



Dave Yost • Auditor of State



**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY  
JUNE 30, 2016**

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CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY  
JUNE 30, 2016

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Claymont City School District  
Tuscarawas County  
201 N. Third Street  
Dennison, Ohio 44621

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 Claymont City School District, Tuscarawas County, Ohio (the District), as of and for the year ended June 30, 2016, 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 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 Claymont City School District, Tuscarawas County, Ohio, as of June 30, 2016, 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 Liabilities and Pension 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 (the 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 is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule 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 Schedule 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 March 10, 2017, 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.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

March 10, 2017

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**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The management's discussion and analysis of the Claymont 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, 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2016 are as follows:

- In total, net position of governmental activities increased \$392,934, which represents a 4.88% increase from net position at June 30, 2015.
- General revenues accounted for \$18,216,007 in revenue or 77.35% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions accounted for \$5,334,090 or 22.65% of total revenues of \$23,550,097.
- The District had \$23,157,163 in expenses related to governmental activities; only \$5,334,090 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$18,216,007 were adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$20,640,917 in revenues and other financing sources and \$19,828,720 in expenditures. During fiscal year 2016, the general fund's fund balance increased \$812,197, from a beginning fund balance of \$3,554,699 to \$4,366,896.

**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 nonmajor governmental funds presented in the aggregate in one column. In the case of the District, the general fund is by far the most significant fund and the only governmental fund 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 the District perform financially during 2016?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses, regardless of when cash is received or paid.

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

These two statements report the District's net position and changes in net 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 either 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, extracurricular activities, food service operations and other non-instructional services.

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

**Reporting the District's Most Significant Funds**

***Fund Financial Statements***

The analysis of the District's 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 only 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 the modified accrual basis of 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 differences between the government as a whole, as reported in the statement of net position and the statement of activities, and the governmental funds are reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 19-23 of this report.

***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in the statements of fiduciary net position and changes in fiduciary net position on pages 24 and 25. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 27-64 of this report.

***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability. The required supplementary information can be found on pages 66 through 72 of this report.

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**The District as a Whole**

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

The table below provides a summary of the District's net position for 2016 and 2015.

	<b>Net Position</b>	
	Governmental Activities 2016	Governmental Activities 2015
<b><u>Assets</u></b>		
Current and other assets	\$ 12,255,376	\$ 10,360,861
Capital assets, net	<u>17,124,656</u>	<u>17,702,489</u>
Total assets	<u>29,380,032</u>	<u>28,063,350</u>
<b><u>Deferred Outflows of Resources</u></b>		
Pension	<u>2,774,872</u>	<u>1,785,024</u>
Total deferred outflows of resources	<u>2,774,872</u>	<u>1,785,024</u>
<b><u>Liabilities</u></b>		
Current liabilities	2,182,953	1,903,318
Long-term liabilities:		
Due within one year	636,937	614,859
Due in more than one year:		
Net pension liability	27,528,362	24,731,203
Other amounts	<u>4,035,408</u>	<u>3,062,390</u>
Total liabilities	<u>34,383,660</u>	<u>30,311,770</u>
<b><u>Deferred Inflows of Resources</u></b>		
Property taxes levied for next year	3,152,228	3,070,040
Unamortized deferred charges on debt refunding	-	33,799
Pensions	<u>2,273,211</u>	<u>4,479,894</u>
Total deferred inflows of resources	<u>5,425,439</u>	<u>7,583,733</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	15,663,634	16,110,555
Restricted	2,080,033	727,718
Unrestricted (deficit)	<u>(25,397,862)</u>	<u>(24,885,402)</u>
Total net position (deficit)	<u>\$ (7,654,195)</u>	<u>\$ (8,047,129)</u>

During 2015, the District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. 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 the net pension liability to the reported net position and subtracting deferred outflows related to pension.

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

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

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The 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 pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *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 pension system is responsible for the administration of the plan.

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. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, 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 pension 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 is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability 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, 2016, the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$7,654,195. Of this total, \$2,080,033 is restricted in use.

