



Dave Yost • Auditor of State

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets.....	15
Statement of Activities.....	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds	17
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	18
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) General Fund.....	21
Statement of Fiduciary Net Assets Fiduciary Funds.....	22
Statement of Changes in Fiduciary Net Assets Fiduciary Funds.....	23
Notes to the Basic Financial Statements	25
Federal Awards Receipts and Expenditures Schedule.....	59
Notes to the Federal Awards Receipts and Expenditures Schedule	60
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	61
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	63
Schedule of Findings.....	65
Independent Accountants' Report on Applying Agreed Upon Procedures	67

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Barberton City School District
Summit County
479 Norton Avenue
Barberton, Ohio 44203

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Barberton City School District, Summit County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Barberton City School District, Summit County, Ohio, as of June 30, 2011, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As describe in Note 3B, during 2011, Barberton City School District restated its July 1, 2010 governmental fund balances due to changes in fund structure as a result of implementing the provisions of the Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* In addition as describe in Note 3C, during 2011, the District restated its net assets of the governmental activities due to errors and omissions in the prior year taxes delinquencies.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditure Schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Federal Awards Receipts and Expenditure Schedule is management's responsibility, and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The Federal Awards Receipts and Expenditure Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

January 31, 2012

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

The Management's Discussion and Analysis of the Barberton City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

- In total, net assets of governmental activities increased \$647,606 which represents a 0.77% increase from 2010.
- General revenues accounted for \$35,918,345 in revenue or 66.23% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$18,312,269 or 33.77% of total revenues of \$54,230,614.
- The District had \$53,583,008 in expenses related to governmental activities; only \$18,312,269 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$35,918,345 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and the classroom facilities fund. The general fund had \$36,748,928 in revenues and other financing sources and \$38,418,777 in expenditures and other financing uses. During fiscal year 2011, the general fund's fund balance decreased \$1,669,849 from a restated balance of \$5,860,858 to a balance of \$4,191,009.
- The District's classroom facilities fund had \$20,162,283 in revenues and \$27,669,466 in expenditures. During fiscal year 2011, the classroom facilities fund's fund balance decreased \$7,507,183 from \$38,475,841 to a balance of \$30,968,658.

Using these Basic Financial Statements

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 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 assets and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the 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 District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund and classroom facilities fund are by far the most significant funds, and the only governmental funds reported as major funds.

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, 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.

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

These two statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position of the 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 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 assets and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net assets and statement of activities can be found on pages 13-14 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and classroom facilities fund.

Governmental Funds

Most of the 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 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 assets 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 15-19 of this report.

Proprietary Funds

The District maintained a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounted for insurance benefits; however, the District is no longer self-insured effective July 2010 so a residual equity transfer from the internal service fund to the general fund was made in fiscal year 2011. The basic proprietary fund financial statements can be found on pages 20 and 21 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 22 and 23. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the 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 25-57 of this report.

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

The District as a Whole

The table below provides a summary of the District's net assets for 2011 and 2010. Net assets for 2010 have been restated as described in Note 3.C.

	Net Assets	
	Governmental Activities 2011	Restated Governmental Activities 2010
	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Current and other assets	\$ 67,944,219	\$ 92,724,719
Capital assets, net	<u>96,239,690</u>	<u>70,101,875</u>
Total assets	<u>164,183,909</u>	<u>162,826,594</u>
<u>Liabilities</u>		
Current liabilities	21,865,511	18,564,242
Long-term liabilities	<u>57,388,243</u>	<u>59,979,803</u>
Total liabilities	<u>79,253,754</u>	<u>78,544,045</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	68,837,863	42,681,505
Restricted	13,039,646	36,898,084
Unrestricted	<u>3,052,646</u>	<u>4,702,960</u>
Total net assets	<u>\$ 84,930,155</u>	<u>\$ 84,282,549</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011, the District's assets exceeded liabilities by \$84,930,155.

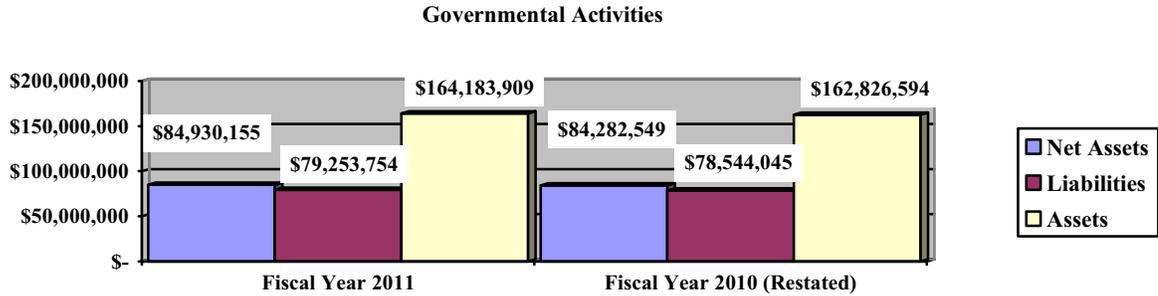
At year-end, capital assets represented 58.62% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles and construction in progress. Capital assets, net of related debt to acquire the assets at June 30, 2011, were \$68,837,863. These capital assets are used to provide services to the students and are not available for future spending. Although the 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.

A portion of the District's net assets, \$13,039,646, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets is \$3,052,646.

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

The graph below shows the District' assets, liabilities and net assets at June 30, 2011 and 2010:



The table below shows the change in net assets for fiscal years 2011 and 2010. The 2010 balances of operating grants and contributions and general revenues - grants and entitlements have been restated to conform to 2011 presentation of Pathway to Student Success (PASS) funding from the State of Ohio which is reported as an operating grant rather than as general revenue. In addition, 2010 property taxes revenues have been restated as described in Note 3.C.

Change in Net Assets

	Governmental Activities 2011	Restated Governmental Activities 2010
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 2,285,237	\$ 1,915,210
Operating grants and contributions	16,027,032	14,125,358
General revenues:		
Property taxes	13,199,267	13,131,527
Grants and entitlements-not restricted	22,161,845	22,437,069
Investment earnings	139,380	174,227
Miscellaneous	417,853	282,915
Total revenues	<u>54,230,614</u>	<u>52,066,306</u>

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Change in Net Assets

	<u>Governmental Activities 2011</u>	<u>Governmental Activities 2010</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 19,077,317	\$ 17,952,342
Special	6,516,272	6,799,979
Vocational	1,320,688	1,341,807
Other	4,930,186	4,546,120
Support services:		
Pupil	2,311,323	2,179,881
Instructional staff	2,515,505	2,486,644
Board of education	29,089	30,701
Administration	3,404,037	3,256,598
Fiscal	658,499	685,717
Business	380,576	279,734
Operations and maintenance	3,868,311	4,193,819
Pupil transportation	1,289,452	1,105,787
Central	140,497	120,227
Operations of non-instructional services		
Food service operations	2,110,998	2,080,132
Other non-instructional services	276,521	291,000
Extracurricular activities	2,044,778	1,883,943
Interest and fiscal charges	<u>2,708,959</u>	<u>2,775,069</u>
Total expenses	<u>53,583,008</u>	<u>52,009,500</u>
Change in net assets	647,606	56,806
Net assets at beginning of year	<u>84,282,549</u>	<u>84,225,743</u>
Net assets at end of year	<u>\$ 84,930,155</u>	<u>\$ 84,282,549</u>

Governmental Activities

Net assets of the District's governmental activities increased \$647,606. Total governmental expenses of \$53,583,008 were offset by program revenues of \$18,312,269 and general revenues of \$35,918,345. Program revenues supported 34.18% of the total governmental expenses.

The largest source of general revenue comes from property taxes and unrestricted grants and entitlements, which account for 65.21% of total governmental revenues. Unrestricted grants and entitlements include monies received from the Ohio Department of Education, State foundation, and property tax relief such as homestead rollbacks and exemptions.

Program revenues include charges for services, grants and contributions that are program specific. These include grants from the Barberton Community Foundation, grants for specific purposes, reimbursements for services by third-parties, open enrollment, tuition, food service receipts, and extracurricular receipts. Operating grants and contributions increased nearly \$2 million as a result of increased grant funding from the federal government.

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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. The 2010 net cost of services for special instruction has been restated to conform to 2011 presentation of PASS funding from the State of Ohio which is reported as operating grants and contributions offsetting special instruction expenses.

