



OHIO AUDITOR OF STATE
KEITH FABER



**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY
JUNE 30, 2019**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Barberton City School District
Summit County
633 Brady Avenue
Barberton, Ohio 44203

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Barberton City School District, Summit County, Ohio (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Barberton City School District, Summit County, Ohio, as of June 30, 2019, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2020, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

February 21, 2020

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

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, 2019. 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 2019 are as follows:

- In total, net position of governmental activities increased \$4,046,172 compared to the prior year.
- General revenues accounted for \$45,712,624 in revenue or 75.49% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions, and capital grants and contributions accounted for \$14,841,193 or 24.51% of total revenues of \$60,553,817.
- The District had \$56,507,645 in expenses related to governmental activities; only \$14,841,193 of these expenses was offset by program specific charges for services and sales and operating grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$45,712,624 were adequate to provide for these programs.
- The District's major governmental fund is the general fund. The general fund had \$54,681,798 in revenues and other financing sources and \$52,536,779 in expenditures and other financing uses. During fiscal year 2019, the general fund's fund balance increased from \$23,414,339 to \$25,559,358.

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 position 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 only the general fund is reported as a major fund.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the 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 2019?" The statement of net position and the statement of activities answer this question. These statements include all assets, liabilities, deferred inflows and outflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

These two statements report the District's net position and changes in that position. This change in net position 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 position 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.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 13. 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 fund is the general 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 position and the statement of activities) and governmental funds is reconciled in the basic financial statements.

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 and private organizations. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. 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.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net other postemployment benefits (OPEB) liability/asset.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The following table provides a summary of the District's net position for fiscal years 2019 and 2018.

	Net Position	
	Governmental Activities <u>2019</u>	Governmental Activities <u>2018</u>
<u>Assets</u>		
Current and other assets	\$ 51,228,870	\$ 48,374,072
Net OPEB asset	2,899,268	-
Capital assets, net	<u>102,192,522</u>	<u>103,030,225</u>
Total assets	<u>156,320,660</u>	<u>151,404,297</u>
<u>Deferred outflows of resources</u>		
Unamortized deferred charges on debt refunding	2,281,622	2,506,578
Pension	14,747,243	18,678,831
OPEB	<u>1,054,342</u>	<u>833,266</u>
Total deferred outflows of resources	<u>18,083,207</u>	<u>22,018,675</u>
<u>Liabilities</u>		
Current liabilities	5,540,897	4,468,821
Long-term liabilities:		
Due within one year	3,824,975	3,408,479
Due in more than one year:		
Net pension liability	49,641,425	53,392,399
Net OPEB liability	4,898,956	11,604,565
Other amounts	<u>42,904,592</u>	<u>42,116,320</u>
Long-term liabilities	<u>101,269,948</u>	<u>110,521,763</u>
Total liabilities	<u>106,810,845</u>	<u>114,990,584</u>
<u>Deferred inflows of resources</u>		
Property taxes levied for the next fiscal year	13,808,114	14,008,421
Pension	3,507,625	1,891,162
OPEB	<u>5,038,308</u>	<u>1,340,002</u>
Total deferred inflows of resources	<u>22,354,047</u>	<u>17,239,585</u>
<u>Net position</u>		
Net investment in capital assets	62,137,043	62,397,172
Restricted	4,880,440	4,858,992
Unrestricted (deficit)	<u>(21,778,508)</u>	<u>(26,063,361)</u>
Total net position	<u>\$ 45,238,975</u>	<u>\$ 41,192,803</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

The net pension liability (NPL) is the largest single liability reported by the District at June 30, 2019 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The District has adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

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

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

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2019, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$45,238,975.

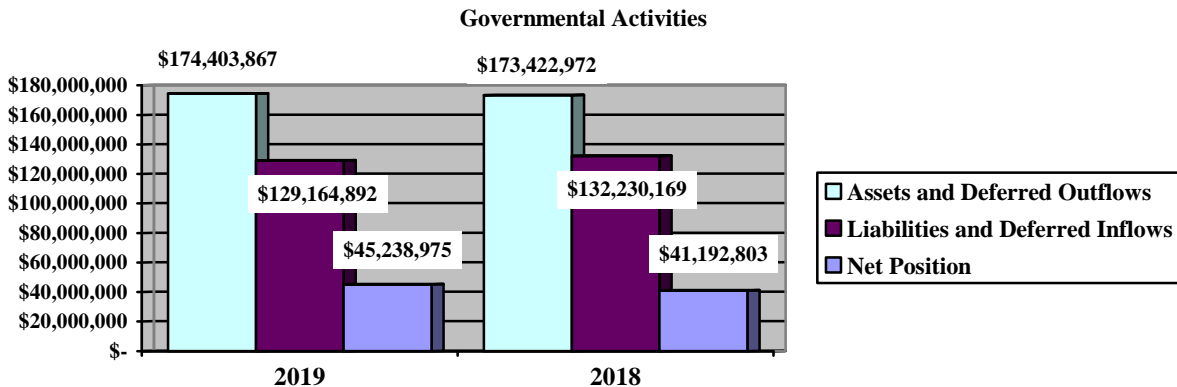
As the previous table illustrates, the most significant changes in net position were in the District's net pension liability and net OPEB liability, and the related deferred inflows/outflows of resources related to pensions. See Note 13 and Note 14 in the notes to the basic financial statements for additional information regarding these components of net position.

Other significant changes include an increase in current and other assets as a result of cash held with an escrow agent for a construction project. The net OPEB asset reported for fiscal year 2019 is related to the State Teachers Retirement System (STRS). The increase in current liabilities is mostly due to contracts and retainage payable for an ongoing construction project and an increase in accruals for wages and pension/postemployment benefits.

At year-end, capital assets represented 65.37% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. The District's net investment in capital assets at June 30, 2019 was \$62,137,043. Capital assets are used to provide services to the students and are not available for future spending.

A portion of the District's net position, \$4,880,440, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$21,778,508. This represents a decrease of unrestricted net position in the amount of \$4,284,853 compared to the prior year's deficit, primarily due to the changes in the pension and OPEB calculations.

The graph below shows the District's assets and deferred outflows, liabilities and deferred inflows and net position at June 30, 2019 and 2018.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

The following table shows the change in net position for fiscal years 2019 and 2018.

	Change in Net Position	
	Governmental Activities	Governmental Activities
	<u>2019</u>	<u>2018</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 3,374,537	\$ 3,750,127
Operating grants and contributions	11,215,286	11,150,808
Capital grants and contributions	251,370	-
General revenues:		
Property taxes	15,550,975	15,326,883
Grants and entitlements-not restricted	28,711,424	28,719,861
Investment earnings	725,165	190,838
Gain on sale of capital assets	9,500	-
Miscellaneous	<u>715,560</u>	<u>737,477</u>
Total revenues	<u>60,553,817</u>	<u>59,875,994</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	19,192,464	10,245,066
Special	7,757,234	3,936,568
Vocational	1,123,087	695,808
Other	5,109,737	5,629,711
Support services:		
Pupil	2,418,354	1,487,039
Instructional staff	1,304,383	842,526
Board of education	58,263	39,456
Administration	3,517,979	1,851,207
Fiscal	665,333	454,893
Business	296,274	172,896
Operations and maintenance	6,012,248	3,792,222
Pupil transportation	1,748,363	1,205,112
Central	1,033,672	681,166
Operation of non-instructional services:		
Food service operations	2,237,025	1,759,781
Other non-instructional services	402,446	303,590
Extracurricular activities	2,030,086	1,445,358
Interest and fiscal charges	<u>1,600,697</u>	<u>1,546,719</u>
Total expenses	<u>56,507,645</u>	<u>36,089,118</u>
Change in net position	4,046,172	23,786,876
Net position at beginning of year	<u>41,192,803</u>	<u>17,405,927</u>
Net position at end of year	<u>\$ 45,238,975</u>	<u>\$ 41,192,803</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

Governmental Activities

Net position of the District's governmental activities increased \$4,046,172. Total governmental expenses of \$56,507,645 were offset by program revenues of \$14,841,193 and general revenues of \$45,712,624. Program revenues supported 26.26% of the total governmental expenses.

Total revenues for fiscal year 2019 were comparable to the prior year, with an increase of \$677,823 or 1.13%. The largest sources of revenue are property taxes and unrestricted grants and entitlements, which together account for 73.09% of total governmental revenues.