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

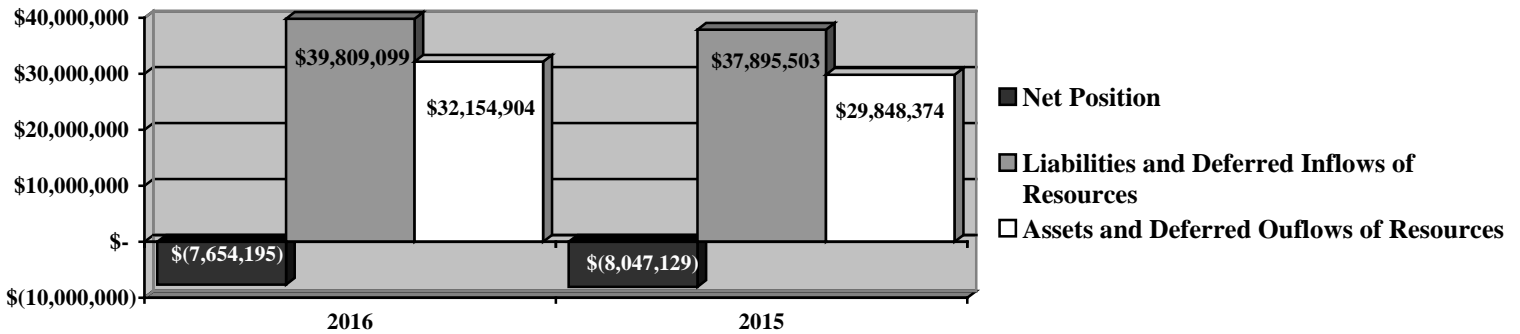
At year-end, capital assets represented 58.29% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. The District's net investment in capital assets at June 30, 2016 was \$15,663,634. Capital assets are used to provide services to the students and are not available for future spending. Although the District's net investment in capital assets is reported net of related debt, the resources to repay the debt must be provided from other sources since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$2,080,033, 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 \$(25,397,862).

Current and other assets increased \$1,894,515, with the most significant increase being cash and investments. This increase is primarily due to the increased property tax collections as well as state foundation funding.

The graph below shows the District's governmental activities assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position as of June 30, 2016 and 2015.

**Governmental Activities**



**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

The table below shows the change in net position for fiscal years 2016 and 2015.

	<b>Changes in Net Position</b>	
	Governmental Activities 2016	Governmental Activities 2015
	<u>2016</u>	<u>2015</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 1,611,426	\$ 1,653,403
Operating grants and contributions	3,722,664	3,867,625
General revenues:		
Property taxes	3,686,004	3,834,361
Payment in lieu of taxes	10,000	10,000
Grants and entitlements	14,441,990	14,265,536
Investment earnings	26,648	12,833
Other	51,365	40,854
Total revenues	<u>23,550,097</u>	<u>23,684,612</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	11,131,255	10,435,005
Special	3,349,763	3,464,934
Vocational	90,281	106,759
Other	18,067	72,649
Support services:		
Pupil	1,169,306	965,698
Instructional staff	721,416	596,899
Board of education	87,184	67,365
Administration	1,348,572	1,366,206
Fiscal	413,711	398,256
Business	40,161	38,985
Operations and maintenance	2,279,927	2,253,572
Pupil transportation	726,549	757,795
Central	33,813	47,822
Operation of non-instructional services:		
Food service operations	866,778	903,160
Other non-instructional services	58,681	65,124
Extracurricular activities	619,154	575,532
Interest and fiscal charges	202,545	177,308
Total expenses	<u>23,157,163</u>	<u>22,293,069</u>
Change in net position	392,934	1,391,543
Net position (deficit) at beginning of year	<u>(8,047,129)</u>	<u>(9,438,672)</u>
Net position (deficit) at end of year	<u><u>\$ (7,654,195)</u></u>	<u><u>\$ (8,047,129)</u></u>