Governmental Activities				
	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Restated Net Cost of Services 2010
Program expenses				
Instruction:				
Regular	\$ 19,077,317	\$ 13,933,228	\$ 17,952,342	\$ 15,819,792
Special	6,516,272	1,495,069	6,799,979	994,247
Vocational	1,320,688	940,003	1,341,807	932,777
Other	4,930,186	4,418,834	4,546,120	4,175,387
Support services:				
Pupil	2,311,323	1,889,462	2,179,881	1,845,261
Instructional staff	2,515,505	1,191,156	2,486,644	1,230,418
Board of education	29,089	29,089	30,701	30,701
Administration	3,404,037	3,302,297	3,256,598	3,174,474
Fiscal	658,499	658,499	685,717	685,717
Business	380,576	380,576	279,734	279,734
Operations and maintenance	3,868,311	3,759,599	4,193,819	4,044,277
Pupil transportation	1,289,452	1,128,528	1,105,787	849,026
Central	140,497	99,213	120,227	68,012
Operations of non-instructional services				
Food service operations	2,110,998	72,252	2,080,132	14,619
Other non-instructional services	276,521	121,875	291,000	42,944
Extracurricular activities	2,044,778	1,471,066	1,883,943	1,321,054
Interest and fiscal charges	2,708,959	379,993	2,775,069	460,492
Total	<u>\$ 53,583,008</u>	<u>\$ 35,270,739</u>	<u>\$ 52,009,500</u>	<u>\$ 35,968,932</u>

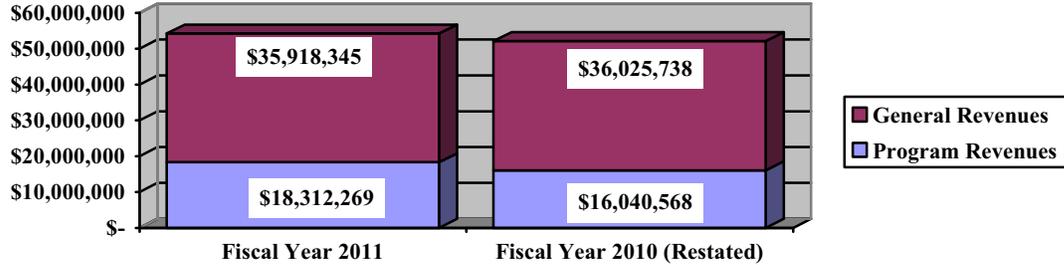
The dependence upon tax and other general revenues for governmental activities is apparent, 65.28% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 65.82%.

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

The graph below presents the District's governmental activities general and program revenues for fiscal years 2011 and 2010. The 2010 program and general revenues have been restated to conform to 2011 presentation of PASS funding from the State of Ohio which is reported as program rather than general revenue.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds (as presented on the balance sheet on pages 15) reported a combined fund balance of \$38,893,818, which is lower than last year's total of \$46,888,432. The District restated fund balances at June 30, 2010 as described in Note 3.B. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2011 and 2010.

	Fund Balance <u>June 30, 2011</u>	Restated Fund Balance <u>June 30, 2010</u>	Increase <u>(Decrease)</u>
General	\$ 4,191,009	\$ 5,860,858	\$ (1,669,849)
Classroom Facilities	30,968,658	38,475,841	(7,507,183)
Other Governmental	<u>3,734,151</u>	<u>2,551,733</u>	<u>1,182,418</u>
Total	<u>\$ 38,893,818</u>	<u>\$ 46,888,432</u>	<u>\$ (7,994,614)</u>

General Fund

The District's general fund's fund balance decreased by \$1,669,849. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	2011	Restated 2010	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Revenues</u>			
Taxes	\$ 9,914,417	\$ 10,578,390	(6.28) %
Tuition	1,043,414	395,523	163.81 %
Earnings on investments	15,317	68,134	(77.52) %
Intergovernmental	24,056,689	24,632,985	(2.34) %
Other revenues	<u>762,721</u>	<u>896,341</u>	(14.91) %
 Total	 <u>\$ 35,792,558</u>	 <u>\$ 36,571,373</u>	 (2.13) %
<u>Expenditures</u>			
Instruction	\$ 24,618,943	\$ 23,382,105	5.29 %
Support services	12,375,049	12,141,409	1.92 %
Other non-instructional services	132,205	113,247	16.74 %
Extracurricular activities	1,185,417	1,103,695	7.40 %
Facilities acquisition and construction	40,236	1,736,988	(97.68) %
Debt service	<u>11,147</u>	<u>37,902</u>	(70.59) %
 Total	 <u>\$ 38,362,997</u>	 <u>\$ 38,515,346</u>	 (0.40) %

Overall, both revenues and expenditures for the general fund decreased slightly. The dramatic increase in tuition revenues is a result of open enrollment revenue. This increase, however, was offset by decreases in taxes and intergovernmental revenues. The decrease in taxes revenue is mainly the result of fluctuations in the amount of tax collected and available for advance at fiscal year-end by the Summit County Fiscal Officer. These amounts are recorded as revenue can vary depending upon when the County Fiscal Officer distributes the tax bills. Earnings on investments also decreased as a result of lower interest rates on the District's accounts in which their funds were held. The District purchased land and other improvements for the Ohio School Facilities Commission (OSFC) project during fiscal year 2010 which accounts for most of the change in facilities acquisition and construction expenditures.

Classroom Facilities Fund

The District's classroom facilities fund had \$20,162,283 in revenues and \$27,669,466 in expenditures. The classroom facilities fund is used to account for quarterly disbursements from the OSFC for the State share of the project and the local share of the project along with all related investment earnings and facilities acquisition and construction expenditures. During fiscal year 2011, the classroom facilities fund's fund balance decreased \$7,507,183 from \$38,475,841 to a balance of \$30,968,658.

General Fund Budgeting Highlights

The 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.

During the course of fiscal year 2011, the District amended its general fund budget numerous times. For the general fund, final budgeted revenues and other financing sources were \$35,455,648, which is lower than the original budgeted revenues estimate of \$35,820,494. Actual revenues and other financing sources for fiscal year 2011 was \$34,831,978. This represents a \$623,670 decrease from final budgeted revenues.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$45,005,652 were decreased to \$40,534,004 in the final appropriations. The actual budget basis expenditures for fiscal year 2011 totaled \$37,823,306, which was \$2,710,698 less than the final budget appropriations.

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the District had \$96,239,690 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2011 balances compared to 2010:

Capital Assets at June 30 (Net of Depreciation)		
<u>Governmental Activities</u>		
	<u>2011</u>	<u>2010</u>
Land	\$ 16,285,923	\$ 16,285,923
Construction in progress	44,376,002	16,682,864
Land improvements	2,189,284	2,454,162
Building and improvements	32,055,291	33,171,473
Furniture and equipment	531,204	703,597
Vehicles	<u>801,986</u>	<u>803,856</u>
Total	<u>\$ 96,239,690</u>	<u>\$ 70,101,875</u>

Total additions to capital assets for 2011, mostly construction in progress, were \$27,800,665.

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

Debt Administration

At June 30, 2011, the District had \$54,094,690 in general obligation bonds and \$145,000 in notes payable outstanding. Of this total, \$2,140,000 is due within one year and \$52,099,690 is due in greater than one year. The following table summarizes the bonds and notes outstanding.

	<u>Governmental Activities 2011</u>	<u>Governmental Activities 2010</u>
Bonds	\$ 54,094,690	\$ 55,715,591
Notes	<u>145,000</u>	<u>290,000</u>
Total	<u>\$ 54,239,690</u>	<u>\$ 56,005,591</u>

See Note 9 to the basic financial statements for additional information on the District's debt administration.

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Current Financial Related Activities

The District's voters passed an 8.57 mill emergency levy renewal for ten years in the November 2009 election. Collection of this levy began in 2010 and now will expire in 2019. The District placed an 8.74 mill emergency levy on the November 2011 ballot, which failed to pass.

Due to the current economic climate, management is required to plan carefully and prudently to provide the resources to meet student needs over the next several years. Since the local contribution to public education continues to be based on property taxes, the recent reduction in home value reappraisals will have a negative effect on collections.

Contacting the District's Financial Management

This financial report is designed to provide our citizens taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ryan Pendleton, Treasurer/CFO, Barberton City School District, 479 Norton Avenue, Barberton, Ohio, 44203. Or if you prefer, you may email inquiries to: rpndleton@barbertonschools.org.