Program revenues include charges for services, grants and contributions that are program specific. These primarily include grants from the Barberton Community Foundation, State and Federal grants for specific purposes, reimbursements for services by third-parties, open enrollment, tuition, food service receipts, and extracurricular receipts. The capital grants and contributions reported for fiscal year 2019 are donations from the Barberton Community Foundation for a turf replacement project at the high school football field.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$33,182,522 or 58.72% of total governmental expenses for fiscal year 2019. Expenses of the governmental activities increased \$20,418,527 or 56.58%. This increase is primarily the result of the State Teachers Retirement System (STRS) indefinitely suspending the Cost of Living Adjustment ("COLA") and the School Employee Retirement System (SERS) lowering the COLA from 3.00% to 2.50% in fiscal year 2018. These benefit changes caused a decrease to the net pension liability and the subsequent expenses reported for fiscal year 2018 when compared to fiscal year 2017. On an accrual basis, the District reported \$5,673,478 and \$(16,197,191) in pension expense for fiscal year 2019 and 2018, respectively. In addition, the District reported \$(5,981,677) and \$(1,885,110) in OPEB expense for fiscal year 2019 and 2018, respectively. The total net increase in pension expense and OPEB expense from fiscal year 2018 to fiscal year 2019 was \$17,774,102 which accounts for most (87.05%) of the overall increase in expenses. Fluctuations in the pension expense and OPEB expense makes it difficult to compare financial information between years since both of these are components of program expenses reported on the statement of activities.

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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

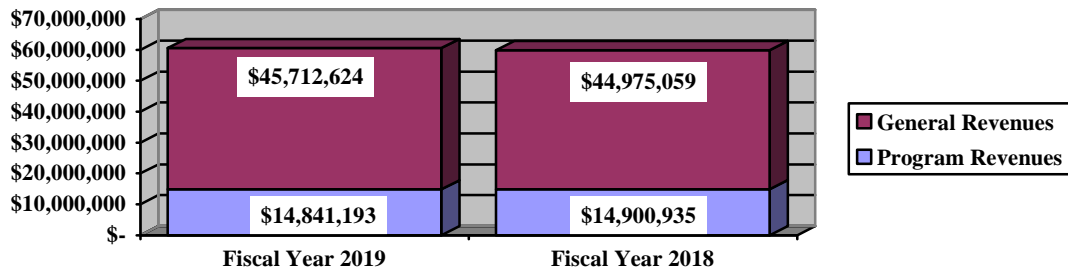
Governmental Activities

	Total Cost of Services <u>2019</u>	Net Cost of Services <u>2019</u>	Total Cost of Services <u>2018</u>	Net Cost of Services <u>2018</u>
Program expenses				
Instruction:				
Regular	\$ 19,192,464	\$ 16,606,188	\$ 10,245,066	\$ 7,493,614
Special	7,757,234	2,642,146	3,936,568	(1,089,293)
Vocational	1,123,087	730,364	695,808	277,597
Other	5,109,737	4,884,361	5,629,711	5,411,234
Support services:				
Pupil	2,418,354	2,336,179	1,487,039	1,431,744
Instructional staff	1,304,383	617,535	842,526	235,019
Board of education	58,263	58,263	39,456	39,456
Administration	3,517,979	3,517,979	1,851,207	1,851,207
Fiscal	665,333	665,333	454,893	454,893
Business	296,274	296,274	172,896	172,896
Operations and maintenance	6,012,248	6,007,162	3,792,222	3,696,082
Pupil transportation	1,748,363	1,579,977	1,205,112	1,011,172
Central	1,033,672	1,002,672	681,166	650,493
Operation of non-instructional services				
Food service operations	2,237,025	160,543	1,759,781	(417,917)
Other non-instructional services	402,446	19,660	303,590	(182,170)
Extracurricular activities	2,030,086	1,267,233	1,445,358	934,439
Interest and fiscal charges	<u>1,600,697</u>	<u>(725,407)</u>	<u>1,546,719</u>	<u>(782,283)</u>
Total	<u>\$ 56,507,645</u>	<u>\$ 41,666,462</u>	<u>\$ 36,089,118</u>	<u>\$ 21,188,183</u>

The dependence upon taxes and other general revenues for governmental activities is apparent; 74.93% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 73.74%.

The graph below presents the District's governmental activities general and program revenues for fiscal years 2019 and 2018.

Governmental Activities - General and Program Revenues



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

The District's Funds

The District's governmental funds reported a combined fund balance of \$30,158,113, which is \$2,208,887 higher than last year's total. The schedule below indicates the fund balance and the change in fund balance as of June 30, 2019 and 2018.

	Fund Balance June 30, 2019	Fund Balance June 30, 2018	Change
General	\$ 25,559,358	\$ 23,414,339	\$ 2,145,019
Nonmajor Governmental	4,598,755	4,534,887	63,868
Total	<u>\$ 30,158,113</u>	<u>\$ 27,949,226</u>	<u>\$ 2,208,887</u>

General Fund

The general fund's fund balance increased \$2,145,019 or 9.16%. The tables that follow assist in illustrating the general fund's revenues and expenditures.

	2019 <u>Amount</u>	2018 <u>Amount</u>	Percentage <u>Change</u>
<u>Revenues</u>			
Property taxes	\$ 13,353,792	\$ 13,085,115	2.05 %
Tuition	2,417,748	2,635,323	(8.26) %
Earnings on investments	694,007	192,681	260.18 %
Intergovernmental	32,452,707	32,351,286	0.31 %
Other revenues	<u>1,289,872</u>	<u>1,299,260</u>	(0.72) %
Total	<u>\$ 50,208,126</u>	<u>\$ 49,563,665</u>	1.30 %

	2019 <u>Amount</u>	2018 <u>Amount</u>	Percentage <u>Change</u>
<u>Expenditures</u>			
Instruction	\$ 31,459,780	\$ 30,373,474	3.58 %
Support services	15,561,707	14,640,690	6.29 %
Other non-instructional services	133,917	276,912	(51.64) %
Extracurricular activities	1,195,603	1,128,598	5.94 %
Facilities acquisition and construction	3,904,208	4,004	97,407.69 %
Debt service	<u>212,420</u>	<u>234,976</u>	(9.60) %
Total	<u>\$ 52,467,635</u>	<u>\$ 46,658,654</u>	12.45 %

Total general fund revenues for fiscal year 2019 were comparable to the prior year. The only significant change was in earnings on investments, which increased due to a favorable change in the fair value of the District's investments, as well as the District investing additional available cash in its investment accounts. The primary sources of general fund revenues are property taxes and intergovernmental, which together comprise 91.23% of total general fund revenues in fiscal year 2019.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

The overall increase in general fund expenditures was partially a result of higher employee wages and salaries, as well as an increase in fringe benefits such as the District's share of employee health insurance premiums and pension contributions. In addition, the District completed a District-wide lighting upgrades project in fiscal year 2019 and commenced construction of athletic facility upgrades and construction of a new bus garage and maintenance building.

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.

For the general fund, original budgeted revenues and other financing sources of \$49,901,396 were decreased slightly to \$49,578,067 in the final budget. Actual revenues and other financing sources for fiscal year 2019 were \$49,622,586 or \$44,519 more than the final budget.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$49,753,417 were increased to \$50,809,265 in the final budget. The actual budget basis expenditures for fiscal year 2019 were \$50,808,783 or \$482 less than the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2019, the District had \$102,192,522 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 2019 balances compared to 2018:

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

	2019	2018
Land	\$ 16,247,923	\$ 16,247,923
Construction in progress	2,624,072	-
Land improvements	3,336,996	3,849,101
Building and improvements	78,186,594	81,014,889
Furniture and equipment	832,870	970,699
Vehicles	964,067	947,613
Total	\$ 102,192,522	\$ 103,030,225

Total additions to capital assets for fiscal year 2019 amounted to \$2,814,090 and depreciation expense totaled \$3,651,793. Most of the additions were related to the construction of a new bus garage. See Note 8 in the notes to the basic financial statements for additional information on the District's capital assets.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

Debt Administration

At June 30, 2019, the District had \$40,444,172 in general obligation bonds and capital leases outstanding. Of this total, \$3,433,276 is due within one year and \$37,010,896 is due in greater than one year. The only addition to long-term debt was a lease of \$4,464,172 which is being used to help finance the construction of a new bus garage. See Note 9 in the notes to the basic financial statements for additional information on the District's debt administration.

The following table summarizes the debt outstanding at June 30, 2019 and 2018.

Outstanding Debt, at June 30

	Governmental Activities <u>2019</u>	Governmental Activities <u>2018</u>
General obligation bonds	\$ 35,980,000	\$ 38,885,000
Capital leases	<u>4,464,172</u>	<u>126,211</u>
Total	<u>\$ 40,444,172</u>	<u>\$ 39,011,211</u>

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 2011 and now will expire in 2020. District voters passed a 9 mill emergency levy renewal in November 2017. Collections on this five year levy began in 2018 and now will expire at the end of 2023.