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Governmental Activities**

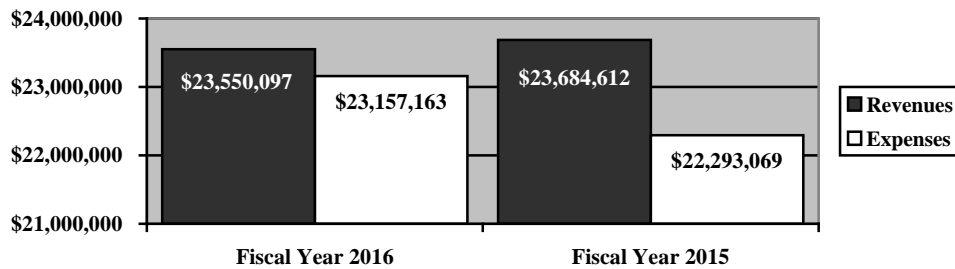
Net position of the District's governmental activities increased \$392,934 from net position at June 30, 2015. Total governmental expenses of \$23,157,163 were offset by program revenues of \$5,334,090 and general revenues of \$18,216,007. Program revenues supported 23.03% of total governmental activities' expenses.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These revenue sources represent 76.98% of total governmental revenue. Earnings on investments increased from 2015 due to a net increase in the fair market value of the investments held by the District as of June 30, 2016. The decrease in property taxes revenue is mainly the result of variances in the amount of taxes collected and submitted to the District. This amount is recorded as revenue and can vary from year to year based on the date the tax bills are sent. Unrestricted grants and entitlements increased due to additional revenue allocated from the state foundation.

Expenses during fiscal year 2016 increased \$864,094. The largest component of this increase occurred among the District's instruction expenses and is related to an increase in employee health insurance premiums. Instructional programs are the largest expense of the District. During fiscal year 2016, instruction expenses totaled \$14,589,366, or 63.00% of total governmental activities' expenses.

The graph below presents the District's governmental activities revenues and expenses for fiscal year 2016 and 2015.

**Governmental Activities - Revenues and Expenses**



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 services supported by tax revenue and unrestricted State grants and entitlements.

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

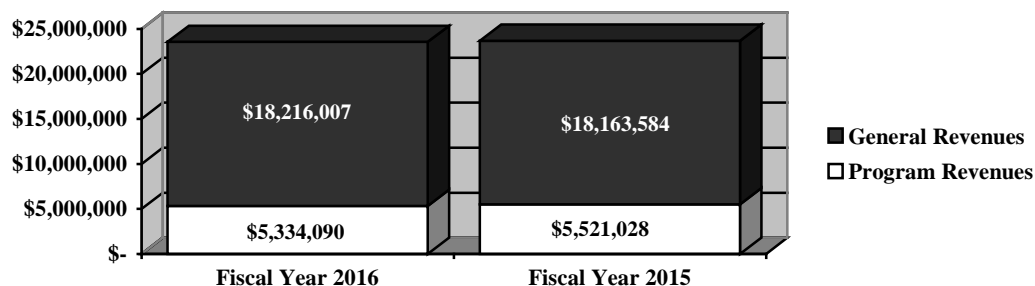
**Governmental Activities**

	Total Cost of Services 2016	Net Cost of Services 2016	Total Cost of Services 2015	Net Cost of Services 2015
<b>Program expenses</b>				
Instruction:				
Regular	\$ 11,131,255	\$ 9,719,215	\$ 10,435,005	\$ 8,873,556
Special	3,349,763	775,354	3,464,934	930,819
Vocational	90,281	10,845	106,759	57,437
Other	18,067	18,067	72,649	72,649
Support services:				
Pupil	1,169,306	1,130,324	965,698	928,552
Instructional staff	721,416	614,163	596,899	480,316
Board of education	87,184	87,184	67,365	67,365
Administration	1,348,572	1,273,191	1,366,206	1,284,811
Fiscal	413,711	413,711	398,256	398,256
Business	40,161	40,161	38,985	38,985
Operations and maintenance	2,279,927	2,267,527	2,253,572	2,238,584
Pupil transportation	726,549	698,981	757,795	723,432
Central	33,813	33,813	47,822	28,813
Operation of non-instructional services:				
Food service operations	866,778	70,028	903,160	39,727
Other non-instructional services	58,681	(9,634)	65,124	21,809
Extracurricular activities	619,154	477,598	575,532	409,622
Interest and fiscal charges	202,545	202,545	177,308	177,308
<b>Total expenses</b>	<b>\$ 23,157,163</b>	<b>\$ 17,823,073</b>	<b>\$ 22,293,069</b>	<b>\$ 16,772,041</b>