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents . . .	\$ 11,505,888
Investments.	35,359,134
Receivables:	
Property taxes	14,986,484
Accounts.	74,008
Intergovernmental	5,519,713
Accrued interest	31,088
Materials and supplies inventory.	125,488
Unamortized bond issue costs	342,416
Capital assets:	
Land.	16,285,923
Construction in progress	44,376,002
Depreciable capital assets, net.	35,577,765
Capital assets, net	96,239,690
 Total assets.	 164,183,909
 Liabilities:	
Accounts payable.	208,095
Contracts payable.	4,123,015
Retainage payable	784,519
Accrued wages and benefits	3,666,061
Pension obligation payable.	963,453
Intergovernmental payable	344,141
Accrued interest payable	305,954
Unearned revenue	11,470,273
Long-term liabilities:	
Due within one year.	2,424,320
Due in more than one year.	54,963,923
 Total liabilities	 79,253,754
 Net Assets:	
Invested in capital assets, net of related debt.	68,837,863
Restricted for:	
Capital projects	8,790,603
Classroom facilities maintenance	619,606
Debt service.	2,202,011
Locally funded programs	2,437
State funded programs.	11,821
Federally funded programs	1,091,192
Student activities	95,515
Other purposes	226,461
Unrestricted.	3,052,646
 Total net assets	 \$ 84,930,155

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating Grants</u>	<u>Revenue and</u>
		<u>Services and Sales</u>	<u>and Contributions</u>	<u>Changes in</u>
				<u>Net Assets</u>
				<u>Governmental</u>
				<u>Activities</u>
Governmental activities:				
Instruction:				
Regular	\$ 19,077,317	\$ 1,158,618	\$ 3,985,471	\$ (13,933,228)
Special	6,516,272	48,787	4,972,416	(1,495,069)
Vocational	1,320,688	-	380,685	(940,003)
Other	4,930,186	-	511,352	(4,418,834)
Support services:				
Pupil	2,311,323	-	421,861	(1,889,462)
Instructional staff	2,515,505	-	1,324,349	(1,191,156)
Board of education	29,089	-	-	(29,089)
Administration	3,404,037	-	101,740	(3,302,297)
Fiscal	658,499	-	-	(658,499)
Business	380,576	-	-	(380,576)
Operations and maintenance	3,868,311	32,888	75,824	(3,759,599)
Pupil transportation	1,289,452	41,055	119,869	(1,128,528)
Central	140,497	-	41,284	(99,213)
Operation of non-instructional services:				
Food service operations	2,110,998	498,491	1,540,255	(72,252)
Other non-instructional services	276,521	-	154,646	(121,875)
Extracurricular activities	2,044,778	505,398	68,314	(1,471,066)
Interest and fiscal charges	2,708,959	-	2,328,966	(379,993)
Total governmental activities	\$ 53,583,008	\$ 2,285,237	\$ 16,027,032	(35,270,739)

General Revenues:

Property taxes levied for:	
General purposes	10,670,360
Debt service	2,321,546
Capital outlay	207,361
Grants and entitlements not restricted to specific programs	22,161,845
Investment earnings	139,380
Miscellaneous	417,853
Total general revenues	35,918,345
Change in net assets	647,606
Net assets at beginning of year (restated)	84,282,549
Net assets at end of year	\$ 84,930,155

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	<u>General</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 4,069,462	\$ 3,561,507	\$ 3,874,919	\$ 11,505,888
Investments.	3,069,002	32,290,132	-	35,359,134
Receivables:				
Property taxes.	12,444,060	-	2,542,424	14,986,484
Accounts	74,008	-	-	74,008
Intergovernmental.	8,506	3,518,477	1,992,730	5,519,713
Accrued interest	2,689	28,399	-	31,088
Interfund loans	6,688	-	-	6,688
Due from other funds	226,736	-	-	226,736
Materials and supplies inventory.	69,188	-	56,300	125,488
Total assets	<u>\$ 19,970,339</u>	<u>\$ 39,398,515</u>	<u>\$ 8,466,373</u>	<u>\$ 67,835,227</u>
Liabilities:				
Accounts payable	\$ 124,773	\$ -	\$ 83,322	\$ 208,095
Contracts payable.	-	4,120,828	2,187	4,123,015
Retainage payable.	-	778,539	5,980	784,519
Accrued wages and benefits.	3,197,319	-	468,742	3,666,061
Matured compensated absences payable	57,552	-	-	57,552
Intergovernmental payable	299,061	-	45,080	344,141
Pension obligation payable	851,094	-	112,359	963,453
Interfund loans payable.	-	-	6,688	6,688
Due to other funds	-	-	226,736	226,736
Deferred revenue	1,771,694	3,530,490	1,788,692	7,090,876
Unearned revenue.	9,477,837	-	1,992,436	11,470,273
Total liabilities	<u>15,779,330</u>	<u>8,429,857</u>	<u>4,732,222</u>	<u>28,941,409</u>
Fund Balances:				
Nonspendable:				
Materials and supplies inventory	69,188	-	56,300	125,488
Restricted:				
Debt service	-	-	2,228,936	2,228,936
Capital improvements	-	30,968,658	928,949	31,897,607
Classroom facilities maintenance.	-	-	619,606	619,606
Food service operations	-	-	215,961	215,961
Non-public schools.	-	-	15,183	15,183
Targeted academic assistance.	-	-	3,697	3,697
Other purposes	-	-	16,782	16,782
Extracurricular	-	-	95,515	95,515
Committed:				
Termination benefits	14,012	-	-	14,012
Assigned:				
Student instruction	167,479	-	-	167,479
Student and staff support	377,315	-	-	377,315
School supplies.	11,596	-	-	11,596
Other purposes	13,188	-	-	13,188
Unassigned (deficit)	3,538,231	-	(446,778)	3,091,453
Total fund balances	<u>4,191,009</u>	<u>30,968,658</u>	<u>3,734,151</u>	<u>38,893,818</u>
Total liabilities and fund balances	<u>\$ 19,970,339</u>	<u>\$ 39,398,515</u>	<u>\$ 8,466,373</u>	<u>\$ 67,835,227</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2011

Total governmental fund balances		\$	38,893,818
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			96,239,690
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Property taxes receivable	\$	2,019,083	
Accrued interest receivable		13,140	
Accounts receivable		70,000	
Intergovernmental receivable		4,988,653	
Total		7,090,876	7,090,876
On the statement of net assets, interest is accrued on outstanding bonds, whereas in governmental funds, interest is accrued when due.			(305,954)
Unamortized premiums on bond issuance are not recognized in the funds.			(1,935,790)
Unamortized bond issuance costs are not recognized in the funds.			342,416
Unamortized deferred charges on refundings are not recognized in the funds.			805,793
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 payable		(54,094,690)	
Notes payable		(145,000)	
Compensated absences payable		(1,961,004)	
Total		(56,200,694)	(56,200,694)
Net assets of governmental activities		\$	84,930,155

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues:				
From local sources:				
Taxes	\$ 9,914,417	\$ -	\$ 2,385,667	\$ 12,300,084
Tuition.	1,043,414	-	-	1,043,414
Charges for services	-	-	465,520	465,520
Earnings on investments	15,317	121,595	531	137,443
Extracurricular.	87,600	-	257,634	345,234
Classroom materials and fees	175,346	-	-	175,346
Contributions and donations	-	-	2,376,622	2,376,622
Other local revenues	499,775	-	193,135	692,910
Intergovernmental - intermediate	-	-	131,327	131,327
Intergovernmental - state	23,819,086	20,040,688	1,000,344	44,860,118
Intergovernmental - federal	237,603	-	9,740,350	9,977,953
Total revenues	35,792,558	20,162,283	16,551,130	72,505,971
Expenditures:				
Current:				
Instruction:				
Regular.	15,813,135	-	2,082,479	17,895,614
Special	3,016,763	-	3,513,087	6,529,850
Vocational	1,324,904	-	-	1,324,904
Other	4,464,141	-	473,417	4,937,558
Support services:				
Pupil	1,955,224	-	353,438	2,308,662
Instructional staff	1,170,060	-	1,310,456	2,480,516
Board of education	29,089	-	-	29,089
Administration	3,270,409	-	108,282	3,378,691
Fiscal	622,849	-	34,075	656,924
Business.	379,753	-	-	379,753
Operations and maintenance	3,714,113	-	105,437	3,819,550
Pupil transportation	1,135,046	-	160,400	1,295,446
Central	98,506	-	41,991	140,497
Operation of non-instructional services:				
Food service operations.	-	-	2,034,138	2,034,138
Other non-instructional services	132,205	-	145,484	277,689
Extracurricular activities	1,185,417	-	532,753	1,718,170
Facilities acquisition and construction.	40,236	27,669,466	23,672	27,733,374
Debt service:				
Principal retirement.	-	-	2,070,000	2,070,000
Interest and fiscal charges	11,147	-	2,435,383	2,446,530
Total expenditures	38,362,997	27,669,466	15,424,492	81,456,955
Excess (deficiency) of revenues over (under) expenditures.	(2,570,439)	(7,507,183)	1,126,638	(8,950,984)
Other financing sources (uses):				
Transfers in.	956,370	-	395,140	1,351,510
Transfers (out)	(55,780)	-	(339,360)	(395,140)
Total other financing sources (uses)	900,590	-	55,780	956,370
Net change in fund balances	(1,669,849)	(7,507,183)	1,182,418	(7,994,614)
Fund balances at beginning of year (restated).	5,860,858	38,475,841	2,551,733	46,888,432
Fund balances at end of year.	\$ 4,191,009	\$ 30,968,658	\$ 3,734,151	\$ 38,893,818

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT 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, 2011

Net change in fund balances - total governmental funds \$ (7,994,614)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital asset additions	\$ 27,800,665	
Current year depreciation	(1,601,741)	
Total		26,198,924

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities a gain or loss is reported for each disposal. (61,109)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	899,183	
Accrued interest	2,468	
Accounts	(19,334)	
Intergovernmental	(19,151,502)	
Total		(18,269,185)