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 reductions in home value reappraisals have had a negative effect on collections. The County Fiscal Officer conducted a re-appraisal of property values which became effective for calendar year 2018 property tax collections. The result of this re-appraisal was a slight increase in assessed property values of \$4,245,860 or 1.3%.

In addition to property tax revenues, the District is heavily reliant on State Foundation funding. Under the new biennial State budget for fiscal years 2020 and 2021, the District will receive approximately \$30.9 million in State Foundation aid in fiscal year 2020, or an increase of about \$0.8 million.

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 Shawna Jones, Treasurer/CFO, Barberton City School District, 633 Brady Avenue, Barberton, Ohio, 44203. Or if you prefer, you may email inquiries to: sjones@barbertonschools.org.

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

STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and investments	\$ 30,933,420
Cash with escrow agent	2,410,217
Receivables:	
Property taxes	16,818,092
Accounts	256,572
Intergovernmental	659,138
Accrued interest	67,334
Prepayments	53,191
Materials and supplies inventory	12,336
Inventory held for resale	18,570
Net OPEB asset	2,899,268
Capital assets:	
Nondepreciable capital assets	18,871,995
Depreciable capital assets, net	83,320,527
Capital assets, net.	<u>102,192,522</u>
Total assets	<u>156,320,660</u>
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	2,281,622
Pension	14,747,243
OPEB	<u>1,054,342</u>
Total deferred outflows of resources	<u>18,083,207</u>
Liabilities:	
Accounts payable	339,411
Contracts payable	367,380
Retainage payable	202,737
Accrued wages and benefits payable	3,330,915
Matured compensated absences payable.	30,636
Intergovernmental payable.	292,332
Pension and postemployment benefits payable	816,112
Accrued interest payable	161,374
Long-term liabilities:	
Due within one year.	3,824,975
Due in more than one year:	
Net pension liability (See Note 13).	49,641,425
Net OPEB liability (See Note 14).	4,898,956
Other amounts due in more than one year.	42,904,592
Total liabilities	<u>106,810,845</u>
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	13,808,114
Pension	3,507,625
OPEB	<u>5,038,308</u>
Total deferred inflows of resources	<u>22,354,047</u>
Net position:	
Net investment in capital assets	62,137,043
Restricted for:	
Capital projects.	368,397
Classroom facilities maintenance.	1,253,025
Debt service.	2,886,914
Locally funded programs	16,821
State funded programs	68,069
Federally funded programs	90,394
Student activities	156,018
Food service operations	40,802
Unrestricted (deficit)	<u>(21,778,508)</u>
Total net position	<u>\$ 45,238,975</u>

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, 2019

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 19,192,464	\$ 2,118,123	\$ 468,153	\$ -	\$ (16,606,188)
Special	7,757,234	322,247	4,792,841	-	(2,642,146)
Vocational	1,123,087	46,590	346,133	-	(730,364)
Other	5,109,737	-	225,376	-	(4,884,361)
Support services:					
Pupil	2,418,354	577	81,598	-	(2,336,179)
Instructional staff	1,304,383	3,167	683,681	-	(617,535)
Board of education	58,263	-	-	-	(58,263)
Administration	3,517,979	-	-	-	(3,517,979)
Fiscal	665,333	-	-	-	(665,333)
Business	296,274	-	-	-	(296,274)
Operations and maintenance	6,012,248	4,145	941	-	(6,007,162)
Pupil transportation	1,748,363	19,439	148,947	-	(1,579,977)
Central	1,033,672	2,380	28,620	-	(1,002,672)
Operation of non-instructional services:					
Food service operations	2,237,025	404,064	1,672,418	-	(160,543)
Other non-instructional services	402,446	86,233	296,553	-	(19,660)
Extracurricular activities	2,030,086	367,572	143,921	251,370	(1,267,223)
Interest and fiscal charges	1,600,697	-	2,326,104	-	725,407
Total governmental activities	\$ 56,507,645	\$ 3,374,537	\$ 11,215,286	\$ 251,370	(41,666,452)
General revenues:					
Property taxes levied for:					
General purposes					13,270,546
Debt service					2,021,365
Facilities maintenance					226,240
Capital outlay					32,824
Grants and entitlements not restricted to specific programs					28,711,424
Investment earnings					725,165
Gain on sale of capital assets					9,500
Miscellaneous					715,560
Total general revenues					45,712,624
Change in net position					4,046,172
Net position at beginning of year					41,192,803
Net position at end of year					\$ 45,238,975

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and investments	\$ 26,303,087	\$ 4,630,333	\$ 30,933,420
Cash with escrow agent	2,410,217	-	2,410,217
Receivables:			
Property taxes	14,348,068	2,470,024	16,818,092
Accounts	256,518	54	256,572
Intergovernmental	-	659,138	659,138
Accrued interest	67,334	-	67,334
Prepayments	48,159	5,032	53,191
Due from other funds	216,998	-	216,998
Materials and supplies inventory	-	12,336	12,336
Inventory held for resale	-	18,570	18,570
Total assets	<u>\$ 43,650,381</u>	<u>\$ 7,795,487</u>	<u>\$ 51,445,868</u>
Liabilities:			
Accounts payable	\$ 286,878	\$ 52,533	\$ 339,411
Contracts payable	367,380	-	367,380
Retainage payable	202,737	-	202,737
Accrued wages and benefits payable	3,092,688	238,227	3,330,915
Matured compensated absences payable	30,636	-	30,636
Intergovernmental payable	266,658	25,674	292,332
Pension and postemployment benefits payable	729,594	86,518	816,112
Due to other funds	-	216,998	216,998
Total liabilities	<u>4,976,571</u>	<u>619,950</u>	<u>5,596,521</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	11,795,226	2,012,888	13,808,114
Delinquent property tax revenue not available	1,025,896	186,145	1,212,041
Intergovernmental revenue not available	-	377,749	377,749
Accrued interest not available	43,330	-	43,330
Tuition revenue not available	250,000	-	250,000
Total deferred inflows of resources	<u>13,114,452</u>	<u>2,576,782</u>	<u>15,691,234</u>
Fund balances:			
Nonspendable:			
Materials and supplies inventory	-	12,336	12,336
Prepayments	48,159	5,032	53,191
Restricted:			
Debt service	-	2,856,776	2,856,776
Capital improvements	-	347,335	347,335
Classroom facilities maintenance	-	1,256,425	1,256,425
Food service operations	-	94,385	94,385
Non-public schools	-	43,432	43,432
Special education	-	899	899
Extracurricular activities	-	156,018	156,018
Other purposes	-	35,391	35,391
Assigned:			
Student instruction	286,758	-	286,758
Student and staff support	1,040,517	-	1,040,517
Extracurricular activities	445	-	445
Capital improvements	7,423	-	7,423
Subsequent year's appropriations	1,272,469	-	1,272,469
School supplies	379	-	379
Other purposes	124,272	-	124,272
Unassigned (deficit)	<u>22,778,936</u>	<u>(209,274)</u>	<u>22,569,662</u>
Total fund balances	<u>25,559,358</u>	<u>4,598,755</u>	<u>30,158,113</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 43,650,381</u>	<u>\$ 7,795,487</u>	<u>\$ 51,445,868</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2019

Total governmental fund balances		\$	30,158,113
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			102,192,522
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	1,212,041	
Accounts receivable		250,000	
Intergovernmental receivable		377,749	
Accrued interest receivable		43,330	
Total		1,883,120	1,883,120
Unamortized premiums on bonds issued are not recognized in the funds.			(3,733,029)
Unamortized deferred charges on debt refundings are not recognized in the funds.			2,281,622
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(161,374)
The net pension liability is not due and payable in the current period, therefore, the liability and related deferred inflows and outflows of resources are not reported in governmental funds.			
Deferred outflows of resources - pension		14,747,243	
Deferred inflows of resources - pension		(3,507,625)	
Net pension liability		(49,641,425)	
Total		(38,401,807)	(38,401,807)
The net OPEB liability and asset are not due and payable in the current period; therefore, the liability, asset and related deferred inflows and outflows of resources are not reported in governmental funds.			
Deferred outflows of resources - OPEB		1,054,342	
Deferred inflows of resources - OPEB		(5,038,308)	
Net OPEB asset		2,899,268	
Net OPEB liability		(4,898,956)	
Total		(5,983,654)	(5,983,654)
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		(35,980,000)	
Capital lease obligations		(4,464,172)	
Compensated absences		(2,552,366)	
Total		(42,996,538)	(42,996,538)
Net position of governmental activities		\$	45,238,975