The dependence upon tax and other general revenues for governmental activities is apparent, as 72.13% of instruction activities are supported through taxes, grants and entitlements and other general revenues. For all governmental activities, general revenue support is 76.97%. The District's taxpayers and unrestricted grants and entitlements from the state of Ohio, as a whole, are the primary support for the District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2016 and 2015.

**Governmental Activities - General and Program Revenues**





**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**The District's Funds**

The District's governmental funds reported a combined fund balance of \$6,153,361, which is 29.13% higher than fund balances at June 30, 2015, which totaled \$4,765,360. The schedule below indicates the fund balances as of June 30, 2016 and June 30, 2015 and the net changes during fiscal year 2016.

Fund	Fund Balance June 30, 2016	Fund Balance June 30, 2015	Change
General	\$ 4,366,896	\$ 3,554,699	\$ 812,197
Nonmajor governmental	<u>2,003,420</u>	<u>1,210,661</u>	<u>792,759</u>
Total	<u>\$ 6,370,316</u>	<u>\$ 4,765,360</u>	<u>\$ 1,604,956</u>

**General Fund**

The table that follows assists in illustrating the financial activities and changes in fund balance of the general fund.

	2016 Amount	2015 Amount	Increase (Decrease)	Percentage Change
<b><u>Revenues</u></b>				
Taxes	\$ 3,293,948	\$ 3,457,244	\$ (163,296)	(4.72) %
Payment in lieu of taxes	10,000	10,000	-	-
Tuition	1,236,995	1,230,032	6,963	0.57 %
Earnings on investments	26,352	12,633	13,719	108.60 %
Intergovernmental	15,818,281	15,717,644	100,637	0.64 %
Other revenues	<u>146,423</u>	<u>148,647</u>	<u>(2,224)</u>	<u>(1.50) %</u>
Total	<u>\$ 20,531,999</u>	<u>\$ 20,576,200</u>	<u>\$ (44,201)</u>	<u>(0.21) %</u>
<b><u>Expenditures</u></b>				
Instruction	\$ 12,777,763	\$ 12,406,345	\$ 371,418	2.99 %
Support services	6,522,855	6,155,460	367,395	5.97 %
Non-instructional services	3,575	19,567	(15,992)	(81.73) %
Extracurricular activities	471,907	432,514	39,393	9.11 %
Debt service	<u>52,620</u>	<u>48,023</u>	<u>4,597</u>	<u>9.57 %</u>
Total	<u>\$ 19,828,720</u>	<u>\$ 19,061,909</u>	<u>\$ 766,811</u>	<u>4.02 %</u>

In total, general fund revenues decreased 0.21% over the prior fiscal year. Earnings on investments increased 108.60% from 2015 due to a net increase in the fair market value of the investments held by the District as of June 30, 2016. The decrease in property taxes revenue is mainly the result of a decrease in property tax collections for the fiscal year 2016. Unrestricted grants and entitlements increased due to additional revenue allocated from the state foundation.

General fund expenditures increased by 4.02%. The largest component of this increase occurred among the District's instruction expenses and is related to an increase in employee health insurance premiums. The increase in support services can be attributed to an increase in operations and maintenance charges along with an increase in instructional staff and pupil transportation expenditures.