Repayment of bond and note principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net assets. 2,070,000

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:

Decrease in accrued interest payable	6,536	
Accreted interest on capital appreciation bonds	(304,099)	
Amortization of bond issuance costs	(24,272)	
Amortization of bond premiums	130,505	
Amortization of deferred charges on refunding	(71,099)	
Total		(262,429)

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. (77,611)

The internal service fund used by management to charge the costs of medical, prescription drug, dental and vision claims to individual funds is not reported in the statement of activities. The net loss of the internal service fund is reported within the governmental activities on the entity-wide statements. (956,370)

Change in net assets of governmental activities \$ 647,606

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT 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, 2011

	<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	\$ 9,800,497	\$ 9,700,675	\$ 9,530,039	\$ (170,636)
Tuition	1,073,026	1,062,096	1,043,414	(18,682)
Earnings on investments	13,640	13,501	13,264	(237)
Other local revenues	99,933	98,916	97,176	(1,740)
Intergovernmental - state	24,534,900	24,285,002	23,857,824	(427,178)
Intergovernmental - federal	240,482	238,033	233,846	(4,187)
Total revenues.	<u>35,762,478</u>	<u>35,398,223</u>	<u>34,775,563</u>	<u>(622,660)</u>
Expenditures:				
Current:				
Instruction:				
Regular	18,187,592	16,368,798	15,394,546	974,252
Special.	3,435,293	3,089,138	2,929,905	159,233
Vocational.	1,630,713	1,469,089	1,342,615	126,474
Other.	5,268,498	4,737,237	4,496,676	240,561
Support services:				
Pupil.	2,245,878	2,019,637	1,914,933	104,704
Instructional staff	1,333,781	1,199,590	1,135,813	63,777
Board of education	32,533	29,252	27,767	1,485
Administration.	3,866,337	3,481,304	3,258,975	222,329
Fiscal	638,604	574,295	544,323	29,972
Business	549,409	504,763	377,890	126,873
Operations and maintenance.	4,931,092	4,454,040	4,037,847	416,193
Pupil transportation	1,327,030	1,205,164	1,031,499	173,665
Central.	86,402	77,689	73,744	3,945
Operation of non-instructional services	29,623	26,636	25,283	1,353
Extracurricular activities.	1,234,702	1,110,198	1,053,821	56,377
Facilities acquisition and construction	45,725	41,114	39,026	2,088
Total expenditures	<u>44,843,212</u>	<u>40,387,944</u>	<u>37,684,663</u>	<u>2,703,281</u>
Excess of expenditures over revenues.	<u>(9,080,734)</u>	<u>(4,989,721)</u>	<u>(2,909,100)</u>	<u>2,080,621</u>
Other financing sources (uses):				
Refund of prior year's expenditures	41,637	41,213	40,488	(725)
Refund of prior year's receipts.	(72,028)	(64,765)	(61,476)	3,289
Transfers (out).	(65,355)	(58,765)	(55,781)	2,984
Advances (out)	(25,057)	(22,530)	(21,386)	1,144
Sale of assets	16,379	16,212	15,927	(285)
Total other financing sources (uses)	<u>(104,424)</u>	<u>(88,635)</u>	<u>(82,228)</u>	<u>6,407</u>
Net change in fund balance	(9,185,158)	(5,078,356)	(2,991,328)	2,087,028
Fund balance at beginning of year (restated).	8,391,109	8,391,109	8,391,109	-
Prior year encumbrances appropriated	690,247	690,247	690,247	-
Fund balance at end of year.	<u>\$ (103,802)</u>	<u>\$ 4,003,000</u>	<u>\$ 6,090,028</u>	<u>\$ 2,087,028</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Governmental Activities - Internal Service Fund</u>
Operating revenues:	
Transfer out	\$ (956,370)
Change in net assets.	(956,370)
Net assets at beginning of year	<u>956,370</u>
Net assets at end of year.	<u><u>\$ -</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Governmental Activities - Internal Service Fund</u>
Cash flows from operating activities:	
Cash payments for claims	<u>\$ (591,853)</u>
Net cash used in operating activities.	<u>(591,853)</u>
Cash flows from noncapital financing activities:	
Cash used in transfers out	<u>(956,370)</u>
Net cash used in noncapital financing activities.	<u>(956,370)</u>
Net decrease in cash and cash equivalents	(1,548,223)
Cash and cash equivalents at beginning of year	<u>1,548,223</u>
Cash and cash equivalents at end of year.	<u><u>\$ -</u></u>
Reconciliation of operating income to net cash used in operating activities:	
Operating income	\$ -
Changes in assets and liabilities:	
Decrease in claims payable.	<u>(591,853)</u>
Net cash used in operating activities.	<u><u>\$ (591,853)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents	\$ 47,161	\$ 70,973
Total assets.	<u>47,161</u>	<u>\$ 70,973</u>
Liabilities:		
Accounts payable.	-	\$ 936
Due to students.	-	<u>70,037</u>
Total liabilities	<u>-</u>	<u>\$ 70,973</u>
Net assets:		
Held in trust for scholarships	<u>47,161</u>	
Total net assets	<u>\$ 47,161</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Private Purpose Trust
	Scholarship
Additions:	
Interest	\$ 91
Gifts and contributions	5,661
Total additions	5,752
Deductions:	
Scholarships awarded	7,256
Change in net assets	(1,504)
Net assets at beginning of year	48,665
Net assets at end of year	\$ 47,161

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Barberton City School District (the "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 District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and/or federal agencies. The Board controls the District's 9 instructional/support facilities staffed by 206 non-certified employees, 303 certified teaching personnel and 25 administrators, who provide services to 3,700 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the 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 District also applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, to its governmental type activity and to its proprietary fund provided it does not conflict with or contradict GASB pronouncements. The 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". 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 District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the 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 District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the 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 governments financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

Within the boundaries of the District, Saint Augustine School is operated as a private school. State legislation provides funding to this private school. The District receives the money and then disburses the money as directed by the private school. The accounting for the monies is reflected in a special revenue fund of the District.

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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

RELATED ORGANIZATION

The Barberton Public Library is a distinct subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The District is not involved in the budgeting process or operational management of the Library, nor does it subsidize or finance its operations. The selection of directors and approval of the annual budget by the District is conducted only to comply with statutory requirements. There were no related party transactions during fiscal year 2011.

JOINTLY GOVERNED ORGANIZATIONS

Northeast Ohio Network for Educational Technology (NEOnet)

NEOnet was established as a jointly governed organization among sixteen school districts and the Summit County Educational Service Center that was formed July 1, 1995. NEOnet was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to improve administrative and instructional functions of member districts. NEOnet has since been restructured and organized as a council of governments (COG) under Ohio Revised Code 3301.075 and Chapter 167. The new COG is called the Metropolitan Regional Service Council. The Council serves several program functions for the nineteen school district members, such as NEOnet ITC functions and as a collaborative purchasing agent. The Council is self supporting and conducts its fiscal services in house with a licensed treasurer.

The Council employs an Executive Director who works cooperatively with a seven-member Board of Directors consisting of four superintendents, the ESC superintendent, one member of the treasurers' committee and one member of the technology committee. The degree of control exercised by any participating school district is limited to its representation on the assembly, which elects the board of directors, who exercises total control over the operation of NEOnet including budgeting, appropriating, contracting and designating management. All revenues are generated from State funding and an annual fee per student to participating districts. The Metropolitan Regional Services Council and NEOnet are located in the Summit County Educational Service Center, 420 Washington Avenue, Suite 200, Cuyahoga Falls, Ohio 44221. During the current fiscal year, the District contributed \$83,998 to NEOnet.

Four Cities Vocational Compact

The Four Cities Vocational Compact (Compact) is a jointly governed organization to provide for the vocational and special education needs of the students of four participating school districts. The four-member Board consists of the superintendent from each of the participating school districts. Students may attend any vocational or special education class offered by any of the four districts. If a student elects to attend a class offered by a school district other than the school district in which the student resides, the school district of residence pays an instructional fee to the school district that offered the class. Wadsworth City School District serves as the fiscal agent for this Compact, collecting and distributing payments. The committee exercises total control over the operation of the compact, including budgeting, appropriating, contracting and designating management. All revenues are generated from charges for services.

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

PUBLIC ENTITY RISK POOL

In July 2010, the District joined together with Wadsworth City School District, Copley-Fairlawn City School District, Norton City School District, and Revere Local School District to establish a regional council of governments, organized under Chapter 167 of the Ohio Revised Code, known as the Summit Regional Health Care Consortium (SRHCC) for the purpose of promoting cooperative agreements and activities among its members in purchasing supplies and services and dealing with problems of mutual concern. The members of the SRHCC have undertaken a Health Benefits Program on a cooperative basis for the provision of certain medical, hospitalization, dental, prescription drug, vision, life, and disability income benefits for their employees and the eligible dependents of those employees, and any other health care benefits which the members may determine. As part of this agreement, each member is required to share in the program costs by making monthly payments to cover the program costs. The Treasurer of the fiscal agent (Copley-Fairlawn City School District) serves as the Treasurer of the SHRCC and is responsible for coordinating and administering the Health Benefits Program.