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, 2019

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Property taxes	\$ 13,353,792	\$ 2,296,641	\$ 15,650,433
Tuition	2,417,748	-	2,417,748
Charges for services	-	388,513	388,513
Earnings on investments	694,007	-	694,007
Extracurricular	106,958	203,916	310,874
Classroom materials and fees	68,815	-	68,815
Contributions and donations	264,871	2,442,518	2,707,389
Other local revenues	849,228	54,919	904,147
Intergovernmental - intermediate	-	58,980	58,980
Intergovernmental - state	32,357,382	851,152	33,208,534
Intergovernmental - federal	95,325	4,250,925	4,346,250
Total revenues	<u>50,208,126</u>	<u>10,547,564</u>	<u>60,755,690</u>
Expenditures:			
Current:			
Instruction:			
Regular	18,222,697	477,318	18,700,015
Special	7,138,512	1,322,608	8,461,120
Vocational	1,204,273	-	1,204,273
Other	4,894,298	226,116	5,120,414
Support services:			
Pupil	2,540,497	82,476	2,622,973
Instructional staff	671,827	684,257	1,356,084
Board of education	61,066	-	61,066
Administration	3,760,518	-	3,760,518
Fiscal	656,411	41,577	697,988
Business	272,609	48,046	320,655
Operations and maintenance	4,691,250	226,125	4,917,375
Pupil transportation	1,882,200	1,136	1,883,336
Central	1,025,329	28,339	1,053,668
Operation of non-instructional services:			
Food service operations	-	2,117,755	2,117,755
Other non-instructional services	133,917	296,797	430,714
Extracurricular activities	1,195,603	424,852	1,620,455
Facilities acquisition and construction	3,904,208	-	3,904,208
Debt service:			
Principal retirement	126,211	2,905,000	3,031,211
Interest and fiscal charges	86,209	1,670,438	1,756,647
Total expenditures	<u>52,467,635</u>	<u>10,552,840</u>	<u>63,020,475</u>
Excess of expenditures over revenues	<u>(2,259,509)</u>	<u>(5,276)</u>	<u>(2,264,785)</u>
Other financing sources (uses):			
Proceeds from sale of assets	9,500	-	9,500
Transfers in	-	69,144	69,144
Transfers (out)	(69,144)	-	(69,144)
Inception of capital lease	4,464,172	-	4,464,172
Total other financing sources (uses)	<u>4,404,528</u>	<u>69,144</u>	<u>4,473,672</u>
Net change in fund balances	2,145,019	63,868	2,208,887
Fund balances at beginning of year	<u>23,414,339</u>	<u>4,534,887</u>	<u>27,949,226</u>
Fund balances at end of year	<u>\$ 25,559,358</u>	<u>\$ 4,598,755</u>	<u>\$ 30,158,113</u>

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, 2019

Net change in fund balances - total governmental funds	\$	2,208,887
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 2,814,090	
Current year depreciation	<u>(3,651,793)</u>	
Total		(837,703)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(99,458)	
Earnings on investments	31,158	
Intergovernmental	<u>(143,073)</u>	
Total		(211,373)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		3,031,211
The inception of capital lease is recorded as an other financing source in the governmental funds; however, in the statement of activities, it is not reported as a financing source as it increases liabilities on the statement of net position.		
		(4,464,172)
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 less interest being reported in the statement of activities:		
Increase in accrued interest payable	(14,485)	
Amortization of bond premiums	395,391	
Amortization of deferred charges on refunding	<u>(224,956)</u>	
Total		155,950
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows of resources.		
		3,876,401
Except for amounts reported as deferred inflows/outflows of resources, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(5,673,478)
Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows of resources.		
		145,970
Except for amounts reported as deferred inflows/outflows of resources, changes in the net OPEB liability/asset are reported as OPEB expense in the statement of activities.		
		5,981,677
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>(167,198)</u>
Change in net position of governmental activities	\$	<u>4,046,172</u>

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
Revenues:				
From local sources:				
Property taxes	\$ 13,207,559	\$ 13,122,096	\$ 13,111,312	\$ (10,784)
Tuition.	2,773,983	2,758,224	2,417,748	(340,476)
Earnings on investments	250,273	247,302	455,720	208,418
Extracurricular.	4,551	4,530	3,219	(1,311)
Other local revenues	642,593	635,509	1,086,790	451,281
Intergovernmental - state	32,951,263	32,739,712	32,455,692	(284,020)
Intergovernmental - federal	67,174	66,694	73,556	6,862
Total revenues	<u>49,897,396</u>	<u>49,574,067</u>	<u>49,604,037</u>	<u>29,970</u>
Expenditures:				
Current:				
Instruction:				
Regular	17,411,150	17,465,981	18,223,499	(757,518)
Special.	6,558,619	6,857,905	7,238,990	(381,085)
Vocational.	1,337,622	1,349,432	1,185,985	163,447
Other.	5,388,365	5,377,422	4,915,905	461,517
Support services:				
Pupil.	2,767,802	2,977,090	2,765,080	212,010
Instructional staff	603,390	593,059	667,259	(74,200)
Board of education	57,675	63,623	64,605	(982)
Administration.	3,878,519	3,931,531	3,832,842	98,689
Fiscal	892,721	886,266	662,874	223,392
Business.	346,086	362,791	282,152	80,639
Operations and maintenance	4,885,253	5,321,148	5,190,024	131,124
Pupil transportation	2,112,659	2,117,630	2,217,716	(100,086)
Central.	919,045	927,326	981,466	(54,140)
Other non-instructional services.	39,747	40,359	40,765	(406)
Extracurricular activities.	1,000,437	991,962	1,074,515	(82,553)
Facilities acquisition and construction	1,351,026	1,343,228	1,287,558	55,670
Debt service:				
Interest and fiscal charges	83,301	82,512	82,587	(75)
Total expenditures	<u>49,633,417</u>	<u>50,689,265</u>	<u>50,713,822</u>	<u>(24,557)</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>263,979</u>	<u>(1,115,198)</u>	<u>(1,109,785)</u>	<u>5,413</u>
Other financing sources (uses):				
Refund of prior year's receipts.	-	-	(25,817)	(25,817)
Proceeds from sale of assets	4,000	4,000	18,549	14,549
Transfers (out)	(80,000)	(80,000)	(69,144)	10,856
Advances (out).	(40,000)	(40,000)	-	40,000
Total other financing sources (uses).	<u>(116,000)</u>	<u>(116,000)</u>	<u>(76,412)</u>	<u>39,588</u>
Net change in fund balance	147,979	(1,231,198)	(1,186,197)	45,001
Fund balance at beginning of year.	23,861,952	23,861,952	23,861,952	-
Prior year encumbrances appropriated	903,417	903,417	903,417	-
Fund balance at end of year	<u>\$ 24,913,348</u>	<u>\$ 23,534,171</u>	<u>\$ 23,579,172</u>	<u>\$ 45,001</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and investments	\$ 31,115	\$ 136,885
Prepayments	-	14
	31,115	136,899
Total assets.	31,115	\$ 136,899
Liabilities:		
Pension and postemployment benefits payable. .	-	\$ 370
Due to students	-	136,529
	-	136,899
Total liabilities.	-	\$ 136,899
Net position:		
Held in trust for scholarships	31,115	
Total net position.	\$ 31,115	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Private-Purpose Trust
	Scholarship
Additions:	
Gifts and contributions.	\$ 2,488
Deductions:	
Scholarships awarded	5,388
Change in net position	(2,900)
Net position at beginning of year	34,015
Net position at end of year.	\$ 31,115

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 four instructional/support facilities staffed by 244 non-certified employees and 312 certified teaching personnel who provide services to approximately 3,945 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's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the 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 government's 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, 2019

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 2019.

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 at 700 Graham Rd., Cuyahoga Falls, Ohio 44221. During the current fiscal year, the District paid \$132,253 to NEOnet for services provided.

Four Cities Educational Compact

The Four Cities Educational 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. Financial information can be obtained by contacting the fiscal agent at 524 Broad Street, Wadsworth, Ohio 44281.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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 SRHCC and is responsible for coordinating and administering the Health Benefits Program.

The Health Benefits Program is governed by the Board of Directors of the SRHCC (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. The District has no proprietary funds.

GOVERNMENTAL FUNDS

Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the 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 deferred outflows and liabilities and deferred inflows is reported as fund balance.

The following is the District's major governmental fund:

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into 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 three agency funds which are used to account for student activities managed by the student body and other District agency activities and 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 position 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.

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 deferred outflows and all liabilities and deferred inflows associated with the operation of the District are included on the statement of net position.

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. 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 deferred outflows of resources and current liabilities and deferred inflows of resources 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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.

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. 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.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Note 13 and Note 14 for deferred outflows of resources related the District's net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2019, but which were levied to finance fiscal year 2020 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Note 13 and Note 14 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

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.

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 2019.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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.

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 investments" on the basic financial statements.

