	<u>14,398,587</u>	<u>-</u>
Net Change in Fund Balances	633,091	633,091	-
Fund Balance at Beginning of Year	<u>2,587,202</u>	<u>2,587,202</u>	<u>-</u>
Fund Balance at End of Year	<u><u>\$ 3,220,293</u></u>	<u><u>\$ 3,220,293</u></u>	<u><u>\$ -</u></u>

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Nonmajor Special Revenue Funds	Nonmajor Governmental Funds
Assets:		
Equity in pooled cash and investments.	\$ 425,482	\$ 425,482
Receivables:		
Intergovernmental	265,732	265,732
Prepayments.	1,334	1,334
Inventory held for resale	4,555	4,555
Total assets.	\$ 697,103	\$ 697,103
Liabilities:		
Accounts payable	\$ 80,761	\$ 80,761
Accrued wages and benefits	155,092	155,092
Intergovernmental payable	2,162	2,162
Pension and postemployment benefits payable.	29,068	29,068
Due to other funds	90,748	90,748
Total liabilities.	357,831	357,831
Deferred inflows of resources:		
Intergovernmental revenue not available.	55,389	55,389
Total deferred inflows of resources.	55,389	55,389
Fund balances:		
Nonspendable:		
Prepayments	1,334	1,334
Restricted:		
Food service operations	172,107	172,107
Non-public schools	68,754	68,754
Targeted academic assistance.	3,126	3,126
Other purposes	1,050	1,050
Extracurricular activities	81,198	81,198
Committed:		
Other purposes	2,618	2,618
Unassigned (deficit)	(46,304)	(46,304)
Total fund balances	283,883	283,883
Total liabilities, deferred inflows and fund balances.	\$ 697,103	\$ 697,103

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund - Building Fund	Total Nonmajor Governmental Funds
Revenues:			
From local sources:			
Charges for services	\$ 549,338	\$ -	\$ 549,338
Extracurricular	187,962	-	187,962
Contributions and donations	1,482	-	1,482
Contract services.	5,629	-	5,629
Other local revenues	222	-	222
Intergovernmental - state	400,473	-	400,473
Intergovernmental - federal	1,979,090	-	1,979,090
Total revenues	3,124,196	-	3,124,196
Expenditures:			
Current:			
Instruction:			
Regular.	20,494	-	20,494
Special	1,112,895	-	1,112,895
Vocational	1,023	-	1,023
Support services:			
Pupil	322,691	-	322,691
Instructional staff.	128,758	-	128,758
Fiscal.	7,974	-	7,974
Operations and maintenance	324	-	324
Operation of non-instructional services:			
Other non-instructional services.	151,662	-	151,662
Food service operations	1,219,616	-	1,219,616
Extracurricular activities	162,886	-	162,886
Facilities acquisition and construction	-	31,712	31,712
Total expenditures	3,128,323	31,712	3,160,035
Net change in fund balances	(4,127)	(31,712)	(35,839)
Fund balances at beginning of year	288,010	31,712	319,722
Fund balances at end of year.	\$ 283,883	\$ -	\$ 283,883

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

COMBINING STATEMENTS - NONMAJOR FUNDS

Nonmajor Special Revenue Funds

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

Food Service Fund

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

Special Trust Fund

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

Athletics Fund

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

Auxiliary Services Fund

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

Miscellaneous State Grants Fund

A fund used to account for various monies received from state agencies which are not classified elsewhere.

Race to the Top Fund

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

Special Education Fund

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

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

COMBINING STATEMENTS - NONMAJOR FUNDS

Nonmajor Special Revenue Funds (Continued)

Title I Fund

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

Preschool Handicapped Grant Fund

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

Title II-A Fund

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

Miscellaneous Federal Grants Fund

A fund that is restricted for various monies received through state agencies from the federal government or directly from the federal government which are not classified elsewhere.

Nonmajor Capital Projects Fund

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

Building Fund

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



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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	<u>Food Services</u>	<u>Special Trust</u>	<u>Athletics</u>	<u>Auxiliary Services</u>
Assets:				
Equity in pooled cash and investments.	\$ 256,760	\$ 2,618	\$ 81,198	\$ 83,856
Receivables:				
Intergovernmental	-	-	-	-
Prepayments.	1,102	-	-	232
Inventory held for resale	4,555	-	-	-
Total assets.	<u>\$ 262,417</u>	<u>\$ 2,618</u>	<u>\$ 81,198</u>	<u>\$ 84,088</u>
Liabilities:				
Accounts payable.	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits	73,241	-	-	13,184
Intergovernmental payable	987	-	-	180
Pension and postemployment benefits payable.	14,980	-	-	1,738
Due to other funds	-	-	-	-
Total liabilities.	<u>89,208</u>	<u>-</u>	<u>-</u>	<u>15,102</u>
Deferred inflows of resources:				
Intergovernmental revenue not available.	-	-	-	-
Total deferred inflows of resources.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Prepayments	1,102	-	-	232
Restricted:				
Food service operations	172,107	-	-	-
Non-public schools	-	-	-	68,754
Targeted academic assistance.	-	-	-	-
Other purposes	-	-	-	-
Extracurricular activities	-	-	81,198	-
Committed:				
Other purposes	-	2,618	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances (deficits)	<u>173,209</u>	<u>2,618</u>	<u>81,198</u>	<u>68,986</u>
Total liabilities, deferred inflows and fund balances.	<u>\$ 262,417</u>	<u>\$ 2,618</u>	<u>\$ 81,198</u>	<u>\$ 84,088</u>

<u>Miscellaneous State Grants</u>	<u>Race to the Top</u>	<u>Special Education</u>	<u>Title I</u>	<u>Title II-A</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ 1,050	\$ -	\$ -	\$ -	\$ -	\$ 425,482
1,347	-	53,304	121,902	75,509	13,670	265,732
-	-	-	-	-	-	1,334
-	-	-	-	-	-	4,555
<u>\$ 1,347</u>	<u>\$ 1,050</u>	<u>\$ 53,304</u>	<u>\$ 121,902</u>	<u>\$ 75,509</u>	<u>\$ 13,670</u>	<u>\$ 697,103</u>
\$ -	\$ -	\$ -	\$ 21,853	\$ 45,238	\$ 13,670	\$ 80,761
-	-	25,325	43,342	-	-	155,092
-	-	367	628	-	-	2,162
-	-	6,282	6,068	-	-	29,068
1,347	-	13,458	48,798	27,145	-	90,748
<u>1,347</u>	<u>-</u>	<u>45,432</u>	<u>120,689</u>	<u>72,383</u>	<u>13,670</u>	<u>357,831</u>
-	-	13,282	28,437	-	13,670	55,389
-	-	13,282	28,437	-	13,670	55,389
-	-	-	-	-	-	1,334
-	-	-	-	-	-	172,107
-	-	-	-	-	-	68,754
-	-	-	-	3,126	-	3,126
-	1,050	-	-	-	-	1,050
-	-	-	-	-	-	81,198
-	-	-	-	-	-	2,618
-	-	(5,410)	(27,224)	-	(13,670)	(46,304)
-	1,050	(5,410)	(27,224)	3,126	(13,670)	283,883
<u>\$ 1,347</u>	<u>\$ 1,050</u>	<u>\$ 53,304</u>	<u>\$ 121,902</u>	<u>\$ 75,509</u>	<u>\$ 13,670</u>	<u>\$ 697,103</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES / (DEFICITS)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Food Service</u>	<u>Special Trust</u>	<u>Athletics</u>	<u>Auxiliary Services</u>
Revenues:				
From local sources:				
Charges for services	\$ 549,338	\$ -	\$ -	\$ -
Extracurricular	-	-	187,962	-
Contributions and donations	-	1,482	-	-
Contract services	5,629	-	-	-
Other local revenues	222	-	-	-
Intergovernmental - state	123,028	-	-	276,098
Intergovernmental - federal	422,307	-	-	-
Total revenues	<u>1,100,524</u>	<u>1,482</u>	<u>187,962</u>	<u>276,098</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	-	-	-
Special	-	-	-	103,887
Vocational	-	-	-	-
Support services:				
Pupil	-	-	-	8,741
Instructional staff	-	-	-	-
Administration	-	-	-	7,974
Pupil transportation	-	-	-	-
Operation of non-instructional services:				
Other non-instructional services	-	-	-	91,656
Food service operations	1,219,616	-	-	-
Extracurricular activities	-	1,599	161,287	-
Total expenditures	<u>1,219,616</u>	<u>1,599</u>	<u>161,287</u>	<u>212,258</u>
Net change in fund balances	(119,092)	(117)	26,675	63,840
Fund balances (deficits) at beginning of year .	<u>292,301</u>	<u>2,735</u>	<u>54,523</u>	<u>5,146</u>
Fund balances (deficits) at end of year	<u>\$ 173,209</u>	<u>\$ 2,618</u>	<u>\$ 81,198</u>	<u>\$ 68,986</u>