The Health Benefits Program is governed by the Board of Directors of the SHRCC (Board), which consists of one designee by each member school district (with at least one Superintendent designee), and the representative of the fiscal agent or designee. The fiscal agent Treasurer and program consultant shall serve as non-voting members. The SRHCC representatives and the fiscal agent treasurer's representative shall serve a two-year term of office. The officers consist of a Chairperson and Vice-Chairperson who are elected for one year terms by the Board. The fiscal agent Treasurer shall be a permanent member of the Board and shall serve as the Recording Secretary.

In the event of withdrawal, members are entitled to recover its contributions to the SRHCC, if any, along with the proportionate share of interest earned on these contributions which are not encumbered for payment of its share of program costs. Claims submitted by covered persons of a withdrawing member after the recovery of funds will be exclusively the liability of the withdrawing member. Financial information for the SRHCC can be obtained from John Wheadon, Treasurer of the Copley-Fairlawn City School District at 3797 Ridgewood Road, Copley, Ohio 44321-1665.

B. Fund Accounting

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

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

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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.

Classroom facilities fund - The classroom facilities capital projects fund is used to account for financial resources and expenditures related to the school facilities construction project.

Other governmental funds of the 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, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

PROPRIETARY FUND

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

Internal service fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the district, or to other governments, on a cost-reimbursement basis. The District's only internal service fund accounts for revenue for medical, surgical, prescription drug, dental and vision claims of the District's employees. Effective July 2010, the District was no longer self-insured upon joining the Summit Regional Health Care Consortium.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into two classifications: private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for several scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District reports two agency funds with one used to account for student activities managed by the student body and the other for monies held in fiscal agency capacity for another entity's Head Start program.

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of 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 not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

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

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of fund net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenue of the District's internal service fund is charges for services. Operating expenses for the internal service fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The private-purpose trust fund is reported using the economic resources measurement focus. The agency funds do not report a measurement focus as they do not report operations.

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

D. 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. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

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. 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 District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the 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 District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the 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 fiscal year end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2011 are recorded as deferred revenue on the fund financial statements.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Accounting

Tax Budget - Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Summit County Budget Commission for tax rate determination.

Estimated Resources - Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original and final budgeted amount in the budgetary statement reflect the amounts set forth in the original and final amended certificate of estimated resources issued for fiscal year 2011.

Appropriations - Upon receipt from the County Fiscal Officer of an amended certificate of resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund level for all funds for expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The Appropriation Resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at the legal level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted.

The amounts reported as the original budget expenditure amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The final budget figures, which appear in the statements of budgetary comparisons, represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions. Under Ohio law advances are not required to be budgeted.

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end may be reported as part of restricted, committed or assigned classifications of fund balance.

Lapsing of Appropriations - At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

F. Cash and Investments

To improve cash management, all cash received by the District is pooled in several bank accounts. Monies for all funds are maintained in these accounts or temporarily used to purchase short-term investments. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" and "investments" on the basic financial statements.

During fiscal year 2011, investments were limited to federal agency securities, U.S. Treasury Bills, U.S. government money market mutual funds, a repurchase agreement and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value, except for STAR Ohio, which is reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2011. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2011.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest is legally required to be placed in the general fund; the food service, district managed student activities and auxiliary special revenue funds; the classroom facilities capital projects fund; the scholarships private purpose fund; and the student activities and district agency funds. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$15,317 which includes \$4,993 assigned from other District funds.

For presentation on the 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 District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investments at year end is provided in Note 4.

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

G. Prepayments

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed. The District had no prepaid assets at June 30, 2011.

H. Inventory

Inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. Inventories of the food service fund consist of donated food, purchased food and supplies held for resale. Inventories reported on the fund financial statements are expensed when used. On the government-wide financial statements, inventories are also presented at cost on a first-in, first-out basis and are expensed when used.

I. Capital Assets and Depreciation

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The 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 life are not. It is the policy of the District to not capitalize interest costs incurred as part of construction.

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

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	15 - 20 years
Buildings and improvements	25 - 40 years
Furniture and equipment	5 - 20 years
Vehicles	8 years

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans as a result of cash deficits in certain funds at fiscal year end are classified as "due to/from other funds." On fund financial statements, receivables and payables resulting from other short-term interfund loans are classified as "interfund receivable/payable." These amounts are eliminated in the governmental type activities columns of the statement of net assets.

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefit through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to extent that it is probable that the benefits will result in termination payments. The liability is based on the District's past experience of making termination payments. The entire compensated absence liability is reported on the government-wide financial statements.

For 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.

The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the internal service fund are reported on the proprietary fund 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, compensated absences 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 during the current year. Long-term bonds and notes are recognized as a liability on the fund financial statements when due.

M. Unamortized Bond Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight-line method. Unamortized issuance costs are recorded as a separate line item on the statement of net assets.

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For advance refundings resulting in the defeasance of debt, 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 an addition to or reduction of the face amount of the new debt.

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 9.A.

N. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the 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.

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the 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 of the 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 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.

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

O. Estimates

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

P. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. As of June 30, 2011, no net assets were restricted by enabling legislation.

Q. Interfund Transactions

Interfund transfers are reported as other financing sources/uses for governmental funds in the fund financial statements. All transfers between governmental funds have been eliminated within the governmental activities column of the statement of net assets.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2011.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2011, the District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the District.

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Fund Reclassifications

Fund reclassifications are required in order to report funds in accordance with GASB Statement No 54. These fund reclassifications had the following effect on the District's governmental fund balances as previously reported:

	<u>General</u>	<u>Classroom Facilities</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Fund balance as previously reported	\$ 5,657,802	\$ 38,475,841	\$ 2,754,789	\$ 46,888,432
Fund reclassifications:				
Uniform school supplies	5,411	-	(5,411)	-
Public school support	166,653	-	(166,653)	-
Special enterprises	<u>30,992</u>	<u>-</u>	<u>(30,992)</u>	<u>-</u>
Total fund reclassifications	<u>203,056</u>	<u>-</u>	<u>(203,056)</u>	<u>-</u>
Restated fund balance at July 1, 2010	<u>\$ 5,860,858</u>	<u>\$ 38,475,841</u>	<u>\$ 2,551,733</u>	<u>\$ 46,888,432</u>

The fund reclassifications did not have an effect on net assets as previously reported.

C. Prior Period Adjustment - Restatement of Net Assets

Due to errors and omissions in prior year taxes delinquencies, net assets of the governmental activities have been restated at June 30, 2010. The restatement did not have an effect on fund balances as previously reported. The restatement of governmental activities net assets at June 30, 2010 is as follows:

	<u>Governmental Activities</u>
Net assets at June 30, 2010, as previously reported	\$ 83,292,690
Adjustment for delinquent property taxes	<u>989,859</u>
Restated net assets at July 1, 2010	<u>\$ 84,282,549</u>

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

D. Budgetary Prior Period Adjustment

In prior years certain funds that are legally budgeted in separate special revenue funds were considered part of the general fund on a budgetary basis. The District has elected to report only the legally budgeted general fund in the budgetary statement; therefore, a restatement to the beginning budgetary balance is required. The restatement of the general fund's budgetary-basis fund balance at June 30, 2010 is as follows:

Budgetary Basis	<u>General Fund</u>
Balance at June 30, 2010	\$ 8,422,783
Funds budgeted elsewhere	<u>(31,674)</u>
Restated balance at July 1, 2010	<u><u>\$ 8,391,109</u></u>

E. Deficit Fund Balances

Fund balances at June 30, 2011 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Public school preschool	\$ 7,873
Miscellaneous state grants	3,686
IDEA - Part B	122,627
Project head start	34,631
Stimulus Title IID	12,295
Limited english proficiency	234
Title I	224,877
IDEA - Part B preschool	1,565
Improving teacher quality	38,990

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

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the 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 District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and 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. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Deposits with Financial Institutions

At June 30, 2011, the carrying amount of all District deposits was \$2,716,384, exclusive of the \$5,855,000 repurchase agreement included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2011, \$2,198,786 of the District's bank balance of \$3,610,801 was exposed to custodial risk as discussed below, while \$1,412,015 was covered by the FDIC.

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

B. Investments

As of June 30, 2011, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
FHLB	\$ 8,654,109	\$ 2,600,026	\$ 304,762	\$ 4,249,776	\$ 1,499,545	\$ -
FHLB - Discount Note	3,027,684	199,920	2,827,764	-	-	-
FHLMC	15,630,354	-	-	12,804,042	1,000,710	1,825,602
FHLMC - Discount Note	1,597,328	-	1,597,328	-	-	-
FNMA	3,676,034	-	-	3,526,057	-	149,977
U.S. Treasury Bills	2,746,370	-	2,746,370	-	-	-
STAR Ohio	3,052,638	3,052,638	-	-	-	-
U.S. Government money market mutual funds	27,255	27,255	-	-	-	-
Repurchase agreement	<u>5,855,000</u>	<u>5,855,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 44,266,772</u>	<u>\$ 11,734,839</u>	<u>\$ 7,476,224</u>	<u>\$ 20,579,875</u>	<u>\$ 2,500,255</u>	<u>\$ 1,975,579</u>

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

The weighted average maturity of investments is 0.93 years.