During fiscal year 2019, investments were limited to Federal Farm Credit Bureau (FFCB), Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), U.S. Treasury obligations, commercial paper, negotiable CDs, and the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for STAR Ohio, investments are reported at fair value.

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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

For the fiscal year 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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 and the classroom facilities capital projects fund. Interest revenue credited to the general fund during fiscal year 2019 amounted to \$694,007 which includes \$131,121 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.

G. Prepayments

Payments made to vendors for services that will benefit periods beyond June 30, 2019, 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.

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

Capital 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 position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated assets are recorded at their acquisition 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	5 - 30 years
Buildings and improvements	10 - 99 years
Furniture and equipment	5 - 20 years
Vehicles	10 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". These amounts are eliminated in the governmental type activities column on the statement of net position.

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.

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 are recognized as a liability on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

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 a deferred outflow of resources on the statement of net position.

On the governmental fund financial statements, bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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.

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 Position

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

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

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 position.

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 2019.

S. Pensions/Other Postemployment Benefits (OPEB)

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

T. Fair Value

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2019, the District has implemented GASB Statement No. 83, "Certain Asset Retirement Obligations" and GASB Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements".

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the District.

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statement of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2019 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Public school preschool	\$ 12,451
IDEA Part B	89,879
Title I	49,684
Improving teacher quality	19,361
Miscellaneous federal grants	34,811

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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, 2019

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 five years 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 fair 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, the State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days and two-hundred-seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate notes interests rated in either of the three 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, or by the financial institutions participation in the Ohio Pooled Collateral System (OCPS), a collateral pool of eligible securities deposited with a qualified trustee and pledge to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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. Cash On Hand

At fiscal year end, the District had \$100 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

B. Cash with Escrow Agent

The District has money held in an account by an escrow agent. The account was established in connection with the lease-purchase agreement the District entered into during fiscal year 2019 (see Note 10). On behalf of the District, the agent disburses funds from the account to make payments to vendors for work completed on the project. The amount held by the escrow agent at June 30, 2019 was \$2,410,217 and is not included in "deposits with financial institutions" below.

C. Deposits with Financial Institutions

At June 30, 2019, the carrying amount of all District deposits was \$4,949,750 and the bank balance of all District deposits was \$5,172,477. Of the bank balance, \$250,000 was covered by the FDIC, \$3,207,536 was covered by the Ohio Pooled Collateral System and \$1,714,941 was exposed to custodial credit risk because this amount was uninsured and uncollateralized. Although 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.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by: (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured; or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2019, the District's financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments

As of June 30, 2019, the District had the following investments and maturities:

Investment/ Measurement type	Measurement Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Fair value:</i>						
FFCB	\$ 997,220	\$ 997,220	\$ -	\$ -	\$ -	\$ -
FHLMC	2,631,873	-	-	1,642,509	-	989,364
FNMA	4,751,614	829,444	816,097	3,106,073	-	-
Commercial paper	5,842,196	5,842,196	-	-	-	-
Negotiable CDs	7,873,325	246,847	-	1,482,669	1,405,457	4,738,352
U.S. Treasury Obligations	17,435	17,435	-	-	-	-
<i>Amortized cost:</i>						
STAR Ohio	4,037,907	4,037,907	-	-	-	-
	<u>\$ 26,151,570</u>	<u>\$ 11,971,049</u>	<u>\$ 816,097</u>	<u>\$ 6,231,251</u>	<u>\$ 1,405,457</u>	<u>\$ 5,727,716</u>

The weighted average maturity of investments is 1.20 years.

The District's investments measured at fair value are valued using quoted market prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: 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 obligations and federal agency securities (FFCB, FHLMC, and FNMA) were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The commercial paper investments were rated P-1 and A-1 to A-1+ by Moody's Investor Services and Standard & Poor's, respectively. The negotiable CDs were not rated. Standard & Poor's has assigned STAR Ohio and the U.S. Government money market an AAAM money market rating. Ohio Law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. 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, commercial paper and U.S. Treasury obligations 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. 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2019:

Investment type	Measurement	
	Value	% of Total
FFCB	\$ 997,220	3.81
FHLMC	2,631,873	10.06
FNMA	4,751,614	18.17
Commercial paper	5,842,196	22.34
Negotiable CDs	7,873,325	30.11
U.S. Treasury obligations	17,435	0.07
STAR Ohio	4,037,907	15.44
	<u>\$ 26,151,570</u>	<u>100.00</u>

E. Reconciliation of Cash and Investments to the Statement of Net Position

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 position as of June 30, 2019:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 4,949,750
Investments	26,151,570
Cash with escrow agent	2,410,217
Cash on hand	<u>100</u>
Total	<u>\$ 33,511,637</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 33,343,637
Private-purpose trust fund	31,115
Agency funds	<u>136,885</u>
Total	<u>\$ 33,511,637</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund transfers for the year ended June 30, 2019, consisted of \$69,144 from the general fund to various nonmajor governmental funds. 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.

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, 2019, as reported on the fund statements consist of \$216,998 due to the general fund from various nonmajor governmental funds. The primary purpose of the due to/from other funds is to cover negative cash in those funds. The interfund balances 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, 2019**

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, 2019 are reported on the statement of net position.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2019 represent the collection of calendar year 2018 taxes. Real property taxes received in calendar year 2019 were levied after April 1, 2018, on the assessed values as of January 1, 2018, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair 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 2019 represent the collection of calendar year 2018 taxes. Public utility real and personal property taxes received in calendar year 2019 became a lien on December 31, 2017, were levied after April 1, 2018, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from 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, 2019, are available to finance fiscal year 2019 operations. The amount available as an advance at June 30, 2019 was \$1,526,946 in the general fund, \$240,259 in the bond retirement fund (a nonmajor governmental fund) and \$30,732 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available as an advance at June 30, 2018 was \$1,284,466 in the general fund, \$224,567 in the bond retirement fund (a nonmajor governmental fund) and \$30,691 in the permanent improvement fund (a nonmajor governmental 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, 2019 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2019 taxes were collected are:

	2018 Second Half Collections		2019 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 325,261,640	95.56	\$ 325,287,640	95.42
Public utility personal	<u>15,105,050</u>	<u>4.44</u>	<u>15,595,940</u>	<u>4.58</u>
Total	<u>\$ 340,366,690</u>	<u>100.00</u>	<u>\$ 340,883,580</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 70.15		\$ 70.30	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2019 consisted of property 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. Receivables have been disaggregated on the face of the financial statements. All receivables are expected to be collected within the subsequent year.

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	Balance <u>June 30, 2018</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2019</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 16,247,923	\$ -	\$ -	\$ 16,247,923
Construction in progress	<u>-</u>	<u>2,624,072</u>	<u>-</u>	<u>2,624,072</u>
Total capital assets, not being depreciated	<u>16,247,923</u>	<u>2,624,072</u>	<u>-</u>	<u>18,871,995</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	10,527,478	-	-	10,527,478
Buildings and improvements	112,768,506	-	-	112,768,506
Furniture and equipment	5,679,820	-	(5,091)	5,674,729
Vehicles	<u>2,454,537</u>	<u>190,018</u>	<u>(150,651)</u>	<u>2,493,904</u>
Total capital assets, being depreciated	<u>131,430,341</u>	<u>190,018</u>	<u>(155,742)</u>	<u>131,464,617</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(6,678,377)	(512,105)	-	(7,190,482)
Buildings and improvements	(31,753,617)	(2,828,295)	-	(34,581,912)
Furniture and equipment	(4,709,121)	(137,829)	5,091	(4,841,859)
Vehicles	<u>(1,506,924)</u>	<u>(173,564)</u>	<u>150,651</u>	<u>(1,529,837)</u>
Total accumulated depreciation	<u>(44,648,039)</u>	<u>(3,651,793)</u>	<u>155,742</u>	<u>(48,144,090)</u>
Governmental activities capital assets, net	<u>\$ 103,030,225</u>	<u>\$ (837,703)</u>	<u>\$ -</u>	<u>\$ 102,192,522</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 2,429,908
Special	82,182
Vocational	5,536
<u>Support Services:</u>	
Instructional staff	50,523
Administration	81,232
Operations and maintenance	35,003
Pupil transportation	169,590
Central	12,306
Extracurricular activities	540,843
Food service operations	<u>244,670</u>
Total depreciation expense	<u>\$ 3,651,793</u>