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

***General Fund Budgeting Highlights***

The District's budget is prepared according to the Ohio Revised Code 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 in fiscal year 2016, both original and final budgeted revenues and other financing sources were \$20,543,200. Actual revenues and other financing sources of \$20,649,708 were \$106,508 higher than budgeted revenues and other financing sources. Most of this variance is based on greater than anticipated property tax and tuition revenues during the year.

General fund final appropriations (appropriated expenditures plus other financing uses) were \$21,630,276, representing a budget increase of \$2,000,000 over original budgeted expenditures and other financing uses of \$19,630,276. The actual budget basis expenditures and other financing uses for fiscal year 2016 totaled \$20,057,089 and were \$1,573,187 less than final budgeted appropriations as savings were realized in operational and maintenance expenditures.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2016, the District had \$17,124,656 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in the District's governmental activities.

The following table shows fiscal year 2016 balances compared to 2015:

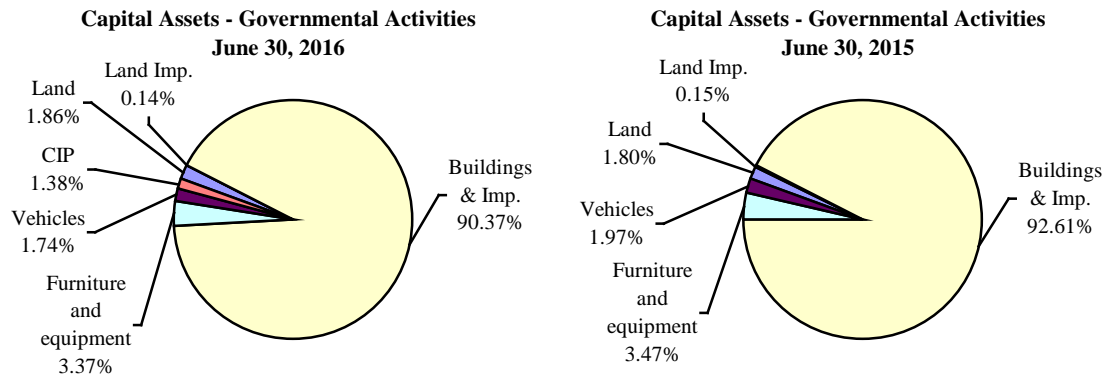
	<b>Capital Assets at June 30</b>	
	<b>(Net of Depreciation)</b>	
	Governmental Activities	
	2016	2015
Land	\$ 318,293	\$ 318,293
Construction in progress	236,692	-
Land improvements	23,385	26,482
Building and improvements	15,671,167	16,395,881
Furniture and equipment	577,860	613,852
Vehicles	297,259	347,981
Total	\$ 17,124,656	\$ 17,702,489

The District's capital assets, net of accumulated depreciation, decreased by \$577,833 due to depreciation expense of \$956,891 and disposals with a net book value of \$1,806 exceeding total capital outlays during fiscal year 2016 of \$380,864.

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The graphs below present the District's capital assets, net of accumulated depreciation, at the end of fiscal year 2016 compared to 2015.



See Note 9 to the basic financial statements for additional information regarding the District's capital assets.

**Debt Administration**

At June 30, 2016 the District had \$2,080,341 in general obligation bonds (the issue is comprised of current interest bonds, general obligation bonds and capital appreciation bonds), \$1,087,000 in purchase obligations and \$75,339 in capital lease obligations outstanding. Of this total, \$508,679 is due within one year and \$2,734,001 is due in greater than one year.

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

**Outstanding Debt, at Year End**

	Governmental Activities 2016	Governmental Activities 2015
Current interest bonds	\$ 800,000	\$ 1,195,000
Capital appreciation bonds (including accreted interest)	1,171,423	999,371
General obligation bonds	108,918	-
Lease purchase obligation	1,087,000	-
Capital lease obligations	<u>75,339</u>	<u>116,511</u>
<b>Total</b>	<b><u>\$ 3,242,680</u></b>	<b><u>\$ 2,310,882</u></b>

At June 30, 2016 the District's overall legal debt margin was \$13,854,441 (including available funds of \$505,093) and an unvoted debt margin of \$51,780.