Interest Rate Risk: Interest rate risk is the possibility that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy places a five year limit on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk: The District's U.S. Treasury Bills, federal agency securities, and the federal agency securities that underlie the repurchase agreements, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio and the U.S. government money market mutual funds an AAAM money market rating. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the 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 and U.S. Treasury Bills 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 District's name. Of the District's investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The 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 District's investment policy places specific limits on the percentage of the District's portfolio that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2011:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLB	\$ 8,654,109	19.55
FHLB - Discount Note	3,027,684	6.84
FHLMC	15,630,354	35.31
FHLMC - Discount Note	1,597,328	3.61
FNMA	3,676,034	8.30
U.S. Treasury Bills	2,746,370	6.20
STAR Ohio	3,052,638	6.90
U.S. Government money market mutual funds	27,255	0.06
Repurchase agreement	5,855,000	13.23
	<u>\$ 44,266,772</u>	<u>100.00</u>

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2011:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 2,716,384
Investments	<u>44,266,772</u>
Total	<u>\$ 46,983,156</u>
<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 46,865,022
Private-purpose trust funds	47,161
Agency funds	<u>70,973</u>
Total	<u>\$ 46,983,156</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund transfers for the year ended June 30, 2011, consisted of the following, as reported on the fund financial statements:

Transfers to nonmajor governmental funds from:	
General	\$ 55,780
Nonmajor governmental fund	339,360
Transfers to general fund from:	
Internal service fund	<u>956,370</u>
Total	<u>\$ 1,351,510</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The \$956,370 transfer from the internal service fund to the general fund is a residual equity transfer as the District no longer operates a self-insurance program effective July, 2010.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16. Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

- B.** Interfund balances at June 30, 2011, as reported on the fund statements consist of the following amounts due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 226,736

The primary purpose of the due to/from other funds is to cover negative cash in the various nonmajor governmental funds. The interfund balance will be repaid once the anticipated revenues are received.

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2011 are reported on the statement of net assets.

- C. Interfund balances at June 30, 2011, as reported on the fund statements consist of the following interfund receivable/payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental fund	\$ 6,688

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2011 are reported on the statement of net assets.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, 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 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, 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.

Tangible personal property tax revenues received in the District's fiscal year ended June 30, 2011 (other than public utility property) generally represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009 on the value as of December 31, 2009. Amounts paid by multi-county taxpayers were due September 20, 2010. Single county taxpayers could pay annually or semiannually. If paid semiannually, the first payment was due April 30, 2010, with the remainder payable by September 20, 2010.

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 6 - PROPERTY TAXES - (Continued)

The District receives property taxes from Summit County. The County Fiscal Officer periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available as an advance at June 30, 2011 was \$1,271,828 in the general fund, \$234,919 in the bond retirement debt service fund (a nonmajor governmental fund) and \$38,441 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2010 was \$1,635,827 in the general 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, 2011 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 unearned revenue.

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 deferred.

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second Half Collections		2011 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 391,575,040	97.68	\$ 391,025,660	97.68
Public utility personal	8,809,490	2.20	9,266,860	2.32
Tangible personal property	<u>506,805</u>	<u>0.12</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 400,891,335</u>	<u>100.00</u>	<u>\$ 400,292,520</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 58.02		\$ 57.95	

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 7 - RECEIVABLES

Receivables at June 30, 2011 consisted of taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements, and accrued interest. 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 assets follows:

Governmental activities:

Property taxes	\$ 14,986,484
Accounts	74,008
Intergovernmental	5,519,713
Accrued interest	<u>31,088</u>
Total	<u>\$ 20,611,293</u>

Receivables have been disaggregated on the face of the financial statements. All receivables, except for \$3,518,477 of intergovernmental grants due from the Ohio Schools Facilities Commission (OSFC), are expected to be collected in the subsequent year. The OSFC grant amount will be collected over the life of the construction project.

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance <u>June 30, 2010</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2011</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 16,285,923	\$ -	\$ -	\$ 16,285,923
Construction in progress	<u>16,682,864</u>	<u>27,693,138</u>	<u>-</u>	<u>44,376,002</u>
Total capital assets, not being depreciated	<u>32,968,787</u>	<u>27,693,138</u>	<u>-</u>	<u>60,661,925</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	5,634,592	-	-	5,634,592
Buildings and improvements	50,084,884	-	-	50,084,884
Furniture and equipment	3,507,737	-	(822,995)	2,684,742
Vehicles	<u>1,595,457</u>	<u>107,527</u>	<u>-</u>	<u>1,702,984</u>
Total capital assets, being depreciated	<u>60,822,670</u>	<u>107,527</u>	<u>(822,995)</u>	<u>60,107,202</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(3,180,430)	(264,878)	-	(3,445,308)
Buildings and improvements	(16,913,411)	(1,116,182)	-	(18,029,593)
Furniture and equipment	(2,804,140)	(111,284)	761,886	(2,153,538)
Vehicles	<u>(791,601)</u>	<u>(109,397)</u>	<u>-</u>	<u>(900,998)</u>
Total accumulated depreciation	<u>(23,689,582)</u>	<u>(1,601,741)</u>	<u>761,886</u>	<u>(24,529,437)</u>
Governmental activities capital assets, net	<u>\$ 70,101,875</u>	<u>\$ 26,198,924</u>	<u>\$ (61,109)</u>	<u>\$ 96,239,690</u>

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 1,053,314
Special	10,252
Vocational	1,466
<u>Support Services:</u>	
Instructional staff	3,840
Administration	21,055
Fiscal	967
Operations and maintenance	17,222
Pupil transportation	100,495
Extracurricular activities	324,727
Food service operations	<u>68,403</u>
Total depreciation expense	<u>\$ 1,601,741</u>

NOTE 9 - LONG-TERM OBLIGATIONS

A. Activity in the District's long-term obligations during fiscal year 2011 were as follows:

<u>Governmental activities</u>	<u>Interest</u>	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2011</u>	<u>Due within One Year</u>
<u>Bonds</u>						
School improvements refunding, series 2005						
Serial	3.00-5.00%	\$ 19,620,000	\$ -	\$ (1,445,000)	\$ 18,175,000	\$ 1,500,000
Capital appreciation	4.09-4.19%	1,409,990	-	-	1,409,990	-
Accreted interest		919,654	253,929	-	1,173,583	-
School improvements, series 2008						
Serial	3.00-5.25%	33,630,000	-	(480,000)	33,150,000	495,000
Capital appreciation	3.92%	74,993	-	-	74,993	-
Accreted interest		60,954	50,170	-	111,124	-
Total bonds		<u>55,715,591</u>	<u>304,099</u>	<u>(1,925,000)</u>	<u>54,094,690</u>	<u>1,995,000</u>
<u>Other obligations</u>						
Notes payable		290,000	-	(145,000)	145,000	145,000
Compensated absences		2,049,809	262,715	(293,968)	2,018,556	284,320
Total other obligations		<u>2,339,809</u>	<u>262,715</u>	<u>(438,968)</u>	<u>2,163,556</u>	<u>429,320</u>
Total long-term liabilities		<u>\$ 58,055,400</u>	<u>\$ 566,814</u>	<u>\$ (2,363,968)</u>	56,258,246	2,424,320
Add: Unamortized premium on bond issue					1,935,790	-
Less: Unamortized deferred charges on refunding					(805,793)	-
Total on statement of net assets					<u>\$ 57,388,243</u>	<u>\$ 2,424,320</u>

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

- B. *Compensated Absences*** - Compensated absences will be paid from the fund from which the employee is paid, which for the District is primarily the general fund and the following nonmajor governmental funds: auxiliary services, other grants, alternative education grant, Title IV-B, project head start, Title I, improving teacher quality and the food service funds.

School Improvement Refunding Bonds (Series 2005) - On August 24, 2005, the District issued general obligation School Improvement Bonds to advance refund \$22,880,000 of the current interest Series 1998 School Improvement Bonds. The refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.

The refunding issue is comprised of both current interest bonds, par value \$21,470,000, and capital appreciation bonds, par value \$1,409,990. The interest rate on the current interest bonds ranges from 3.00-5.00%. The capital appreciation bonds mature November 1, 2012 (approximate initial offering yield to maturity of 4.09%) and November 1, 2013 (approximate initial offering yield to maturity of 4.19%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The present value reported in the statement of net assets at June 30, 2011 was \$1,409,990. Total accreted interest of \$1,173,583 has been included in the statement of net assets.