<u>Miscellaneous State Grants</u>	<u>Race to the Top</u>	<u>Special Education</u>	<u>Title I</u>	<u>Preschool Handicapped Grant</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,347	-	-	-	-
-	-	890,483	528,627	15,310
<u>1,347</u>	<u>-</u>	<u>890,483</u>	<u>528,627</u>	<u>15,310</u>
-	-	-	6,824	-
-	-	551,533	442,165	15,310
1,023	-	-	-	-
-	-	313,950	-	-
-	-	-	18,161	-
-	-	-	-	-
324	-	-	-	-
-	-	15,591	37,014	-
-	-	-	-	-
-	-	-	-	-
<u>1,347</u>	<u>-</u>	<u>881,074</u>	<u>504,164</u>	<u>15,310</u>
-	-	9,409	24,463	-
-	1,050	(14,819)	(51,687)	-
<u>\$ -</u>	<u>\$ 1,050</u>	<u>\$ (5,410)</u>	<u>\$ (27,224)</u>	<u>\$ -</u>

- - (Continued)

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES / (DEFICITS)
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Title II-A	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
Revenues:			
From local sources:			
Charges for services	\$ -	\$ -	\$ 549,338
Extracurricular	-	-	187,962
Contributions and donations	-	-	1,482
Contract services	-	-	5,629
Other local revenues	-	-	222
Intergovernmental - state	-	-	400,473
Intergovernmental - federal	122,363	-	1,979,090
Total revenues	122,363	-	3,124,196
Expenditures:			
Current:			
Instruction:			
Regular	-	13,670	20,494
Special	-	-	1,112,895
Vocational	-	-	1,023
Support services:			
Pupil	-	-	322,691
Instructional staff	110,597	-	128,758
Administration	-	-	7,974
Pupil transportation	-	-	324
Operation of non-instructional services:			
Other non-instructional services	7,401	-	151,662
Food service operations	-	-	1,219,616
Extracurricular activities	-	-	162,886
Total expenditures	117,998	13,670	3,128,323
Net change in fund balances	4,365	(13,670)	(4,127)
Fund balances (deficits) at beginning of year	(1,239)	-	288,010
Fund balances (deficits) at end of year	\$ 3,126	\$ (13,670)	\$ 283,883

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>	<u>Actual</u>	
Food Service Fund			
Total Revenues and Other Sources	\$ 1,041,126	\$ 1,041,053	\$ (73)
Total Expenditures and Other Uses	<u>1,157,415</u>	<u>1,154,548</u>	<u>2,867</u>
Net Change in Fund Balances	(116,289)	(113,495)	2,794
Fund Balance at Beginning of Year	359,224	359,224	-
Prior Year Encumbrances Appropriated	<u>1,092</u>	<u>1,092</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 244,027</u>	<u>\$ 246,821</u>	<u>\$ 2,794</u>
Special Trust Fund			
Total Revenues and Other Sources	\$ 1,370	\$ 1,482	\$ 112
Total Expenditures and Other Uses	<u>1,600</u>	<u>1,599</u>	<u>1</u>
Net Change in Fund Balances	(230)	(117)	113
Fund Balance at Beginning of Year	<u>2,735</u>	<u>2,735</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 2,505</u>	<u>\$ 2,618</u>	<u>\$ 113</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>		<u>Actual</u>
Athletics Fund			
Total Revenues and Other Sources	\$ 187,962	\$ 187,962	\$ -
Total Expenditures and Other Uses	<u>226,189</u>	<u>199,959</u>	<u>26,230</u>
Net Change in Fund Balances	(38,227)	(11,997)	26,230
Fund Balance at Beginning of Year	50,056	50,056	-
Prior Year Encumbrances Appropriated	<u>5,139</u>	<u>5,139</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 16,968</u>	<u>\$ 43,198</u>	<u>\$ 26,230</u>
Auxiliary Services Fund			
Total Revenues and Other Sources	\$ 278,880	\$ 276,098	\$ (2,782)
Total Expenditures and Other Uses	<u>313,680</u>	<u>248,879</u>	<u>64,801</u>
Net Change in Fund Balances	(34,800)	27,219	62,019
Fund Balance at Beginning of Year	21,243	21,243	-
Prior Year Encumbrances Appropriated	<u>23,994</u>	<u>23,994</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 10,437</u>	<u>\$ 72,456</u>	<u>\$ 62,019</u>
Miscellaneous State Grants Fund			
Total Revenues and Other Sources	\$ 1,349	\$ -	\$ (1,349)
Total Expenditures and Other Uses	<u>1,349</u>	<u>1,347</u>	<u>2</u>
Net Change in Fund Balances	-	(1,347)	(1,347)
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit) at End of Year	<u>\$ -</u>	<u>\$ (1,347)</u>	<u>\$ (1,347)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>	<u>Actual</u>	
Race to the Top Fund			
Total Expenditures and Other Uses	\$ 1,050	\$ -	\$ 1,050
Net Change in Fund Balances	(1,050)	-	1,050
Fund Balance at Beginning of Year	1,050	1,050	-
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 1,050</u>	<u>\$ 1,050</u>
Special Education Fund			
Total Revenues and Other Sources	\$ 1,079,643	\$ 1,024,959	\$ (54,684)
Total Expenditures and Other Uses	905,145	863,919	41,226
Net Change in Fund Balances	174,498	161,040	(13,458)
Fund Balance (Deficit) at Beginning of Year	(174,498)	(174,498)	-
Fund Balance (Deficit) at End of Year	<u>\$ -</u>	<u>\$ (13,458)</u>	<u>\$ (13,458)</u>
Title I Fund			
Total Revenues and Other Sources	\$ 837,204	\$ 599,418	\$ (237,786)
Total Expenditures and Other Uses	671,974	505,487	166,487
Net Change in Fund Balances	165,230	93,931	(71,299)
Fund Balance (Deficit) at Beginning of Year	(165,230)	(165,230)	-
Prior Year Encumbrances Appropriated	974	974	-
Fund Balance (Deficit) at End of Year	<u>\$ 974</u>	<u>\$ (70,325)</u>	<u>\$ (71,299)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>		<u>Actual</u>
Preschool Handicapped Grant Fund			
Total Revenues and Other Sources	\$ 15,310	\$ 15,310	\$ -
Total Expenditures and Other Uses	<u>15,310</u>	<u>15,310</u>	<u>-</u>
Net Change in Fund Balances	-	-	-
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Title II-A Fund			
Total Revenues and Other Sources	\$ 228,195	\$ 89,896	\$ (138,299)
Total Expenditures and Other Uses	<u>185,153</u>	<u>122,639</u>	<u>62,514</u>
Net Change in Fund Balances	43,042	(32,743)	(75,785)
Fund Balance (Deficit) at Beginning of Year	(43,042)	(43,042)	-
Prior Year Encumbrances Appropriated	<u>22</u>	<u>22</u>	<u>-</u>
Fund Balance (Deficit) at End of Year	<u>\$ 22</u>	<u>\$ (75,763)</u>	<u>\$ (75,785)</u>
Miscellaneous Federal Grants Fund			
Total Revenues and Other Sources	\$ 13,670	\$ -	\$ (13,670)
Total Expenditures and Other Uses	<u>13,670</u>	<u>13,670</u>	<u>-</u>
Net Change in Fund Balances	-	(13,670)	(13,670)
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit) at End of Year	<u>\$ -</u>	<u>\$ (13,670)</u>	<u>\$ (13,670)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>		<u>Actual</u>
Building Fund			
Total Expenditures and Other Uses	\$ 31,710	\$ 31,712	\$ (2)
Net Change in Fund Balances	(31,710)	(31,712)	(2)
Fund Balance at Beginning of Year	31,712	31,712	-
Fund Balance at End of Year	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ (2)</u>