See Note 12 to the basic financial statements for detail regarding the District's debt administration.

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Current Financial Related Activities**

Due to the commitment of the Board of Education and administration, the District has carefully managed its general fund budget in order to optimally utilize the dollars available to educate the students it serves while minimizing the need for additional property tax millage. The unencumbered budgetary basis balance of the general fund was \$5,350,588 at June 30, 2016 which is \$722,730 more than the previous year.

HB 64, which was approved in June 2015, established school funding for fiscal years 2016 & 2017. HB 64 retains the same components of the previous funding formula with some changes to who the components are calculated.

The school funding formula continues to use a State Share Index to distribute state per pupil revenue to districts. The formula uses per-pupil property valuation and local taxpayer income factors to determine the State Share Index, which is then used to determine the portion of Opportunity Aid (base aid) that will come from the state versus the level that is assumed to be provided locally. The per-pupil amounts are \$5,900 for fiscal year 2016 and \$6,000 for fiscal year 2017. The State Share Index for the District was .7745.

In addition to Opportunity Aid, there are other components that comprise the new formula funding which are:

- Targeted Assistance
- Capacity Aid
- Special Education (funds are restricted as to use)
- Limited English Proficiency
- Economically Disadvantaged Aid (funds must be spent on specific categories)
- K-3 Literacy
- Gifted Identification and Units
- Career-Tech Additional Funding
- Transportation Supplement Aid
- Graduation Bonus
- 3<sup>rd</sup> Grade Bonus

The District will continue its commitment to operate effective and efficient educational facilities with the ongoing support and cooperation of the Claymont Education Association, Ohio Association of Public School Employees, District administration and the Board of Education.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, 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 Mrs. Lori Statler, Treasurer/CFO, Claymont City School District, 201 N. 3<sup>rd</sup> Street, Dennison, Ohio 44621-1278.