Interest payments on the current interest bonds are due on May 1 and November 1 each year. The final maturity stated in the issue is November 1, 2022.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,220,537. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

The following is a summary of the future debt service requirements to maturity for the series 2005 general obligation refunding bonds:

Fiscal Year Ended,	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 1,500,000	\$ 801,582	\$ 2,301,582	\$ -	\$ -	\$ -
2013	-	771,582	771,582	741,452	818,548	1,560,000
2014	-	771,582	771,582	668,538	891,462	1,560,000
2015	1,555,000	740,482	2,295,482	-	-	-
2016	1,620,000	676,172	2,296,172	-	-	-
2017 - 2021	9,290,000	2,142,906	11,432,906	-	-	-
2022 - 2023	4,210,000	199,387	4,409,387	-	-	-
Total	\$ 18,175,000	\$ 6,103,693	\$ 24,278,693	\$ 1,409,990	\$ 1,710,010	\$ 3,120,000

School Improvement Bonds (Series 2008): During fiscal year 2009, the District issued general obligation bonds to provide funds for the construction of new buildings and to improve existing buildings (hereinafter called "Construction Project"). These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the statement of net assets. Payments of principal and interest relating to this bond are recorded as an expenditure in the debt service fund.

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

These bonds represent the amount of the Construction Project that the District itself was required to finance, in accordance with the terms of a facilities grant from the Ohio School Facilities Commission (OSFC). OSFC will make quarterly disbursements to the District as the project is completed. As of June 30, 2011, the total estimated cost of the Construction Project is \$76,114,103, of which OSFC will pay \$45,668,462. The District has \$26,683,153 in unspent bond proceeds at June 30, 2011.

This issue is comprised of both current interest bonds, par value \$34,175,000, and a capital appreciation bond, par value \$74,993. The interest rates on the current interest bonds range from 3.00% to 5.25%. The capital appreciation bond matures on December 1, 2016 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The approximate initial offering yield to maturity is 3.92%. The present value reported in the statement of net assets at June 30, 2011 was \$74,993. Total accreted interest of \$111,124 has been included in the statement of net assets. The current interest bonds maturing on or after December 1, 2018 are subject to early redemption at the sole option of the District, at the following redemption prices, plus accrued interest:

Redemption Dates

Redemption Price

On or after December 1, 2018

100% of par

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, 2033.

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

Fiscal Year Ended	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 495,000	\$ 1,556,388	\$ 2,051,388	\$ -	\$ -	\$ -
2013	565,000	1,539,163	2,104,163	-	-	-
2014	600,000	1,519,482	2,119,482	-	-	-
2015	635,000	1,497,869	2,132,869	-	-	-
2016	-	1,486,756	1,486,756	74,993	690,007	765,000
2017 - 2021	4,715,000	6,999,387	11,714,387	-	-	-
2022 - 2026	7,315,000	5,661,868	12,976,868	-	-	-
2027 - 2031	10,665,000	3,421,330	14,086,330	-	-	-
2032 - 2034	8,160,000	563,645	8,723,645	-	-	-
Total	\$ 33,150,000	\$ 24,245,888	\$ 57,395,888	\$ 74,993	\$ 690,007	\$ 765,000

Notes Payables - During fiscal year 2010, the District issued \$435,000 in long-term notes for the purpose of purchasing buses and vehicles. The proceeds were deposited in the permanent improvement fund (a nonmajor governmental fund). These notes carry interest rates ranging from 1.75 to 2.50% and mature on September 1, 2011.

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the future debt service requirements to maturity for the notes payable:

Fiscal Year Ended,	Principal	Interest	Total
2012	\$ 145,000	\$ 3,625	\$ 148,625
Total	<u>\$ 145,000</u>	<u>\$ 3,625</u>	<u>\$ 148,625</u>

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the 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 District. The assessed valuation used in determining the 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 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 Ohio Revised Code further provides that when a board of education declares a resolution that the student population is not adequately served by existing facilities, and that insufficient capacity exists within the 9 percent limit to finance additional facilities, the State Department of Education may declare that District a "special needs" District. This permits the incurrence of additional debt based upon projected 5-year growth of the school district's assessed valuation. The District was determined to be a "special needs" District on November 14, 2007. In addition, the unvoted net debt of a school district cannot exceed 0.1 percent of the total assessed value of property.

NOTE 10 - NOTES PAYABLE

During fiscal year 2005, the District issued \$3,675,000 in tax anticipation notes in advance of property tax collection, depositing the proceeds in the general fund. These notes carried an interest rate of 3.64% and matured on December 1, 2010. The notes were reported as a fund liability in the general fund. Activity during the fiscal year was as follows:

	Balance <u>June 30, 2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2011</u>	Due Within <u>One Year</u>
Tax anticipation notes	\$ 735,000	\$ -	\$ (735,000)	\$ -	\$ -

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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 thirty days of vacation per year, depending upon length of service. Administrator employees earn twenty vacation days per year and teachers do not earn vacation time.

Teachers, administrators, and classified employees can earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred fifty-six days for certified employees, two hundred forty-three days for year round classified employees and two hundred twenty-eight days for nine month classified employees. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit to a maximum established by negotiated agreements.

B. Health Care Benefits

The District provides medical, dental, vision and life insurance benefits to most employees. The premium and coverage varies with employee depending on the terms of the union contract.

NOTE 12 - RISK MANAGEMENT

The 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. These risks are covered by commercial insurance purchased from independent third parties. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in any of the past three years.

In July 2010, the District joined the Summit Regional Health Care Consortium (SRHCC) Health Benefits Program, a public entity risk pool, to provide employee hospitalization, dental, prescription drug, vision, life, and disability benefits (see Note 2.A for detail). Premium rates are set or determined by the Board of Directors of the SRHCC. To the extent and in the manner permitted by any applicable agreements, policies, rules, regulations and laws, each member of the SRHCC may require contributions from its employees toward the cost of any benefit program being offered by the District and such contributions shall be included in the payments from the District to the fiscal agent of the SRHCC. The District pays a monthly premium to the SRHCC. Because the District is a member of the SRHCC and the SRHCC holds the reserves for Incurred But Not Reported (IBNR) claims, not the individual districts, IBNR information is not available on a district-by-district basis.

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 13 - PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations and death benefits with the remainder being used to fund health care benefits. For fiscal year 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$615,772, \$688,668 and \$462,577, respectively; 53.53 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System of Ohio

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

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

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 13 - PENSION PLANS - (Continued)

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

Funding Policy - For fiscal year 2011, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were \$2,757,443, \$2,704,176 and \$2,593,088, respectively; 82.69 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$86,980 made by the District and \$62,128 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2011, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Media/Financial Reports".

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2011, 1.43 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the actuarially determined amount was \$35,800.

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2011, 2010, and 2009 were \$155,838, \$114,818 and \$287,108, respectively; 53.53 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$39,626, \$40,954 and \$38,166, respectively; 53.53 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$212,111, \$208,014 and \$199,468, respectively; 82.69 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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) Investments are reported at fair value (GAAP basis) as opposed to cost (budget basis);
- (e) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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	\$ (2,991,328)
Net adjustment for revenue accruals	382,062
Net adjustment for expenditure accruals	(91,949)
Net adjustment for other sources/uses	11,750
Funds budgeted elsewhere	526,332
Adjustment for encumbrances	493,284
GAAP basis	<u>\$ (1,669,849)</u>

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 special trust, uniform school supplies, rotary - special services, rotary, public school support, special enterprises and internal service funds.

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 16 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District at June 30, 2011.

B. Litigation

The District is a party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and spending projects. The District management is of the opinion that disposition of the claim and legal proceedings will not have a material effect, if any, on the financial condition of the District.

NOTE 17 - SET-ASIDES

The District is required by State statute to annually set-aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition 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. These amounts must be carried forward to be used for the same purposes in future years.

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

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside reserve balance June 30, 2010	\$ -	\$ -
Current year set-aside requirement	537,942	537,942
Contributions in excess of the current fiscal year set-aside requirement	-	-
Current year qualifying expenditures	(524,564)	-
Excess qualified expenditures from prior years	(906,807)	-
Current year offsets	-	(197,171)
Waiver granted by ODE	-	-
Prior year offset from bond proceeds	-	(340,771)
Total	<u>\$ (893,429)</u>	<u>\$ -</u>
Balance carried forward to fiscal year 2012	<u>\$ -</u>	<u>\$ -</u>
Set-aside reserve balance June 30, 2011	<u>\$ -</u>	<u>\$ -</u>

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 17 - SET-ASIDES - (Continued)

The District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount to below zero. Effective July 1, 2011, the textbook set-aside is no longer required and has been removed from existing law. This negative balance is therefore not being presented as being carried forward to the future fiscal year. During fiscal year 2009, the District issued \$34,249,993 in capital related school improvement bonds. These proceeds may be used to reduce the capital improvements set-aside amount to below zero for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$31,365,183 at June 30, 2011.