NOTE 9 - LONG-TERM OBLIGATIONS

A. Activity in the District's long-term obligations during fiscal year 2019 were as follows:

<u>Governmental activities</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Due within</u> <u>One Year</u>
<u>Bonds</u>					
School improvements refunding					
Series 2013	\$ 10,250,000	\$ -	\$ (1,935,000)	\$ 8,315,000	\$ 1,995,000
School improvements refunding,					
Series 2015	21,160,000	-	-	21,160,000	-
School improvements refunding,					
Series 2016	<u>7,475,000</u>	<u>-</u>	<u>(970,000)</u>	<u>6,505,000</u>	<u>1,025,000</u>
Total bonds	<u>38,885,000</u>	<u>-</u>	<u>(2,905,000)</u>	<u>35,980,000</u>	<u>3,020,000</u>
<u>Other obligations</u>					
Compensated absences	2,385,168	368,733	(201,535)	2,552,366	391,699
Net pension liability	53,392,399	273,703	(4,024,677)	49,641,425	-
Net OPEB liability	11,604,565	471,224	(7,176,833)	4,898,956	-
Direct borrowing - capital leases	<u>126,211</u>	<u>4,464,172</u>	<u>(126,211)</u>	<u>4,464,172</u>	<u>413,276</u>
Total long-term obligations	<u>\$ 106,393,343</u>	<u>\$ 5,577,832</u>	<u>\$(14,434,256)</u>	<u>97,536,919</u>	<u>\$ 3,824,975</u>
Add: Unamortized premium on bonds				<u>3,733,029</u>	
Total on statement of net position				<u>\$ 101,269,948</u>	

B. See Note 10 for detail on the capital leases, Note 13 for detail on the net pension liability, and Note 14 for detail on the net OPEB liability.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

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: classroom facilities maintenance, auxiliary services, IDEA - Part B, Title I, Title IIA, student support and enrichment, and food service.

School Improvement Refunding Bonds (Series 2013): During fiscal year 2013, the District issued general obligation refunding bonds to advance refund the series 2005 current interest bonds. These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to this bond are recorded as expenditures in the bond retirement fund.

The issuance proceeds of \$17,600,115 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in substance) and accordingly has been removed from the statement of net position. At June 30, 2019, none of this debt was outstanding.

The reacquisition price exceeded the net carrying amount of the old debt by \$582,185. This amount is amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued, and is reported as a deferred outflow of resources on the statement of net position.

This issue is comprised of current interest bonds, par value \$16,290,000, with interest rates ranging from 0.55% to 4.00%. Interest payments are due on May 1 and November 1 of each year. The final maturity date stated in the issue is November 1, 2022.

The following is a summary of the future debt service requirements to maturity for the series 2013 general obligation refunding bonds:

<u>Fiscal Year</u>	<u>Current Interest Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,995,000	\$ 292,700	\$ 2,287,700
2021	2,075,000	211,300	2,286,300
2022	2,160,000	126,600	2,286,600
2023	<u>2,085,000</u>	<u>41,700</u>	<u>2,126,700</u>
Total	<u>\$ 8,315,000</u>	<u>\$ 672,300</u>	<u>\$ 8,987,300</u>

School Improvement Refunding Bonds (Series 2015): During fiscal year 2015, the District issued general obligation refunding bonds to advance refund a portion of the series 2008 current interest bonds. These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to this bond are recorded as expenditures in the bond retirement fund.

The issuance proceeds of \$24,605,490 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in substance) and accordingly has been removed from the statement of net position. At June 30, 2019, \$21,720,000 of this debt was outstanding.

The reacquisition price exceeded the net carrying amount of the old debt by \$2,336,743. This amount is amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued, and is reported as a deferred outflow of resources on the statement of net position.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

This issue is comprised of current interest bonds, par value \$21,215,000, with interest rates ranging from 2.00% to 5.25%. Interest payments are due on June 1 and December 1 of each year. The final maturity date stated in the issue is December 1, 2031.

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

<u>Fiscal Year</u>	<u>Current Interest Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	\$ 1,023,175	\$ 1,023,175
2021	1,055,000	996,800	2,051,800
2022	1,225,000	945,425	2,170,425
2023	1,295,000	888,050	2,183,050
2024	1,380,000	821,175	2,201,175
2025 - 2029	8,985,000	2,868,075	11,853,075
2030 - 2032	<u>7,220,000</u>	<u>459,537</u>	<u>7,679,537</u>
Total	<u>\$ 21,160,000</u>	<u>\$ 8,002,237</u>	<u>\$ 29,162,237</u>

School Improvement Refunding Bonds (Series 2016): During fiscal year 2016, the District issued general obligation refunding bonds to advance refund a portion of the series 2008 current interest bonds. These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to these bonds are recorded as expenditures in the bond retirement fund.

The issuance proceeds of \$8,151,765 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in substance) and accordingly has been removed from the statement of net position. At June 30, 2019, \$6,550,000 of this debt was outstanding.

The reacquisition price exceeded the net carrying amount of the old debt by \$447,887. This amount is amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued, and is reported as a deferred outflow of resources on the statement of net position. The refunding was undertaken to reduce total debt service payments by \$503,248 and resulted in an economic gain of \$380,535.

This issue is comprised of current interest bonds, par value \$7,500,000, with interest rates ranging from 4.00% to 4.125%. Interest payments are due on June 1 and December 1 of each year. The final maturity date stated in the issue is December 1, 2033.

**BARBERTON CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

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

<u>Fiscal Year</u>	Current Interest Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,025,000	\$ 243,056	\$ 1,268,056
2021	-	222,556	222,556
2022	-	222,556	222,556
2023	-	222,556	222,556
2024	-	222,556	222,556
2025 - 2029	-	1,112,780	1,112,780
2030 - 2034	5,480,000	889,702	6,369,702
Total	<u>\$ 6,505,000</u>	<u>\$ 3,135,762</u>	<u>\$ 9,640,762</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.

At June 30, 2019, the District's unvoted debt margin was \$340,884.

NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE

In fiscal year 2016, the District entered into a lease-purchase agreement to acquire school buses. In fiscal year 2019, the District entered into a \$4,464,172 lease-purchase agreement with Key Government Finance (the "Lessor") to finance athletic facilities improvements and construction of a bus garage and maintenance facility. The lease agreements meet the criteria of a capital lease as defined by GAAP, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Principal payments in fiscal year 2019 amounted to \$126,211 and were paid from the general fund.

**BARBERTON CITY SCHOOL DISTRICT
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NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE - (Continued)

The leases are considered to be direct borrowings. Direct borrowings have terms negotiated directly between the District and the lender and are not offered for public sale. In conjunction with the fiscal year 2019 lease-purchase agreement, the District and the Lessor entered into a Ground Lease agreement whereby the District has leased to the Lessor, under a Ground Lease, the Project Site and the Lessor has subleased the Project Site, and the facilities already located and/or to be constructed thereon (the "Project Facilities") back to the District under the terms of the lease-purchase agreement. The Project Site and Project Facilities are collateral for the debt as, in the event of default or "Nonappropriation of Funds", the Lessor shall have all legal and equitable rights to take possession of the Project Site and Project Facilities and/or assign the Ground Lease. The lease purchase agreement has no significant finance-related terms related to events of default, termination events, or subjective acceleration clauses except to state that there shall be no right under any circumstances to accelerate the maturities of base rent payments or otherwise declare any base rent not then past due or in default to be immediately due and payable.

The capital assets acquired under capital leases are as follows:

Construction in progress	\$ 2,624,072
Vehicles	498,000
Less: accumulated depreciation	<u>(174,300)</u>
Total	<u>\$ 2,947,772</u>

For the fiscal year 2019 lease, \$2,624,072 has been recorded as construction in progress and the District has \$1,840,800 in unspent proceeds at June 30, 2019. A liability is recorded in the government-wide financial statements for the present value of the future minimum lease payments.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of June 30, 2019:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 574,663
2021	574,663
2022	574,663
2023	574,663
2024	574,663
2025 - 2029	<u>2,443,102</u>
Total minimum lease payments	5,316,417
Less: amount representing interest	<u>(852,245)</u>
Total	<u>\$4,464,172</u>

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.

**BARBERTON CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 11 - EMPLOYEE BENEFITS - (Continued)

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 sixty-five days for certified employees, two hundred fifty-five days for year round classified employees and two hundred forty days for all other 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.

NOTE 13 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the state of a COLA for future retirees.