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2016

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments . . . . .	\$ 7,936,626
Receivables:	
Property taxes . . . . .	4,205,329
Accounts . . . . .	10,793
Accrued interest . . . . .	2,097
Intergovernmental . . . . .	77,071
Prepayments . . . . .	18,108
Materials and supplies inventory . . . . .	1,535
Inventory held for resale . . . . .	3,817
Capital assets:	
Nondepreciable capital assets . . . . .	554,985
Depreciable capital assets, net . . . . .	16,569,671
Capital assets, net . . . . .	17,124,656
Total assets . . . . .	29,380,032
 <b>Deferred outflows of resources:</b>	
Pension - STRS . . . . .	2,307,597
Pension - SERS . . . . .	467,275
Total deferred outflows of resources . . . . .	2,774,872
 <b>Liabilities:</b>	
Accounts payable . . . . .	37,739
Contracts payable . . . . .	236,692
Accrued wages and benefits payable . . . . .	1,506,399
Intergovernmental payable . . . . .	98,965
Pension and postemployment benefits payable . . . . .	300,105
Accrued interest payable . . . . .	3,053
Long-term liabilities:	
Due within one year . . . . .	636,937
Due in more than one year:	
Net pension liability (See Note 15) . . . . .	27,528,362
Other amounts due in more than one year . . . . .	4,035,408
Total liabilities . . . . .	34,383,660
 <b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year . . . . .	3,152,228
Pension - STRS . . . . .	2,028,651
Pension - SERS . . . . .	244,560
Total deferred inflows of resources . . . . .	5,425,439
 <b>Net position:</b>	
Net investment in capital assets . . . . .	15,663,634
Restricted for:	
Capital projects . . . . .	815,430
Classroom facilities maintenance . . . . .	425,352
Debt service . . . . .	552,393
Locally funded programs . . . . .	8,328
State funded programs . . . . .	16,870
Federally funded programs . . . . .	18
Student activities . . . . .	76,453
Other purposes . . . . .	185,189
Unrestricted (deficit) . . . . .	(25,397,862)
Total net position (deficit) . . . . .	\$ (7,654,195)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 11,131,255	\$ 1,106,521	\$ 305,519	\$ (9,719,215)
Special . . . . .	3,349,763	174,745	2,399,664	(775,354)
Vocational . . . . .	90,281	-	79,436	(10,845)
Other . . . . .	18,067	-	-	(18,067)
Support services:				
Pupil . . . . .	1,169,306	-	38,982	(1,130,324)
Instructional staff . . . . .	721,416	181	107,072	(614,163)
Board of education . . . . .	87,184	-	-	(87,184)
Administration . . . . .	1,348,572	3,810	71,571	(1,273,191)
Fiscal . . . . .	413,711	-	-	(413,711)
Business . . . . .	40,161	-	-	(40,161)
Operations and maintenance . . . . .	2,279,927	12,400	-	(2,267,527)
Pupil transportation . . . . .	726,549	-	27,568	(698,981)
Central . . . . .	33,813	-	-	(33,813)
Operation of non-instructional services:				
Food service operations . . . . .	866,778	172,213	624,537	(70,028)
Other non-instructional services . . . . .	58,681	-	68,315	9,634
Extracurricular activities . . . . .	619,154	141,556	-	(477,598)
Interest and fiscal charges . . . . .	202,545	-	-	(202,545)
<b>Total governmental activities . . . . .</b>	<b>\$ 23,157,163</b>	<b>\$ 1,611,426</b>	<b>\$ 3,722,664</b>	<b>(17,823,073)</b>
<b>General revenues:</b>				
Property taxes levied for:				
General purposes . . . . .				3,289,027
Debt service . . . . .				340,273
Classroom facilities maintenance . . . . .				56,704
Payments in lieu of taxes . . . . .				10,000
Grants and entitlements not restricted to specific programs . . . . .				14,441,990
Investment earnings . . . . .				26,648
Miscellaneous . . . . .				51,365
<b>Total general revenues . . . . .</b>				<b>18,216,007</b>
Change in net position . . . . .				392,934
<b>Net position (deficit) at beginning of year . . . . .</b>				<b>(8,047,129)</b>
<b>Net position (deficit) at end of year . . . . .</b>				<b>\$ (7,654,195)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Equity in pooled cash and investments . . . . .	\$ 5,596,493	\$ 2,340,133	\$ 7,936,626
<b>Receivables:</b>			
Property taxes . . . . .	3,744,590	460,739	4,205,329
Accounts . . . . .	10,793	-	10,793
Accrued interest . . . . .	2,097	-	2,097
Intergovernmental . . . . .	9,136	67,935	77,071
Prepayments . . . . .	17,898	210	18,108
Materials and supplies inventory . . . . .	-	1,535	1,535
Inventory held for resale . . . . .	-	3,817	3,817
Loans to other funds . . . . .	10,521	-	10,521
Total assets . . . . .	<u>\$ 9,391,528</u>	<u>\$ 2,874,369</u>	<u>\$ 12,265,897</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 14,670	\$ 23,069	\$ 37,739
Contracts payable . . . . .	-	236,692	236,692
Accrued wages and benefits payable . . . . .	1,341,314	165,085	1,506,399
Compensated absences payable . . . . .	2,952	-	2,952
Intergovernmental payable . . . . .	96,716	2,249	98,965
Pension and postemployment benefits payable . . . . .	272,849	27,256	300,105
Loans from other funds . . . . .	-	10,521	10,521
Total liabilities . . . . .	<u>1,728,501</u>	<u>464,872</u>	<u>2,193,373</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year . . . . .	2,803,890	348,338	3,152,228
Delinquent property tax revenue not available . . . . .	490,590	57,739	548,329
Accrued interest not available . . . . .	1,651	-	1,651
Total deferred inflows of resources . . . . .	<u>3,296,131</u>	<u>406,077</u>	<u>3,702,208</u>
<b>Fund balances:</b>			
<b>Nonspendable:</b>			
Materials and supplies inventory . . . . .	-	1,535	1,535
Prepays . . . . .	17,898	210	18,108
Long-term loans . . . . .	10,521	-	10,521
<b>Restricted:</b>			
Debt service . . . . .	-	505,093	505,093
Capital improvements . . . . .	-	816,235	816,235
Classroom facilities maintenance . . . . .	-	416,973	416,973
Food service operations . . . . .	-	200,893	200,893
Non-public schools . . . . .	-	16,858	16,858
Special education . . . . .	-	18	18
Targeted academic assistance . . . . .	-	637	637
Other purposes . . . . .	-	17,591	17,591
Extracurricular activities . . . . .	-	76,453	76,453
<b>Assigned:</b>			
Student instruction . . . . .	57,597	-	57,597
Student and staff support . . . . .	159,199	-	159,199
School supplies . . . . .	9,277	-	9,277
Unassigned (deficit) . . . . .	4,112,404	(49,076)	4,063,328
Total fund balances . . . . .	<u>4,366,896</u>	<u>2,003,420</u>	<u>6,370,316</u>
Total liabilities, deferred inflows and fund balances . . . . .	<u>\$ 9,391,528</u>	<u>\$ 2,874,369</u>	<u>\$ 12,265,897</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2016