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

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Beginning Balance July 1, 2017	Additions	Deletions	Ending Balance June 30, 2018
District Agency				
Assets:				
Equity in pooled cash and investments	\$ -	\$ 119,334	\$ 118,271	\$ 1,063
Total assets	<u>\$ -</u>	<u>\$ 119,334</u>	<u>\$ 118,271</u>	<u>\$ 1,063</u>
Liabilities:				
Intergovernmental payable	\$ -	\$ 119,334	\$ 118,271	\$ 1,063
Total liabilities.	<u>\$ -</u>	<u>\$ 119,334</u>	<u>\$ 118,271</u>	<u>\$ 1,063</u>
Student Managed Activities				
Assets:				
Equity in pooled cash and investments	\$ 121,968	\$ 75,310	\$ 71,623	\$ 125,655
Total assets	<u>\$ 121,968</u>	<u>\$ 75,310</u>	<u>\$ 71,623</u>	<u>\$ 125,655</u>
Liabilities:				
Accounts payable	\$ 49	\$ -	\$ 49	\$ -
Due to students	121,919	75,310	71,574	125,655
Total liabilities.	<u>\$ 121,968</u>	<u>\$ 75,310</u>	<u>\$ 71,623</u>	<u>\$ 125,655</u>
Total Agency Funds				
Assets:				
Equity in pooled cash and investments	\$ 121,968	\$ 194,644	\$ 189,894	\$ 126,718
Total assets	<u>\$ 121,968</u>	<u>\$ 194,644</u>	<u>\$ 189,894</u>	<u>\$ 126,718</u>
Liabilities:				
Accounts payable	\$ 49	\$ -	\$ 49	\$ -
Deposits held and due to others	-	119,334	118,271	1,063
Due to students	121,919	75,310	71,574	125,655
Total liabilities.	<u>\$ 121,968</u>	<u>\$ 194,644</u>	<u>\$ 189,894</u>	<u>\$ 126,718</u>

STATISTICAL SECTION



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

STATISTICAL SECTION

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

<u>Table of Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.	118-127
Revenue Capacity These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax.	128-133
Debt Capacity These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	134-140
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place.	141
Operating Information These schedules contain service and capital asset data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	142-148

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. Fiscal year 2011 was the School District's first year implementation of GASB 54. Fiscal year 2015 was the School District's first year implementation of GASB 68/71. Fiscal year 2018 was the School District's first year implementation of GASB 75.

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

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

	<u>2009 (1)</u>	<u>2010 (2)</u>	<u>2011</u>	<u>2012 (3)</u>
Governmental activities				
Net investment in capital assets	\$ 6,673,756	\$ 4,724,275	\$ 3,621,319	\$ 3,101,819
Restricted for:				
Debt service	553,078	2,845,942	3,301,165	3,872,121
Capital projects	-	-	-	680,976
Other purposes	655,543	867,851	190,180	230,913
Unrestricted (deficit)	<u>11,227,150</u>	<u>7,324,258</u>	<u>6,829,611</u>	<u>(35,065)</u>
Total Net Position	<u>\$ 19,109,527</u>	<u>\$ 15,762,326</u>	<u>\$ 13,942,275</u>	<u>\$ 7,850,764</u>

Source: School District financial records.

- (1) Amount restated to correctly reflect net position classifications.
- (2) Amount restated to correctly reflect long-term obligations related to accreted interest on capital appreciation bonds.
- (3) Amounts restated due to revaluation of School District capital assets and the implementation of GASB Statement No. 65.
- (4) Amounts restated to correctly reflect net position classifications.
- (5) Amounts restated due to the implementation of GASB Statement No. 68 & 71.
- (6) Amount restated to to the implementation of GASB Statement No. 75 and a restatement of capital assets.

<u>2013 (4)</u>	<u>2014 (5)</u>	<u>2015</u>	<u>2016</u>	<u>2017 (6)</u>	<u>2018</u>
\$ 170,125	\$ (484,368)	\$ (1,184,628)	\$ (1,597,889)	\$ (1,987,524)	\$ (1,190,028)
1,517,354	1,630,533	463,765	1,415,459	1,409,866	1,857,724
-	31,044	31,712	31,712	31,712	-
268,390	404,195	388,577	381,085	312,766	253,155
<u>(395,651)</u>	<u>(39,371,130)</u>	<u>(33,544,720)</u>	<u>(29,951,139)</u>	<u>(38,459,896)</u>	<u>(22,113,644)</u>
<u>\$ 1,560,218</u>	<u>\$ (37,789,726)</u>	<u>\$ (33,845,294)</u>	<u>\$ (29,720,772)</u>	<u>\$ (38,693,076)</u>	<u>\$ (21,192,793)</u>

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

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Expenses				
Governmental activities:				
Instruction				
Regular	\$ 15,730,676	\$ 17,703,515	\$ 16,444,712	\$ 15,546,421
Special	3,890,156	4,378,332	4,775,357	4,494,513
Vocational	350,555	571,985	359,027	361,995
Other	2,426,088	1,667,234	1,815,093	2,290,890
Support services:				
Pupil	2,380,064	2,760,487	2,803,360	3,198,284
Instructional staff	2,214,753	2,413,756	2,442,475	2,965,382
Board of education	84,508	104,129	41,511	74,555
Administration	2,271,269	2,502,717	2,616,962	2,067,949
Business and Fiscal	1,156,290	1,112,230	1,228,794	941,986
Operations and maintenance	2,668,596	2,644,333	1,003,893	1,174,709
Pupil transportation	1,516,657	1,616,443	1,619,405	1,556,238
Central	616,236	1,526,642	779,088	479,170
Operation of non-instructional services	1,563,537	1,855,888	1,724,481	1,622,333
Extracurricular activities	544,252	522,064	548,283	666,247
Interest and fiscal charges	1,082,807	1,973,933	2,426,901	2,507,261
Total expenses	<u>38,496,444</u>	<u>43,353,688</u>	<u>40,629,342</u>	<u>39,947,933</u>
Program Revenues				
Charges for services:				
Instruction:				
Regular	483,746	572,286	471,470	419,419
Special	59,287	80,051	186,588	343,259
Vocational	6,375	12,938	-	-
Other instructional	45,900	38,004	-	-
Support services:				
Pupil	40,800	59,836	-	-
Instructional staff	243,268	252,167	198,366	174,060
Board of education	1,912	2,426	-	-
Administration	42,075	56,602	-	13,535
Business and fiscal	23,587	25,875	-	16,188
Operations and maintenance	49,182	51,777	25,757	27,951
Pupil transportation	27,412	33,961	154,333	21,172
Central	10,837	16,980	-	-
Other	-	-	-	-
Operation of non-instructional services	1,017,294	964,501	918,380	989,722
Extracurricular activities	191,867	194,304	191,473	167,726
Interest and fiscal charges	-	809	-	-
Total charges for services	<u>2,243,542</u>	<u>2,362,517</u>	<u>2,146,367</u>	<u>2,173,032</u>

	2013	2014	2015	2016	2017	2018
\$	14,805,862	\$ 12,533,864	\$ 12,854,072	\$ 12,254,585	\$ 13,377,481	\$ 6,031,402
	5,366,398	4,797,836	4,823,854	5,938,086	6,126,422	4,375,068
	216,339	163,168	74,588	111,072	124,191	51,188
	2,125,598	1,962,327	2,048,218	1,422,141	2,031,034	1,646,675
	3,098,615	2,670,711	2,717,798	2,466,891	2,267,876	1,348,970
	2,840,679	1,239,596	1,161,188	759,097	1,520,003	706,095
	35,205	22,660	23,330	21,332	48,292	17,802
	2,183,002	1,990,412	1,921,358	2,215,861	2,339,318	1,044,199
	1,055,196	1,115,092	1,278,338	1,191,085	1,210,506	828,075
	2,545,988	2,927,525	2,334,581	2,448,628	2,819,726	2,308,914
	1,395,055	1,415,855	1,559,492	1,767,904	1,990,006	2,122,766
	347,349	198,884	192,475	565,096	562,886	479,474
	1,671,353	1,555,594	1,784,398	1,656,622	1,944,001	1,251,517
	983,793	534,579	574,349	734,797	1,039,167	575,219
	2,612,752	2,598,370	2,885,244	2,641,845	2,491,622	2,370,917
	41,283,184	35,726,473	36,233,283	36,195,042	39,892,531	25,158,281
	386,273	636,358	325,162	768,088	437,030	888,320
	59,224	270,741	265,163	339,986	124,115	158,949
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	103,189	70,306	118,630	13,324	-	-
	-	-	-	-	-	-
	29,345	21,416	19,319	-	-	-
	75,927	55,698	4,739	-	2	-
	46,133	16,546	31,801	40,892	23,317	27,963
	67,251	50,337	6,930	6,692	-	3,930
	-	-	-	-	8,077	-
	-	-	-	-	-	-
	665,285	866,340	839,134	853,036	898,195	887,679
	625,596	423,619	444,616	369,209	431,735	296,037
	-	-	-	-	-	-
	2,058,223	2,411,361	2,055,494	2,391,227	1,922,471	2,262,878