**BARBERTON CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2019, the allocation to pension, death benefits, and Medicare B was 13.5%. The remaining 0.5% of the employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$850,253 for fiscal year 2019. Of this amount, \$3,243 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 27 years of service, or 30 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2019, plan members were required to contribute 14% of their annual covered salary. The District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2019 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$3,026,148 for fiscal year 2019. Of this amount, \$514,724 is reported as pension and postemployment benefits payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.16228220%	0.18394444%	
Proportion of the net pension liability current measurement date	<u>0.17407690%</u>	<u>0.18042642%</u>	
Change in proportionate share	<u>0.01179470%</u>	<u>-0.00351802%</u>	
Proportionate share of the net pension liability	\$ 9,969,706	\$ 39,671,719	\$ 49,641,425
Pension expense	\$ 1,156,442	\$ 4,517,036	\$ 5,673,478

**BARBERTON CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 546,779	\$ 915,745	\$ 1,462,524
Changes of assumptions	225,138	7,030,576	7,255,714
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	483,369	1,669,235	2,152,604
Contributions subsequent to the measurement date	<u>850,253</u>	<u>3,026,148</u>	<u>3,876,401</u>
Total deferred outflows of resources	<u>\$ 2,105,539</u>	<u>\$ 12,641,704</u>	<u>\$ 14,747,243</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 259,080	\$ 259,080
Net difference between projected and actual earnings on pension plan investments	276,232	2,405,648	2,681,880
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>32,479</u>	<u>534,186</u>	<u>566,665</u>
Total deferred inflows of resources	<u>\$ 308,711</u>	<u>\$ 3,198,914</u>	<u>\$ 3,507,625</u>

\$3,876,401 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2020	\$ 1,060,607	\$ 4,108,601	\$ 5,169,208
2021	297,864	2,491,991	2,789,855
2022	(327,179)	464,265	137,086
2023	<u>(84,717)</u>	<u>(648,215)</u>	<u>(732,932)</u>
Total	<u>\$ 946,575</u>	<u>\$ 6,416,642</u>	<u>\$ 7,363,217</u>

**BARBERTON CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2018, are presented below:

Wage inflation	3.00%
Future salary increases, including inflation COLA or ad hoc COLA	3.50% to 18.20% 2.50%, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement
Investment rate of return	7.50% net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2018, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

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

**BARBERTON CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$ 14,043,083	\$ 9,969,706	\$ 6,554,453

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, actuarial valuation are presented below:

	July 1, 2018
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.0%, effective July 1, 2017

**BARBERTON CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

For the July 1, 2018, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

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

**The Target Allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

Discount Rate - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2018.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net pension liability	\$ 57,935,323	\$ 39,671,719	\$ 24,214,056

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

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

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, 0.5% of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2019, this amount was \$21,600. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2019, the District's surcharge obligation was \$114,479.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$145,970 for fiscal year 2019. Of this amount, \$114,599 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

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NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2019, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability/asset was measured as of June 30, 2018, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.16498380%	0.18394444%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.17658540%</u>	<u>0.18042642%</u>	
Change in proportionate share	<u>0.01160160%</u>	<u>-0.00351802%</u>	
Proportionate share of the net OPEB liability	\$ 4,898,956	\$ -	\$ 4,898,956
Proportionate share of the net OPEB asset	\$ -	\$ 2,899,268	\$ 2,899,268
OPEB expense	\$ 278,563	\$ (6,260,240)	\$ (5,981,677)

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 79,968	\$ 338,640	\$ 418,608
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	244,286	245,478	489,764
Contributions subsequent to the measurement date	<u>145,970</u>	<u>-</u>	<u>145,970</u>
Total deferred outflows of resources	<u>\$ 470,224</u>	<u>\$ 584,118</u>	<u>\$ 1,054,342</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 168,921	\$ 168,921
Net difference between projected and actual earnings on OPEB plan investments	7,349	331,217	338,566
Changes of assumptions	440,135	3,950,484	4,390,619
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>14,837</u>	<u>125,365</u>	<u>140,202</u>
Total deferred inflows of resources	<u>\$ 462,321</u>	<u>\$ 4,575,987</u>	<u>\$ 5,038,308</u>

\$145,970 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2020	\$ (142,400)	\$ (707,998)	\$ (850,398)
2021	(101,272)	(707,998)	(809,270)
2022	28,972	(707,998)	(679,026)
2023	32,099	(632,775)	(600,676)
2024	31,590	(606,390)	(574,800)
Thereafter	<u>12,944</u>	<u>(628,710)</u>	<u>(615,766)</u>
Total	<u>\$ (138,067)</u>	<u>\$ (3,991,869)</u>	<u>\$ (4,129,936)</u>

Actuarial Assumptions - SERS

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

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

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

**BARBERTON CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2018 are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.62%
Prior measurement date	3.56%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.70%
Prior measurement date	3.63%
Medical trend assumption:	
Medicare	5.375 to 4.75%
Pre-Medicare	7.25 to 4.75%

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.70%. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2026. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2025 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62%, as of June 30, 2018 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.56% was used as of June 30, 2017. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.70%) and higher (4.70%) than the current discount rate (3.70%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.25% decreasing to 3.75%) and higher (8.25% decreasing to 5.75%) than the current rate.

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
District's proportionate share of the net OPEB liability	\$ 5,944,498	\$ 4,898,956	\$ 4,071,083

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease (6.25 % decreasing to 3.75 %)	Current Trend Rate (7.25 % decreasing to 4.75 %)	1% Increase (8.25 % decreasing to 5.75 %)
District's proportionate share of the net OPEB liability	\$ 3,952,559	\$ 4,898,956	\$ 6,152,156

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018 actuarial valuation, compared with July 1, 2017, are presented below:

	July 1, 2018	July 1, 2017
Inflation	2.50%	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%, effective July 1, 2017
Discounted rate of return	7.45%	N/A
Blended discount rate of return	N/A	4.13%
Health care cost trends		6 to 11% initial, 4.50% ultimate
	Initial	Ultimate
Medical		
Pre-Medicare	6.00%	4.00%
Medicare	5.00%	4.00%
Prescription Drug		
Pre-Medicare	8.00%	4.00%
Medicare	-5.23%	4.00%

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

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

Actuarial assumptions used in the June 30, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Assumption Changes Since the Prior Measurement Date - The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

**BARBERTON CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Benefit Term Changes Since the Prior Measurement Date - The subsidy multiplier for non-Medicare benefit recipients was increased from 1.90% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

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

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

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

** The Target Allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

Discount Rate - The discount rate used to measure the total OPEB asset was 7.45% as of June 30, 2018. A discount rate used to measure the total OPEB liability was 4.13% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2018.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2018, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net OPEB asset	\$ 2,484,945	\$ 2,899,268	\$ 3,247,488

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 3,227,830	\$ 2,899,268	\$ 2,565,588

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); and,
- (e) 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:

	<u>General fund</u>
Budget basis	\$ (1,186,197)
Net adjustment for revenue accruals	283,260
Net adjustment for expenditure accruals	(2,965,177)
Net adjustment for other sources/uses	4,480,940
Funds budgeted elsewhere	(27,621)
Adjustment for encumbrances	<u>1,559,814</u>
GAAP basis	<u>\$ 2,145,019</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
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 16 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2019, if applicable, cannot be determined at this time.

B. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

C. Foundation Funding

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. The ODE's final FTE adjustments did not have a material impact on the District's financial statements.

NOTE 17 - SET-ASIDES

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

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

	<u>Capital Improvements</u>
Set-aside reserve balance June 30, 2018	\$ -
Current year set-aside requirement	677,796
Current year offsets	(297,001)
Prior year offset from bond proceeds	<u>(380,795)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2020	<u>\$ -</u>
Set-aside reserve balance June 30, 2019	<u>\$ -</u>

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 \$29,072,837 at June 30, 2019.

**BARBERTON CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 18 - 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</u>	<u>Year-End Encumbrances</u>
General	\$ 1,289,835
Nonmajor governmental	<u>207,360</u>
Total	<u>\$ 1,497,195</u>

NOTE 19 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

The City of Barberton provides tax abatements through Community Reinvestment Area and Enterprise Zone agreements. Under the agreements, various businesses receive the abatement of property taxes in exchange for bringing jobs and economic development to the City. The agreements affect the property tax receipts collected and distributed to the District. Under the agreements, the District's property taxes were reduced by \$116,382 during fiscal year 2019.

REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST SIX FISCAL YEARS			
	2019	2018	2017	2016
District's proportion of the net pension liability	0.17407690%	0.16228220%	0.16328860%	0.15551570%
District's proportionate share of the net pension liability	\$ 9,969,706	\$ 9,696,003	\$ 11,951,219	\$ 8,873,877
District's covered payroll	\$ 5,661,607	\$ 5,367,400	\$ 5,075,457	\$ 4,681,836
District's proportionate share of the net pension liability as a percentage of its covered payroll	176.09%	180.65%	235.47%	189.54%
Plan fiduciary net position as a percentage of the total pension liability	71.36%	69.50%	62.98%	69.16%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>
0.15302900%	0.15302900%
\$ 7,744,711	\$ 9,100,143
\$ 4,446,724	\$ 4,416,792
174.17%	206.04%
71.70%	65.52%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST SIX FISCAL YEARS			
	2019	2018	2017	2016
District's proportion of the net pension liability	0.18042642%	0.18394444%	0.17751836%	0.17719116%
District's proportionate share of the net pension liability	\$ 39,671,719	\$ 43,696,396	\$ 59,420,746	\$ 48,970,454
District's covered payroll	\$ 20,967,586	\$ 19,903,950	\$ 19,378,143	\$ 18,718,050
District's proportionate share of the net pension liability as a percentage of its covered payroll	189.20%	219.54%	306.64%	261.62%
Plan fiduciary net position as a percentage of the total pension liability	77.31%	75.30%	66.80%	72.10%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>
0.16852908%	0.16852908%
\$ 40,992,105	\$ 48,829,527
\$ 17,219,015	\$ 18,375,592
238.06%	265.73%
74.70%	69.30%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 850,253	\$ 764,317	\$ 751,436	\$ 710,564
Contributions in relation to the contractually required contribution	<u>(850,253)</u>	<u>(764,317)</u>	<u>(751,436)</u>	<u>(710,564)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 6,298,170	\$ 5,661,607	\$ 5,367,400	\$ 5,075,457
Contributions as a percentage of covered payroll	13.50%	13.50%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 617,066	\$ 616,316	\$ 611,284	\$ 643,695	\$ 655,398	\$ 729,622
<u>(617,066)</u>	<u>(616,316)</u>	<u>(611,284)</u>	<u>(643,695)</u>	<u>(655,398)</u>	<u>(729,622)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,681,836	\$ 4,446,724	\$ 4,416,792	\$ 4,785,836	\$ 5,213,986	\$ 5,388,641
13.18%	13.86%	13.84%	13.45%	12.57%	13.54%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 3,026,148	\$ 2,935,462	\$ 2,786,553	\$ 2,712,940
Contributions in relation to the contractually required contribution	<u>(3,026,148)</u>	<u>(2,935,462)</u>	<u>(2,786,553)</u>	<u>(2,712,940)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 21,615,343	\$ 20,967,586	\$ 19,903,950	\$ 19,378,143
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 2,620,527	\$ 2,238,472	\$ 2,388,827	\$ 2,661,759	\$ 2,757,443	\$ 2,704,176
<u>(2,620,527)</u>	<u>(2,238,472)</u>	<u>(2,388,827)</u>	<u>(2,661,759)</u>	<u>(2,757,443)</u>	<u>(2,704,176)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 18,718,050	\$ 17,219,015	\$ 18,375,592	\$ 20,475,069	\$ 21,211,100	\$ 20,801,354
14.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.17658540%	0.16498380%	0.16553695%
District's proportionate share of the net OPEB liability	\$ 4,898,956	\$ 4,427,732	\$ 4,718,415
District's covered payroll	\$ 5,661,607	\$ 5,367,400	\$ 5,075,457
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	86.53%	82.49%	92.97%
Plan fiduciary net position as a percentage of the total OPEB liability	13.57%	12.46%	11.49%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE FISCAL YEARS

	2019	2018	2017
District's proportion of the net OPEB liability/asset	0.18042642%	0.18394444%	0.17751836%
District's proportionate share of the net OPEB liability/(asset)	\$ (2,899,268)	\$ 7,176,833	\$ 9,493,728
District's covered payroll	\$ 20,967,586	\$ 19,903,950	\$ 19,378,143
District's proportionate share of the net OPEB liability/(asset) as a percentage of its covered payroll	(13.83%)	36.06%	48.99%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	176.00%	47.10%	37.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 145,970	\$ 124,402	\$ 91,330	\$ 84,028
Contributions in relation to the contractually required contribution	<u>(145,970)</u>	<u>(124,402)</u>	<u>(91,330)</u>	<u>(84,028)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 6,298,170	\$ 5,661,607	\$ 5,367,400	\$ 5,075,457
Contributions as a percentage of covered payroll	2.32%	2.20%	1.70%	1.66%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 116,702	\$ 84,610	\$ 79,917	\$ 105,119	\$ 155,838	\$ 114,818
<u>(116,702)</u>	<u>(84,610)</u>	<u>(79,917)</u>	<u>(105,119)</u>	<u>(155,838)</u>	<u>(114,818)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,681,836	\$ 4,446,724	\$ 4,416,792	\$ 4,785,836	\$ 5,213,986	\$ 5,388,641
2.49%	1.90%	1.81%	2.20%	2.99%	2.13%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 21,615,343	\$ 20,967,586	\$ 19,903,950	\$ 19,378,143
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ -	\$ 172,190	\$ 183,756	\$ 204,751	\$ 212,111	\$ 208,014
-	(172,190)	(183,756)	(204,751)	(212,111)	(208,014)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 18,718,050	\$ 17,219,015	\$ 18,375,592	\$ 20,475,069	\$ 21,211,100	\$ 20,801,354
0.00%	1.00%	1.00%	1.00%	1.00%	1.00%

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal year 2019.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2019.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal year 2019.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.

(Continued)

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2019.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00 initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.

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BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Number	Non-Cash Expenditures	Total Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through the Ohio Department of Education:</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	043539-3L70-2019	-	\$ 317,784
National School Lunch Program	10.555	043539-3L60-2019	\$ 157,575	1,153,001
Total Child Nutrition Cluster			<u>157,575</u>	<u>1,470,785</u>
Total U.S. Department of Agriculture			157,575	1,470,785
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through the Ohio Department of Education:</i>				
Special Education Cluster:				
Special Education - Grants to States (IDEA, Part B)	84.027	043539-3M20-2018	-	43,456
Special Education - Grants to States (IDEA, Part B)	84.027	043539-3M20-2019	-	856,000
Special Education - Preschool Grants (IDEA Preschool)	84.173	043539-3C50-2019		18,238
Special Education - Restoration (IDEA)	84.027	043539-3M20-2019		18,481
Special Education - NAPSA	84.027	043539-3M20-2019		24,966
Total Special Education Cluster			<u>-</u>	<u>961,141</u>
Title I Grants to Local Educational Agencies				
Title I Grants to Local Educational Agencies	84.010	043539-M00-2018	-	196,621
Title I Grants to Local Educational Agencies	84.010	043539-M00-2019	-	1,032,474
Total Title I			<u>-</u>	<u>1,229,095</u>
Improving Teacher Quality State Grants				
Improving Teacher Quality State Grants	84.367	043539-3Y60-2018	-	4,500
Improving Teacher Quality State Grants	84.367	043539-3Y60-2019	-	145,007
Total Improving Teacher Quality State Grants			<u>-</u>	<u>149,507</u>
Title IV-A Student Support and Academic Enrichment				
Title IV-A Student Support and Academic Enrichment	84.424	043539-3H10-2018		4,556
Title IV-A Student Support and Academic Enrichment	84.424	043539-3H10-2019	-	14,408
Total IV-A Student Support and Academic Enrichment			<u>-</u>	<u>18,964</u>
Striving Readers Comprehensive Literacy	84.371	043539-3FE0-2019	-	249,022
<i>Total Passed through the Ohio Department of Education</i>			<u>-</u>	<u>2,607,729</u>
<i>Direct Award:</i>				
Impact Aid	84.041	N/A	-	18,450
Total U.S. Department of Education			-	2,626,179
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>Passed Through the Summit County Children's Services:</i>				
Latchkey	93.673	N/A	-	21,769
Total U.S. Department of Health and Human Services			-	21,769
Totals			<u>\$ 157,575</u>	<u>\$ 4,118,733</u>

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

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Barberton City School District (the District) under programs of the federal government for the year ended June 30, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following either the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2019 to 2020 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred</u>
Title I Grants to Local Educational Agencies	84.010	146,037
Special Education - Grants to States	84.027	104,924
Special Education - Preschool Grants	84.173	3,990
Improving Teacher Quality State Grants	84.367	35,303
Title IV-A Student Support and Academic Enrichment	84.424	76,338

OHIO AUDITOR OF STATE KEITH FABER



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700 Chase Tower
Canton, Ohio 44702-1509
(330) 438-0617 or (800) 443-9272
EastRegion@ohioauditor.gov

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

Barberton City School District
Summit County
633 Brady Avenue
Barberton, Ohio 44203

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Barberton City School District, Summit County, (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 21, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State

Columbus, Ohio

February 21, 2020

OHIO AUDITOR OF STATE KEITH FABER



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

Barberton City School District
Summit County
633 Brady Avenue
Barberton, Ohio 44203

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Barberton City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Barberton City School District's major federal program for the year ended June 30, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the Barberton City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

February 21, 2020

**BARBERTON CITY SCHOOL DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2019**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Title 1 Grants to Local Educational Agencies – CFDA # 84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE KEITH FABER



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
MARCH 24, 2020**