NOTE 18 - CONTRACTUAL COMMITMENTS

As of June 30, 2011, the District has commitments outstanding with vendors for the following projects.

Project	Contract Amount	Amount Paid as of June 30, 2011	Amount Remaining on Contract
New Elementary School	\$ 903,825	\$ (790,847)	\$ 112,978
UL Light Renovation & Addition	1,004,223	(878,695)	125,528
New Middle School	1,673,421	(1,584,729)	88,692
New Middle School	62,728	(59,403)	3,325
Memorial ES Demo	7,065	-	7,065
Portage ES Demo	13,328	-	13,328
Santroek ES Demo	5,939	-	5,939
Highland MS Demo	11,957	-	11,957
Johnson Abatement	4,820	-	4,820
Johnson Demo	8,208	-	8,208
Woodford Abatement	5,932	-	5,932
Woodford Demo	8,857	-	8,857
Total	<u>\$ 3,710,303</u>	<u>\$ (3,313,674)</u>	<u>\$ 396,629</u>

These contractual commitments relate to the OSFC project undertaken by the District. In addition to the amounts paid above, the District has recorded contracts payable and retainage payable in the amounts of \$4,123,015 and \$784,519, respectively, for costs incurred prior to fiscal year end on the OSFC project. Costs incurred by fiscal year end (including contracts and retainage payable) have been recorded as construction-in-progress in the District's capital assets (See Note 8).

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 19 - OTHER COMMITMENTS

The 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 District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General fund	\$ 406,261
Classroom Facilities	19,958,785
Other governmental	<u>113,008</u>
Total	<u>\$ 20,478,054</u>

This page intentionally left blank.

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass-Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through the Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Non-Cash Assistance (Food Distribution):						
National School Lunch Program	N/A	10,555		\$273,346		\$273,346
Cash Assistance:						
School Breakfast Program	N/A	10,553	\$314,492		\$314,492	
National School Lunch Program	N/A	10,555	1,078,803		1,078,803	
Total Child Nutrition Cluster			1,393,295	273,346	1,393,295	273,346
Fresh Fruit and Vegetable Program	043539-3L60-2011	10,582	23,681		23,681	
Child and Adult Care Food Program	043539-3L80-2011	10,558	16,819		16,819	
Total U.S. Department of Agriculture			1,433,795	273,346	1,433,795	273,346
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through the Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education - Grants to States (IDEA, Part B)	043539-3M20-2010	84,027	291,664		101,454	
Special Education - Grants to States (IDEA, Part B)	043539-3M20-2011	84,027	815,081		851,845	
ARRA - Special Education Grants to States (IDEA, Part B)	043539-3DJ0-2010	84,391	222,910		61,991	
ARRA - Special Education Grants to States (IDEA, Part B)	043539-3DJ0-2011	84,391	412,642		423,438	
Special Education - Preschool Grants (IDEA Preschool)	043539-3C50-2010	84,173	15,207		12,205	
Special Education - Preschool Grants (IDEA Preschool)	043539-3C50-2011	84,173	44,722		56,520	
ARRA - Special Education - Preschool Grants (IDEA Preschool)	043539-3DL0-2011	84,392	16,771		16,771	
Total Special Education Cluster			1,818,997		1,524,224	
Title I Cluster:						
Title I Grants to Local Educational Agencies	043539-M00-2010	84,010	410,682		84,904	
Title I Grants to Local Educational Agencies	043539-M00-2011	84,010	1,565,914		1,602,512	
ARRA - Title I Grants to Local Educational Agencies	043539-3DK0-2010	84,389	176,056		57,335	
ARRA - Title I Grants to Local Educational Agencies	043539-3DK0-2011	84,389	443,856		456,329	
Title I-A Grants to Local Educational Agencies - School Improvement	043539-3DM0-2010	84,010	29,893		1,342	
Title I-A Grants to Local Educational Agencies - School Improvement	043539-3DM0-2011	84,010	25,734		47,934	
Total Title I Cluster			2,652,135		2,250,356	
Improving Teacher Quality State Grants	043539-3Y60-2010	84,367	106,377		34,754	
Improving Teacher Quality State Grants	043539-3Y60-2011	84,367	255,400		254,982	
Total Improving Teacher Quality State Grants			361,777		289,736	
Educational Technology State Grants Cluster:						
Educational Technology State Grants	043539-3S20-2010	84,318	6,959		(41)	
Educational Technology State Grants	043539-3S20-2011	84,318	2,262		2,262	
ARRA - Education Technology State Grants	043539-3DM0-2010	84,386	7,139		2,407	
ARRA - Education Technology State Grants	043539-3DM0-2011	84,386	570,682		577,710	
Total Educational Technology State Grants Cluster			587,042		582,338	
ARRA - Fiscal Stabilization Fund	043539-GRF-2010	84,394	0		5,236	
ARRA - Fiscal Stabilization Fund	043539-GRF-2011	84,394	1,652,392		1,652,392	
			1,652,392		1,657,628	
Consolidated Administration	043539-3Z30-2011	84,000	231		231	
<i>Total Passed through the Ohio Department of Education</i>			<i>7,072,574</i>		<i>6,304,513</i>	
<i>Passed through Cuyahoga County Educational Service Center</i>						
Title 111 Limited English Language Acquisition State Grants	n/a	84,365A	5,025		5,025	
<i>Direct Award</i>						
Impact Aid	N/A	84,041	28,710		28,710	
Total U.S. Department of Education			7,106,309		6,338,248	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
<i>Passed Through the Akron Summit County Action Agency:</i>						
Head Start Cluster:						
Head Start	N/A	93,600	1,570,623		1,573,623	
ARRA Head Start	N/A	93,708	49,858		6,506	
<i>Total Passed through the Akron Summit County Action Agency</i>			<i>1,620,481</i>		<i>1,580,129</i>	
<i>Passed Through the Ohio Department of Mental Retardation and Developmental Disabilities:</i>						
Medical Assistance Program - CAFES	N/A	93,778	155,913		155,913	
<i>Passed Through the Summit County Children's Services</i>						
Latchkey	N/A	93,673	27,369		27,369	
Wrap Around Child Care	N/A	13,600	23,662		13,827	
Total U.S. Department of Health and Human Services:			1,827,425		1,777,238	
U.S. ENVIRONMENTAL PROTECTION AGENCY						
<i>Passed Through the State of Ohio Environmental Protection Agency</i>						
State Clean Diesel Grant Program	N/A	66,040	17,640		15,435	
Totals			\$10,385,169	\$273,346	\$9,564,716	\$273,346

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

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

NOTE D - TRANSFERS BETWEEN PROGRAM YEARS

The District generally must spend Federal assistance within 15 months of receipt. However, with Ohio Department of Education (ODE) approval, a School can transfer (carryover) unspent Federal assistance to the succeeding year, thus allowing the School a total of 27 months to spend the assistance. During fiscal year 2012, the District requested the Ohio Department of Education to authorize the following transfers:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred from 2011 to 2012</u>
School Improvement, Sub A, Title 1	84.010	\$94,086
Educational Technology State Grants	84.318	290
Early Childhood Education, IDEA	84.173	63
Education Jobs Fund	84.410	1,024,229
Race To The Top	84.395	2,647



Dave Yost • Auditor of State

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

Barberton City School District
Summit County
479 Norton Avenue
Barberton, Ohio 44203

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Barberton City School District, Summit County, Ohio (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 31, 2012 wherein we noted the District restated governmental fund balances due to implementing GASB Statement 54 and restated the net assets of the governmental activities due to errors and omissions in prior year tax delinquencies. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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 more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

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

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 31, 2012.

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

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

Dave Yost
Auditor of State

January 31, 2012



Dave Yost • Auditor of State

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

Barberton City School District
Summit County
479 Norton Avenue
Barberton, Ohio 44203

To the Board of Education:

Compliance

We have audited the compliance of Barberton City School District, Summit County, Ohio (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Barberton City School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2011.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the 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 compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the Government's management in a separate letter dated January 31, 2012.

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



Dave Yost
Auditor of State

January 31, 2012

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title VI-B (Special Ed Cluster-CFDA #84.027, #84.391, #84.392, & #84.173), Child Nutrition Cluster (CFDS #10.553 & #10.555) Title 1 Cluster (CFDA #84.010 & #84.389) ARRA-Fiscal Stabilization Fund (CFDA #84.394) Education Technology State Grants Cluster (CFDA #84.318 & #84.386)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

This page intentionally left blank.



Dave Yost • Auditor of State

Independent Accountants' Report on Applying Agreed-Upon Procedure

Barberton City School District
Summit County
479 Norton Avenue
Barberton, Ohio 44203

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Barberton City School District (the District) has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on November 1, 2011 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

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

Dave Yost
Auditor of State

January 31, 2012

This page intentionally left blank.



Dave Yost • Auditor of State

BARBERTON CITY SCHOOL DISTRICT

SUMMIT 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
FEBRUARY 21, 2012**