- Continued

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

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Operating grants and contributions:				
Instruction:				
Regular	103,868	95,496	172,678	132,328
Special	1,017,565	925,413	1,184,703	1,045,720
Vocational	-	-	16,829	16,829
Other instructional	4,562	-	34,838	-
Support services:				
Pupil	213,635	182,621	370,791	192,362
Instructional staff	164,960	762,977	506,002	227,715
Administration	43,887	60,057	48,690	57,511
Business and fiscal	-	-	-	1,192
Operations and maintenance	7,900	281,617	276,564	4,082
Pupil transportation	39,627	43,542	50,494	56,280
Central	29,590	71,324	21,853	8,213
Other	-	-	-	-
Operation of non-instructional services	518,587	480,692	640,755	644,783
Extracurricular activities	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total operating grants and contributions	<u>2,144,181</u>	<u>2,903,739</u>	<u>3,324,197</u>	<u>2,387,015</u>
Capital grants and contributions:				
Instruction:				
Regular	-	-	12,301	63,383
Support services:				
Instructional staff	-	-	-	1,367
Administration	-	-	-	-
Operations and maintenance of plant	-	-	17,748	4,258
Pupil transportation	-	-	16	742
Central	-	-	12,640	13,180
Operation of non-instructional services	-	-	1,885	2,670
Total capital grants and contributions	<u>-</u>	<u>-</u>	<u>44,590</u>	<u>85,600</u>
Total program revenues	<u>4,387,723</u>	<u>5,266,256</u>	<u>5,515,154</u>	<u>4,645,647</u>
Net (Expense)/Revenue				
Governmental activities	<u>\$ (34,108,721)</u>	<u>\$ (38,087,432)</u>	<u>\$ (35,114,188)</u>	<u>\$ (35,302,286)</u>
General Revenues				
Property taxes levied for:				
General purposes	\$ 22,083,111	\$ 19,070,956	\$ 19,236,044	\$ 18,564,918
Debt service	-	1,880,300	2,994,457	3,221,788
Payment in lieu of taxes	-	-	437,386	584,391
Grants and entitlements not restricted to specific programs	10,842,857	11,453,032	10,478,849	9,560,768
Investment earnings	854,137	1,924,940	104,608	75,846
Gain on the disposal of capital assets	5,593	475	-	-
Miscellaneous	300,262	106,219	42,793	48,817
Total governmental activities	<u>34,085,960</u>	<u>34,435,922</u>	<u>33,294,137</u>	<u>32,056,528</u>
Change in Net Position				
Governmental activities	<u>\$ (22,761)</u>	<u>\$ (3,651,510)</u>	<u>\$ (1,820,051)</u>	<u>\$ (3,245,758)</u>

Source: School District financial records.

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
105,106	169,114	43,040	8,900	8,569	20,495
899,614	1,563,453	1,495,513	1,621,160	1,515,558	1,908,875
-	16,587	17,333	17,441	13,261	16,949
-	21,800	-	-	-	-
180,450	333,953	97,352	99,339	119,168	326,875
242,744	158,736	142,998	94,537	915,047	158,866
64,700	51,489	35,834	43,315	36,548	6,320
2,144	2,621	10,293	10,544	10,177	10,372
11,702	4,135	16,422	1,548	4	-
-	99,941	52,028	88,362	123,143	144,614
4,068	-	2,735	-	-	-
-	-	-	-	-	-
737,245	606,256	770,384	730,195	815,055	725,073
-	517	14,034	68,622	56,885	117,412
-	-	-	-	-	-
<u>2,247,773</u>	<u>3,028,602</u>	<u>2,697,966</u>	<u>2,783,963</u>	<u>3,613,415</u>	<u>3,435,851</u>
926,230	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	771,561
7,326	436	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>933,556</u>	<u>436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>771,561</u>
<u>5,239,552</u>	<u>5,440,399</u>	<u>4,753,460</u>	<u>5,175,190</u>	<u>5,535,886</u>	<u>6,470,290</u>
<u>\$ (36,043,632)</u>	<u>\$ (30,286,074)</u>	<u>\$ (31,479,823)</u>	<u>\$ (31,019,852)</u>	<u>\$ (34,356,645)</u>	<u>\$ (18,687,991)</u>
\$ 16,412,104	\$ 19,619,494	\$ 22,407,753	\$ 21,680,644	\$ 22,529,610	\$ 23,263,208
2,843,668	2,997,705	3,091,260	3,059,501	3,188,974	3,091,288
865,818	748,597	735,631	1,058,075	1,115,807	988,861
9,579,912	9,193,259	9,099,448	9,145,686	8,943,941	8,453,593
43,354	38,255	7,079	170,691	147,363	213,996
-	-	-	-	-	-
8,230	175,954	83,084	29,777	154,072	177,328
<u>29,753,086</u>	<u>32,773,264</u>	<u>35,424,255</u>	<u>35,144,374</u>	<u>36,079,767</u>	<u>36,188,274</u>
<u>\$ (6,290,546)</u>	<u>\$ 2,487,190</u>	<u>\$ 3,944,432</u>	<u>\$ 4,124,522</u>	<u>\$ 1,723,122</u>	<u>\$ 17,500,283</u>

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

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

	<u>2009</u>	<u>2010 (1)</u>	<u>2011</u>	<u>2012</u>
General Fund:				
Nonspendable	\$ -	\$ -	\$ 54,661	\$ 91,411
Committed	-	-	290,362	-
Assigned	-	-	856,719	2,914,113
Unassigned	-	-	7,045,032	-
Reserved	1,928,918	1,360,253	-	-
Unreserved	11,996,144	9,931,060	-	-
Total general fund	<u>\$ 13,925,062</u>	<u>\$ 11,291,313</u>	<u>\$ 8,246,774</u>	<u>\$ 3,005,524</u>
All Other Governmental Funds:				
Nonspendable	\$ -	\$ -	\$ 92,318	\$ 47,721
Restricted	-	-	23,010,472	7,464,292
Committed	-	-	6,081	7,165
Unassigned (deficit)	-	-	(650,271)	(363,168)
Reserved	233,905	18,472,864	-	-
Unreserved (deficit), undesignated				
Reported in:				
Special revenue funds	382,958	(638,939)	-	-
Debt service funds	553,078	2,348,353	-	-
Capital projects funds	25,067,719	25,118,861	-	-
Total all other governmental funds	<u>\$ 26,237,660</u>	<u>\$ 45,301,139</u>	<u>\$ 22,458,600</u>	<u>\$ 7,156,010</u>
Total governmental funds	<u>\$ 40,162,722</u>	<u>\$ 56,592,452</u>	<u>\$ 30,705,374</u>	<u>\$ 10,161,534</u>

Source: School District financial records.

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

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

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 11,692	\$ 55,216	\$ 47,405	\$ 25,914	\$ 69,089	\$ 95,572
-	-	-	-	-	-
1,019,637	1,043,776	1,374,728	1,286,370	1,863,659	2,180,009
-	2,359,340	7,021,210	10,403,109	12,492,792	13,285,993
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,031,329</u>	<u>\$ 3,458,332</u>	<u>\$ 8,443,343</u>	<u>\$ 11,715,393</u>	<u>\$ 14,425,540</u>	<u>\$ 15,561,574</u>
\$ 5,687	\$ 6,407	\$ -	\$ -	\$ 4,574	\$ 1,334
4,502,573	2,866,727	1,969,909	3,293,294	3,564,274	3,712,327
6,009	5,258	1,157	2,631	2,735	2,618
(2,300,556)	(15,003)	(20,213)	(14,246)	(67,745)	(46,304)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 2,213,713</u>	<u>\$ 2,863,389</u>	<u>\$ 1,950,853</u>	<u>\$ 3,281,679</u>	<u>\$ 3,503,838</u>	<u>\$ 3,669,975</u>
<u>\$ 3,245,042</u>	<u>\$ 6,321,721</u>	<u>\$ 10,394,196</u>	<u>\$ 14,997,072</u>	<u>\$ 17,929,378</u>	<u>\$ 19,231,549</u>

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

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues				
Taxes	\$ 21,910,877	\$ 20,531,459	\$ 22,660,821	\$ 21,836,503
Payment in lieu of taxes	-	722,946	437,386	584,391
Tuition	796,844	974,007	647,343	616,916
Transportation fees	-	-	-	-
Earnings on investments	854,137	1,924,940	120,913	180,237
Charges for services	1,050,312	986,840	654,254	724,992
Extracurricular	396,386	401,670	388,489	340,665
Classroom materials and fees	-	-	166,398	166,489
Rental income	-	-	10,464	3,239
Gifts and donations	52,268	188,406	157,148	127,025
Contract services	-	-	279,553	320,731
Other local revenues	300,262	106,219	52,341	58,558
Intergovernmental	13,047,494	12,925,192	13,844,448	12,093,364
Total revenues	<u>38,408,580</u>	<u>38,761,679</u>	<u>39,419,558</u>	<u>37,053,110</u>
Expenditures				
Current:				
Instructional:				
Regular	15,620,976	17,596,664	16,700,879	17,887,657
Special	3,855,994	4,383,819	4,748,449	4,421,866
Vocational	325,696	567,326	350,118	353,800
Other	2,426,088	1,667,234	1,815,093	2,290,890
Support services:				
Pupil	2,377,913	2,778,659	2,800,822	3,043,247
Instructional staff	2,144,165	2,328,229	2,381,820	2,983,229
Board of education	81,358	104,125	44,665	74,555
Administration	2,232,250	2,429,147	2,562,957	2,111,998
Business and fiscal	1,247,597	1,097,731	1,327,498	1,277,509
Operations and maintenance	2,716,408	2,611,089	3,147,375	2,412,479
Pupil transportation	1,430,948	1,457,709	1,490,673	1,460,668
Central	602,677	1,495,083	1,400,496	1,052,395
Operation of non-instructional services	1,552,635	1,836,996	1,801,985	1,766,159
Extracurricular activities	539,360	517,071	543,071	543,835
Facilities acquisition and construction	-	-	25,427,970	13,300,538
Capital outlay	805,946	4,353,245	349,038	-
Debt service:				
Principal retirement	51,954	146,259	162,314	1,184,039
Interest and fiscal charges	467,481	1,758,916	2,616,768	2,431,919
Issuance costs	295,700	287,685	90,849	38,155
Total expenditures	<u>38,775,146</u>	<u>47,416,987</u>	<u>69,762,840</u>	<u>58,634,938</u>
Excess of revenues over (under) expenditures	(366,566)	(8,655,308)	(30,343,282)	(21,581,828)
Other Financing Sources (Uses)				
Sale of capital assets	5,593	1,819	18,319	-
General obligation and refunding bonds issued	25,949,991	23,999,318	3,997,998	999,833
Premiums on bonds issued	755,926	568,242	90,849	38,155
Payment to refunded bond escrow agent	-	-	-	-
Inception of capital lease	245,388	515,659	349,038	-
Transfers in	-	65,525	28,714	168,355
Transfers (out)	-	(65,525)	(28,714)	(168,355)
Total other financing sources (uses)	<u>26,956,898</u>	<u>25,085,038</u>	<u>4,456,204</u>	<u>1,037,988</u>
Net change in fund balances	<u>\$ 26,590,332</u>	<u>\$ 16,429,730</u>	<u>\$ (25,887,078)</u>	<u>\$ (20,543,840)</u>
Capital expenditures	\$ 1,409,895	\$ 4,771,604	\$ 29,805,295	\$ 19,546,340
Debt service as a percentage of noncapital expenditures	1.39%	4.47%	6.96%	9.25%

Source: School District financial records.

	2013	2014	2015	2016	2017	2018
\$	19,315,037	\$ 22,570,961	\$ 25,444,159	\$ 24,756,016	\$ 25,712,380	\$ 26,460,231
	865,818	748,597	735,631	1,058,075	1,115,807	982,431
	291,393	748,321	425,895	934,597	388,679	873,100
	67,251	50,337	6,930	6,692	8,077	3,930
	57,965	40,420	4,007	171,205	134,355	212,402
	651,714	589,426	529,869	529,724	538,228	549,338
	444,982	486,166	560,169	369,209	431,735	296,037
	154,104	158,778	164,930	172,327	170,867	172,069
	15,220	11,698	21,638	26,284	23,313	27,963
	126,865	126,730	175,999	1,474	1,504	1,482
	433,559	366,635	346,063	352,394	361,572	340,441
	76,731	190,342	51,035	157,555	278,923	326,887
	11,667,858	12,271,550	11,680,659	11,794,191	12,377,630	11,755,277
	<u>34,168,497</u>	<u>38,359,961</u>	<u>40,146,984</u>	<u>40,329,743</u>	<u>41,543,070</u>	<u>42,001,588</u>
	12,977,157	11,971,419	12,251,790	11,546,297	12,039,942	12,708,986
	4,800,457	4,579,251	4,695,750	5,712,405	5,664,760	6,879,502
	211,102	152,193	71,253	108,019	112,788	117,921
	1,855,777	1,868,560	1,954,433	1,353,690	1,939,047	1,628,335
	2,774,072	2,655,445	2,676,298	2,364,577	2,123,602	2,271,563
	2,223,037	953,301	851,151	593,223	1,446,183	778,688
	30,735	21,577	22,485	20,457	45,938	19,863
	1,968,872	1,886,110	1,895,745	2,144,769	2,184,516	2,286,078
	1,214,661	1,298,845	1,182,665	1,057,052	1,031,064	1,263,622
	2,216,800	2,780,614	2,316,359	2,423,627	2,681,149	2,897,464
	1,093,416	1,342,488	1,859,412	1,390,849	1,616,105	1,801,658
	364,777	203,838	235,699	542,655	534,290	551,147
	1,378,967	1,469,766	1,652,808	1,537,080	1,776,398	1,780,314
	845,119	471,594	561,998	681,043	938,464	881,607
	3,299,668	10,070	-	-	266,095	595,235
	-	-	2,621,204	-	-	-
	1,336,798	1,383,810	2,070,122	2,293,651	2,401,397	2,541,040
	2,493,574	2,454,714	2,262,968	1,989,341	1,820,507	1,700,954
	-	-	418,761	223,832	205,968	212,645
	<u>41,084,989</u>	<u>35,503,595</u>	<u>39,600,901</u>	<u>35,982,567</u>	<u>38,828,213</u>	<u>40,916,622</u>
	(6,916,492)	2,856,366	546,083	4,347,176	2,714,857	1,084,966
	-	220,313	478,864	31,868	11,481	1,397
	-	-	16,569,983	8,329,988	8,821,849	10,160,000
	-	-	2,988,711	1,662,901	1,011,087	957,937
	-	-	(19,132,370)	(9,769,057)	(9,626,968)	(10,902,129)
	-	-	2,621,204	-	-	-
	2,161,733	117,393	1,254,388	1,254,388	-	-
	<u>(2,161,733)</u>	<u>(117,393)</u>	<u>(1,254,388)</u>	<u>(1,254,388)</u>	<u>-</u>	<u>-</u>
	-	220,313	3,526,392	255,700	217,449	217,205
\$	<u>(6,916,492)</u>	<u>\$ 3,076,679</u>	<u>\$ 4,072,475</u>	<u>\$ 4,602,876</u>	<u>\$ 2,932,306</u>	<u>\$ 1,302,171</u>
\$	365,939	\$ 311,209	\$ 2,874,359	\$ 50,084	\$ 358,251	\$ 630,421
	9.41%	10.91%	11.80%	11.92%	10.97%	10.53%

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

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

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial/ Industrial/PU		Assessed Value	Estimated Actual Value
2009	\$ 446,871,220	\$ 185,827,790	\$ 1,807,711,457	\$ 10,904,770	\$ 43,619,080
2010	443,985,460	182,940,760	1,791,217,771	10,654,960	42,619,840
2011	445,175,230	177,802,380	1,779,936,029	11,106,770	44,427,080
2012	420,603,010	159,402,950	1,657,159,886	11,348,140	45,392,560
2013	419,653,230	154,655,690	1,640,882,629	12,070,370	48,281,480
2014	419,054,650	158,213,340	1,649,337,114	13,313,880	53,255,520
2015	413,718,530	155,459,650	1,626,223,371	13,740,700	54,962,800
2016	413,976,050	161,175,140	1,643,289,114	14,375,970	57,503,880
2017	416,049,720	165,186,620	1,660,675,257	15,241,160	60,964,640
2018	431,761,520	170,855,370	1,721,762,543	15,786,060	63,144,240

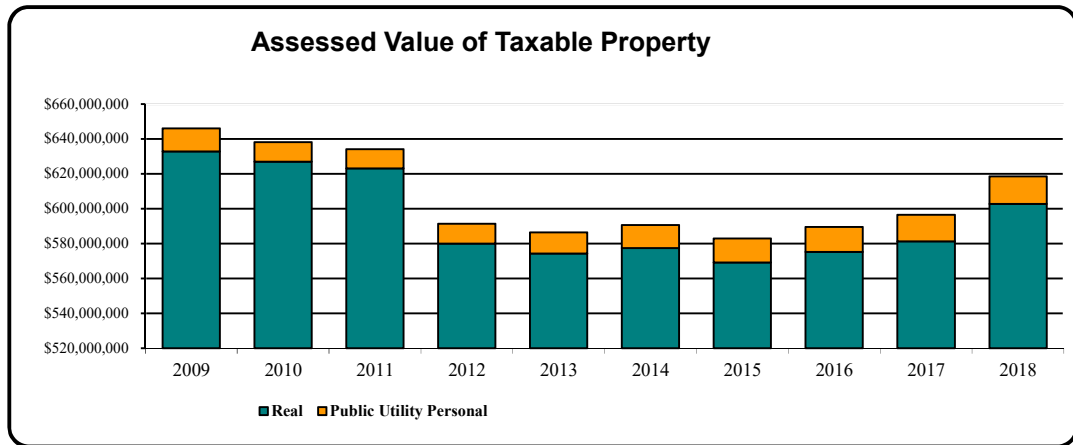
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal. The assessed value of real property (including public utility real property) is 35 percent of estimated true value.

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

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

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

Tangible Personal Property		General Business		Total		Total Direct Rate
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio		
\$ 2,342,340	\$ 9,369,360	\$ 645,946,120	\$ 1,860,699,897	34.72%	\$ 53.69	
527,300	2,109,200	638,108,480	1,835,946,811	34.76%	53.69	
-	-	634,084,380	1,824,363,109	34.76%	54.61	
-	-	591,354,100	1,702,552,446	34.73%	55.51	
-	-	586,379,290	1,689,164,109	34.71%	55.57	
-	-	590,581,870	1,702,592,634	34.69%	62.53	
-	-	582,918,880	1,681,186,171	34.67%	62.53	
-	-	589,527,160	1,700,792,994	34.66%	62.48	
-	-	596,477,500	1,721,639,897	34.65%	62.48	
-	-	618,402,950	1,784,906,783	34.65%	61.65	



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

*PRINCIPAL PROPERTY TAX PAYERS
REAL ESTATE TAX
CURRENT CALENDAR YEAR AND NINE YEARS AGO*

Name of Taxpayer	2018	
	Assessed Value	Percent of Real Property Assessed Value
Dayton City of	\$ 11,684,740	1.94%
ARCP ID Union Ohio LLC	7,783,190	1.29%
Moor Partners LLP	2,905,900	0.48%
MO Northwoods LLC	2,496,310	0.41%
Anchor PH Vandalia LLC	2,467,500	0.41%
Sand Lake Plaza LLC	2,281,150	0.38%
Realty Income Properties 6 LLC	2,084,950	0.35%
Garrett-Ryan LLC	1,936,960	0.32%
DDC Hotels Inc	1,824,740	0.30%
Floriday LLC	1,770,840	0.29%
Totals	<u>\$ 37,236,280</u>	<u>6.18%</u>
Total Assessed Valuation	<u>\$ 602,616,890</u>	

Name of Taxpayer	2009	
	Assessed Value	Percent of Real Property Assessed Value
Delphi Automotive System	\$ 3,791,260	0.60%
The IAMS Company	3,003,390	0.47%
SAM'S Real Estate Business	2,417,340	0.38%
The Beerman Realty Company	2,310,910	0.37%
W2005/Fargo Hotels	2,238,960	0.35%
Northwoods Shoppes, LLC	1,229,490	0.19%
Timberlake Limited Partnership	2,043,160	0.32%
Poe Avenue 6196 LLC	1,918,070	0.30%
Mid-States Development	1,718,390	0.27%
Garrett-Ryan LLC	1,511,720	0.24%
Totals	<u>\$ 22,182,690</u>	<u>3.51%</u>
Total Assessed Valuation	<u>\$ 632,699,010</u>	

Source: Montgomery County Auditor

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

*PRINCIPAL PROPERTY TAX PAYERS
PUBLIC UTILITY TAX
CURRENT CALENDAR YEAR AND NINE YEARS AGO*

Name of Taxpayer	2018	
	Assessed Value	Percent of Public Utility Assessed Value
Dayton Power and Light Co.	\$ 13,472,000	85.34%
Vectren Energy Delivery of Ohio	1,841,150	11.66%
Pioneer Rural Electric Cooperative Inc	471,810	2.99%
Buckeye Power Inc	1,100	0.01%
Total	\$ 15,786,060	100.00%
Total Assessed Valuation	\$ 15,786,060	

Name of Taxpayer	2009	
	Assessed Value	Percent of Public Utility Assessed Value
Dayton Power and Light	\$ 9,423,240	86.41%
Total	\$ 9,423,240	86.41%
Total Assessed Valuation	\$ 10,904,770	

Source: Montgomery County Auditor

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

*PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATION)
LAST TEN COLLECTION (CALENDAR) YEARS (1)
2008-2017*

Collection Year	Montgomery County	Dayton Metro Library	Butler Township	City of Vandalia	City of Union	Miami Valley Career Technology Center	Vandalia-Butler City School District		
							General	Bond Retirement	Total
2017	\$ 22.94	\$ 3.31	\$ 20.44	\$ 4.14	\$ 17.13	\$ 2.58	\$ 56.15	\$ 5.50	\$ 61.65
2016	22.94	3.31	16.94	4.14	17.13	2.58	56.48	6.00	62.48
2015	21.94	3.31	16.94	4.14	17.13	2.58	56.48	6.00	62.48
2014	20.94	3.31	16.94	4.14	17.13	2.58	56.53	6.00	62.53
2013	20.94	3.31	16.94	4.14	17.13	2.58	56.53	6.00	62.53
2012	17.74	3.31	16.40	4.14	17.13	2.58	49.54	6.03	55.57
2011	17.74	1.75	16.40	4.14	17.13	2.58	49.51	6.00	55.51
2010	20.94	1.75	16.94	4.14	17.13	2.58	49.06	5.55	54.61
2009	20.94	1.75	16.94	4.14	17.13	2.58	48.93	4.76	53.69
2008	20.94	1.25	16.94	4.14	17.13	2.58	53.69	-	53.69

Source: Montgomery County Auditor.

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

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

*PROPERTY TAX LEVIES AND COLLECTIONS - REAL, PERSONAL, AND PUBLIC UTILITY PROPERTY
LAST TEN COLLECTION (CALENDAR) YEARS
2008-2017*

Collection Year	Current Levy (1)	Current Collection (2)	Percent of Current Levy Collected	Delinquent Collection (4)	Total Collection (2)	Percent of Total Tax Collections to Current Levy (4)	Outstanding Delinquent Taxes (3)	Total Collection As a Percent of Current Levy
2017	\$ 28,463,390	\$ 27,797,345	97.66%	\$ 458,330	\$ 28,255,675	99.27%	\$ 504,016	1.77%
2016	28,201,263	27,714,879	98.28%	645,864	28,360,743	100.57%	599,675	2.13%
2015	27,904,466	27,104,246	97.13%	688,822	27,793,068	99.60%	593,171	2.13%
2014	28,092,209	27,147,308	96.64%	350,456	27,497,764	97.88%	541,966	1.93%
2013	23,877,173	23,334,349	97.73%	444,606	23,778,955	99.59%	488,504	2.05%
2012	23,966,930	23,164,343	96.65%	416,890	23,581,233	98.39%	606,196	2.53%
2011	24,470,420	23,624,490	96.54%	763,997	24,388,487	99.67%	1,097,593	4.49%
2010	23,904,272	23,027,122	96.33%	676,669	23,703,791	99.16%	1,322,018	5.53%
2009	24,161,467	22,980,834	95.11%	492,965	23,473,799	97.15%	1,420,253	5.88%
2008	25,583,060	24,455,231	95.59%	538,071	24,993,302	97.69%	1,151,419	4.50%

Source: Montgomery County Auditor.

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

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

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

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

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

*RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
LAST TEN YEARS
2009-2018*

Collection Year	Population (1)	Total Assessed Value (2)	Gross Bonded Debt (3)	Less Restricted for Debt Service	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita	Percentage of Personal Income (4)
2018	22,947	\$ 618,402,950	\$ 53,203,458	\$ 1,857,724	\$ 51,345,734	8.30%	\$2,238	8.48%
2017	22,952	596,477,500	54,439,174	1,409,866	53,029,308	8.89%	2,310	8.98%
2016	22,990	589,527,160	55,130,480	1,415,459	53,715,021	9.11%	2,336	8.57%
2015	23,025	582,918,880	54,857,334	463,765	54,393,569	9.33%	2,362	8.82%
2014	23,665	590,581,870	53,294,705	1,630,533	51,664,172	8.75%	2,183	8.07%
2013	23,140	586,379,290	54,383,411	1,517,354	52,866,057	9.02%	2,285	9.06%
2012	23,140	591,354,100	55,469,764	3,872,121	51,597,643	8.73%	2,230	8.98%
2011	23,140	634,084,380	55,409,097	3,301,165	52,107,932	8.22%	2,252	9.31%
2010	22,985	638,108,480	51,621,060	2,845,942	48,775,118	7.64%	2,122	8.77%
2009	22,985	645,946,120	26,905,448	553,078	26,352,370	4.08%	1,147	4.74%

Sources:

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



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

*COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS*

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Tax Valuation	\$ 645,946,120	\$ 638,108,480	\$ 634,084,380	\$ 591,354,100
Debt Limit - 9% of Taxable Valuation	<u>58,135,151</u>	<u>57,429,763</u>	<u>57,067,594</u>	<u>53,221,869</u>
Amount of Debt Applicable to Debt Limit				
General obligation bonds	25,949,991	49,949,309	50,924,187	50,044,187
Less: amount available in debt service	<u>(553,078)</u>	<u>(2,348,353)</u>	<u>(3,356,092)</u>	<u>(3,924,174)</u>
Amount of Debt Subject to Limit	<u>25,396,913</u>	<u>47,600,956</u>	<u>47,568,095</u>	<u>46,120,013</u>
Legal debt margin	<u>\$ 32,738,238</u>	<u>\$ 9,828,807</u>	<u>\$ 9,499,499</u>	<u>\$ 7,101,856</u>
Legal debt margin as a percentage of the debt limit	56.31%	17.11%	16.65%	13.34%
Energy conservation debt limit - 0.90% of assessed value (1)	5,813,515	5,742,976	5,706,759	5,322,187
Amount of Debt Subject to Limit	<u>-</u>	<u>-</u>	<u>2,998,120</u>	<u>3,827,953</u>
Unvoted legal debt margin	<u>\$ 5,813,515</u>	<u>\$ 5,742,976</u>	<u>\$ 2,708,639</u>	<u>\$ 1,494,234</u>
Unvoted legal debt margin as a percentage of the debt limit	100.00%	100.00%	47.46%	28.08%
Unvoted debt limit - 0.10% of taxable valuation (1)	645,946	638,108	634,084	591,354
Amount of Debt Subject to Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unvoted legal debt margin	<u>\$ 645,946</u>	<u>\$ 638,108</u>	<u>\$ 634,084</u>	<u>\$ 591,354</u>
Unvoted legal debt margin as a percentage of the debt limit	100.00%	100.00%	100.00%	100.00%

Source: Montgomery County Auditor and School District Financial Records

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

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

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>\$ 586,379,290</u>	<u>\$ 590,581,870</u>	<u>\$ 582,918,880</u>	<u>\$ 589,527,160</u>	<u>\$ 596,477,500</u>	<u>\$ 618,402,950</u>
<u>52,774,136</u>	<u>53,152,368</u>	<u>52,462,699</u>	<u>53,057,444</u>	<u>53,682,975</u>	<u>55,656,266</u>
<u>49,084,187</u>	<u>48,084,187</u>	<u>47,029,170</u>	<u>45,799,706</u>	<u>44,429,085</u>	<u>43,435,511</u>
<u>(4,148,923)</u>	<u>(2,372,139)</u>	<u>(1,451,670)</u>	<u>(2,791,154)</u>	<u>(3,184,116)</u>	<u>(3,386,092)</u>
<u>44,935,264</u>	<u>45,712,048</u>	<u>45,577,500</u>	<u>43,008,552</u>	<u>41,244,969</u>	<u>40,049,419</u>
<u>\$ 7,838,872</u>	<u>\$ 7,440,320</u>	<u>\$ 6,885,199</u>	<u>\$ 10,048,892</u>	<u>\$ 12,438,006</u>	<u>\$ 15,606,847</u>
14.85%	14.00%	13.12%	18.94%	23.17%	28.04%
<u>5,277,414</u>	<u>5,315,237</u>	<u>5,246,270</u>	<u>5,305,744</u>	<u>5,368,298</u>	<u>5,565,627</u>
<u>3,592,953</u>	<u>3,357,953</u>	<u>3,134,833</u>	<u>2,889,833</u>	<u>2,639,833</u>	<u>2,415,000</u>
<u>\$ 1,684,461</u>	<u>\$ 1,957,284</u>	<u>\$ 2,111,437</u>	<u>\$ 2,415,911</u>	<u>\$ 2,728,465</u>	<u>\$ 3,150,627</u>
31.92%	36.82%	40.25%	45.53%	50.83%	56.61%
<u>586,379</u>	<u>590,582</u>	<u>582,919</u>	<u>589,527</u>	<u>596,478</u>	<u>618,403</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 586,379</u>	<u>\$ 590,582</u>	<u>\$ 582,919</u>	<u>\$ 589,527</u>	<u>\$ 596,478</u>	<u>\$ 618,403</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

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

Fiscal Year	Governmental Activities			Total Primary Government	Per Capita (2)	Ratio of Total Debt Outstanding to Personal Income (2)
	General Obligation Bonds (1)	Notes Payable	Capital Leases			
2018	\$ 53,203,458	\$ -	\$ 153,608	\$ 53,357,066	\$ 2,325.23	8.81%
2017	54,439,174	-	784,646	55,223,820	2,406.06	9.35%
2016	55,130,480	-	1,401,045	56,531,525	2,458.96	9.02%
2015	54,857,334	-	2,079,696	56,937,030	2,472.84	9.24%
2014	53,294,705	-	233,614	53,528,319	2,261.92	8.36%
2013	54,383,411	-	382,424	54,765,835	2,366.72	9.38%
2012	55,469,764	-	524,222	55,993,986	2,419.79	9.75%
2011	55,409,097	-	658,261	56,067,358	2,422.96	10.01%
2010	51,621,060	-	613,812	52,234,872	2,272.56	9.39%
2009	26,905,448	24,000,000	244,412	51,149,860	2,225.36	9.20%

Source: School District Records

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

(2) Personal Income reported multiplied times the population of to yield total personal income.

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

*COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2018*

Governmental Unit	Gross General Obligation	Percent Applicable to District	Amount Applicable to District
Direct:			
Vandalia-Butler City School District	\$ 53,357,066 **	100.00%	\$ 53,357,066
Overlapping:			
Montgomery County	21,556,428	6.21%	1,338,654
Butler Township (1)	8,536,930	100.00%	8,536,930
City of Dayton (2)	71,272,817	2.42%	1,724,802
City of Union (3)	998,746	0.25% *	2,497
City of Vandalia (4)	<u>3,431,373</u>	100.00%	<u>3,431,373</u>
Total overlapping	<u>\$ 105,796,294</u>		<u>\$ 15,034,256</u>
Total direct and overlapping debt	<u><u>\$ 159,153,360</u></u>		<u><u>\$ 68,391,322</u></u>

Source: Montgomery County Auditor

(1) 2015/2016 Audit Report. Information as of June 30, 2018 was not available.

(2) City of Dayton 2017 CAFR

(3) City of Union 12/31/16 Audit Report. Information as of June 30, 2018 was not available.

(4) City of Vandalia 2017 Audit Report

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

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

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

*Ratio of Annual Debt Service Expenditures for
General Obligation Bonded Debt to Total General Fund Expenditures
Last Ten Fiscal Years
2009-2018*

Fiscal Year	Principal (1)	Interest and Issuance Costs (1)	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures
2018	\$ 1,655,000	\$ 1,832,155	\$ 3,487,155	\$ 34,233,701	10.19%
2017	1,785,000	1,882,308	3,667,308	31,936,766	11.48%
2016	1,115,000	2,108,559	3,223,559	30,081,209	10.72%
2015	1,295,000	2,555,744	3,850,744	33,678,952	11.43%
2014	1,235,000	2,334,377	3,569,377	29,617,779	12.05%
2013	1,195,000	2,357,341	3,552,341	31,717,335	11.20%
2012	1,050,000	2,438,446	3,488,446	35,361,480	9.87%
2011	25,000	2,596,382	2,621,382	35,446,786	7.40%
2010	-	2,034,700	2,034,700	35,406,721	5.75%
2009	-	755,377	755,377	33,682,084	2.24%

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

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

*DEMOGRAPHIC STATISTICS
LAST TEN YEARS
2009-2018*

Year	Population (1)	Per Capita Income (2)	Personal Income	School Enrollment (3)	Average Federal Income (4)	Unemployment Rate Montgomery County (5)
2018	22,947	\$26,392	\$605,617,224	2,912	\$50,322	4.9%
2017	22,952	25,734	590,646,768	3,065	\$48,665	4.8%
2016	22,990	27,254	626,569,460	3,071	\$48,099	5.0%
2015	23,025	26,774	616,471,350	2,999	\$46,482	5.1%
2014	23,665	27,061	640,398,565	3,156	\$44,888	8.0%
2013	23,140	25,225	583,706,500	3,324	\$44,322	7.8%
2012	23,140	24,828	574,519,920	3,325	\$43,965	9.4%
2011	23,140	24,199	559,964,860	3,331	\$41,611	10.7%
2010	22,985	24,199	556,214,015	3,351	\$45,237	11.6%
2009	22,985	24,199	556,214,015	3,422	Information not available	11.8%

Sources:

- (1) Based on 2010 data - Ohio Department of Development.
- (2) U.S. Census Bureau - Montgomery County, 2017 information most recent available.
- (3) Vandalia-Butler City School District Financial Records.
- (4) Social Security Administration National Average Wage Index as of 2017
- (5) Ohio Department of Job and Family Services - annual average 2017.

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

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

Employer	Nature of Business	2017			2008		
		Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Staffmark Investment LLC (formerly CBS Pers)	Employment Agency	702	1	1.47%	0		0.00%
GE Aviation (formerly Smiths Aerospace)	Aerospace Engineering & Manufacturing	528	2	1.11%	423	4	0.76%
All Service Plastic Molding	Injection Molding	526	3	1.10%	674	2	1.22%
Vandalia-Butler City School District	Schools	512	4	1.07%	553	3	1.00%
City of Vandalia	Local Government	477	5	1.00%	300	6	0.54%
SAIA Burgess, Inc. (formerly Johnson Controls)	Electronic Manufacturing	301	6	0.63%	0		0.00%
Kroger Limited Partnership	Grocery Retail	295	7	0.62%	0		0.00%
Dayton Freight Lines, Inc.	Trucking Company	276	8	0.58%	0		0.00%
Adare Pharmaceuticals Inc. (formerly Aptalis)	Specialty Pharmaceutical Company	252	9	0.53%	0		0.00%
Projects Unlimited	Manufacturing electronic parts	212	10	0.44%	0		0.00%
Delphi Automotive System	Automotive Manufacturing & Engineering	0		0.00%	1,015	1	1.83%
Coorstek Medical LLC (formerly IMDS)	Medical Device Design & Manufacturing	0		0.00%	306	5	0.55%
P&G Pet Care (formerly Iams)	Headquarters - Cat & Dog Food	0		0.00%	234	7	0.42%
Evenflo	Headquarters - Juvenile Products Manufacturer	0		0.00%	188	8	0.34%
Eurand	Pharmaceutical products	0		0.00%	170	9	0.31%
Exhibit Concepts	Trade Show Design and Fabrication	0		0.00%	120	10	0.22%
Total		<u>4,081</u>		<u>8.55%</u>	<u>3,983</u>		<u>7.20%</u>
Total Employment within the School District		<u>47,731</u>			<u>55,319</u>		

Source: City of Vandalia CAFR as of December 31, 2017.

Number of employees are based on W-2's filed within the City income tax department without direct contact or confirmation from the employers.

The totals may not include part-time and temporary employees.

(1) - Information not available for Butler Township

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction										
Classroom Teachers	194.01	191.60	186.40	171.70	149.78	122.92	121.50	121.50	127.00	135.00
Special Education Teachers and Tutors	42.28	43.86	41.80	46.40	45.60	48.50	51.00	51.00	49.00	48.00
Educational/Media Aides	30.00	32.00	31.00	32.00	29.00	45.00	43.00	43.00	43.00	35.00
Counselor	6.00	6.00	6.00	6.00	7.10	5.34	6.00	6.00	6.00	7.00
Total Instruction	272.29	273.46	265.20	256.10	231.48	221.76	221.50	221.50	225.00	225.00
Support and Administration										
Central Office Support/Administrators	29.70	29.00	31.60	31.40	29.03	16.00	16.00	16.00	16.00	17.00
Principals	10.00	10.00	10.00	8.00	8.00	7.00	7.00	7.00	7.00	7.00
Clerical Support	18.50	18.00	17.00	17.00	11.00	19.00	17.00	17.00	17.00	17.00
Professional Support	6.05	6.00	6.00	5.00	5.36	4.96	5.00	5.00	5.00	5.00
Transportation	34.00	33.00	33.00	32.50	28.00	-	-	-	-	-
Food Service	38.00	38.00	39.00	41.00	36.00	30.00	33.00	31.00	31.00	32.00
Custodial	20.00	20.00	20.00	21.00	20.00	15.00	16.00	14.00	14.00	15.00
Maintenance and Mechanics	5.00	5.00	5.00	4.00	5.00	3.00	3.00	3.00	3.00	3.00
Total Support and Administration	161.25	159.00	161.60	159.90	142.39	94.96	97.00	93.00	93.00	96.00
Total Employees	433.54	432.46	426.80	416.00	373.87	316.72	318.50	314.50	318.00	321.00

Source: Fiscal Year October EMIS Reports

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

*BUILDING STATISTICS
LAST TEN FISCAL YEARS*

	2009	2010	2011	2012	2013	2014
Demmitt Elementary School						
Constructed in 1957						
Total Building Square Footage 43,977						
Total Acres 11						
Enrollment Grades K-4	418	366	361	340	430	531
Student Capacity	368	368	368	426	426	426
Regular Instruction Classrooms 15	22	22	22	20	20	20
Regular Instruction Teachers	26	26	26	15	15	20
Special Instruction Classrooms	3	3	3	7	7	6
Special Instruction Teachers	4	4	4	7	7	8
Helke Elementary School						
Constructed in 1969						
Total Building Square Footage 42,456						
Total Acres 10.5						
Enrollment Grades K-4	445	419	401	414	390	394
Student Capacity	350	350	350	405	405	405
Regular Instruction Classrooms	16	16	16	21	21	16
Regular Instruction Teachers	24	24	24	15	15	16
Special Instruction Classrooms	1	1	1	3	3	6
Special Instruction Teachers	2	2	2	3	3	6
Murlin Heights Elementary School						
Constructed in 1952						
Total Building Square Footage 40,930						
Total Acres 15						
Enrollment Grades K-4	389	403	401	393	381	0
Student Capacity	335	335	350	388	388	0
Regular Instruction Classrooms	25	25	16	22	22	0
Regular Instruction Teachers	23	23	24	15	15	0
Special Instruction Classrooms	3	3	1	5	5	0
Special Instruction Teachers	3	3	2	5	5	0
Morton Middle School						
Constructed in 2011						
Total Building Square Footage 102,100						
Total Acres 16						
Enrollment Grades 5-8	483	505	498	533	525	744
Student Capacity	444	444	444	820	820	820
Regular Instruction Classrooms	32	32	32	34	34	30
Regular Instruction Teachers	32	32	32	27	27	33
Special Instruction Classrooms	3	3	3	8	8	10
Special Instruction Teachers	8	8	8	8	8	10

2015	2016	2017	2018
420	512	519	435
426	426	426	426
16	16	16	16
14	14	14	14
7	7	7	7
9	9	9	9
378	381	388	387
405	405	405	405
13	13	14	14
14	14	14	14
2	2	2	2
3	3	4	4
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
730	673	679	664
820	820	820	820
27	27	32	32
30	30	37	37
10	10	10	10
11	11	11	11

- Continued

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

*BUILDING STATISTICS (CONTINUED)
LAST TEN FISCAL YEARS*

	2009	2010	2011	2012	2013	2014
Smith Middle School						
Constructed in 1969						
Total Building Square Footage 66,113						
Total Acres 84.5						
Enrollment Grades 5-8	507	530	546	553	524	470
Student Capacity	406	406	406	511	511	511
Regular Instruction Classrooms	32	32	32	32	32	18
Regular Instruction Teachers	32	32	32	27	27	18
Special Instruction Classrooms	5	5	5	6	6	7
Special Instruction Teachers	7	7	7	7	7	7
 Butler High School						
Constructed in 1956, Renovated in 2011						
Total Building Square Footage 266,000						
Total Acres 23.8						
Enrollment Grades 9-12	1,180	1,128	1,125	1,092	1,074	1,085
Student Capacity	1,375	1,375	1,375	1,455	1,455	1,455
Regular Instruction Classrooms	64	64	64	50	50	50
Regular Instruction Teachers	62	62	62	42	42	42
Special Instruction Classrooms	4	4	4	12	12	12
Special Instruction Teachers	10	10	10	12	12	12

Source: Enrollment Oct Fiscal Year EMIS Report

N/A - Information not available

2015	2016	2017	2018
426	441	440	454
511	511	511	511
18	18	18	18
18	18	18	18
11	11	11	11
14	14	14	14
1,045	1,037	1,037	1,028
1,455	1,455	1,455	1,455
55	55	55	55
41	41	44	44
11	11	11	11
11	11	11	11

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

*OPERATING STATISTICS
LAST TEN FISCAL YEARS*

Fiscal Year	Expenses	Enrollment	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/ Teacher Ratio
2009	\$ 38,496,444	3,422	\$ 11,250	-0.64%	233	14.7
2010	43,353,688	3,351	12,938	15.00%	231	14.5
2011	40,629,342	3,331	12,197	-5.72%	228	14.6
2012	39,947,933	3,325	12,014	-1.50%	218	15.3
2013	41,283,184	3,324	12,420	3.37%	195	17.0
2014	35,726,473	3,156	11,320	-8.85%	242	13.0
2015	36,233,283	3,054	11,864	4.81%	205	14.9
2016	36,195,042	3,071	11,786	-0.66%	201	15.3
2017	39,892,531	3,065	13,016	10.43%	205	15.0
2018	25,158,281	2,912	8,640	-33.62%	202	14.4

Source: School District Records.

OHIO AUDITOR OF STATE
KEITH FABER



VANDALIA- BUTLER CITY SCHOOL DISTRICT

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 7, 2019**