<b>Total governmental fund balances</b>		\$ 6,370,316
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		17,124,656
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 548,329	
Accrued interest receivable	1,651	
Total		549,980
Unamortized premiums on bonds issued are not recognized in the funds.		(35,485)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(3,053)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred outflows of resources - pension	2,774,872	
Deferred inflows of resources - pension	(2,273,211)	
Net pension liability	(27,528,362)	
Total		(27,026,701)
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	(2,080,341)	
Lease purchase obligations	(1,087,000)	
Capital lease obligations	(75,339)	
Compensated absences	(1,391,228)	
Total		(4,633,908)
<b>Net position (deficit) of governmental activities</b>		<b>\$ (7,654,195)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
From local sources:			
Property taxes . . . . .	\$ 3,293,948	\$ 400,962	\$ 3,694,910
Payment in lieu of taxes . . . . .	10,000	-	10,000
Tuition . . . . .	1,236,995	-	1,236,995
Earnings on investments . . . . .	26,352	763	27,115
Charges for services . . . . .	-	172,213	172,213
Extracurricular . . . . .	34,596	106,960	141,556
Classroom materials and fees . . . . .	44,271	-	44,271
Rental income . . . . .	12,200	200	12,400
Contributions and donations . . . . .	19,617	54,363	73,980
Contract services . . . . .	3,810	-	3,810
Other local revenues . . . . .	31,929	17,672	49,601
Intergovernmental - state . . . . .	15,748,782	344,021	16,092,803
Intergovernmental - federal . . . . .	69,499	1,938,764	2,008,263
Total revenues . . . . .	<u>20,531,999</u>	<u>3,035,918</u>	<u>23,567,917</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	10,298,017	304,904	10,602,921
Special . . . . .	2,389,745	975,841	3,365,586
Vocational . . . . .	71,934	-	71,934
Other . . . . .	18,067	-	18,067
Support services:			
Pupil . . . . .	1,132,239	38,982	1,171,221
Instructional staff . . . . .	584,700	108,451	693,151
Board of education . . . . .	87,405	-	87,405
Administration . . . . .	1,294,843	71,200	1,366,043
Fiscal . . . . .	404,307	9,440	413,747
Business . . . . .	18,732	-	18,732
Operations and maintenance . . . . .	2,243,669	253,653	2,497,322
Pupil transportation . . . . .	720,884	311	721,195
Central . . . . .	36,076	-	36,076
Operation of non-instructional services:			
Food service operations . . . . .	-	847,589	847,589
Other operation of non-instructional . . . . .	3,575	54,492	58,067
Extracurricular activities . . . . .	471,907	129,697	601,604
Facilities acquisition and construction . . . . .	-	75,095	75,095
Debt service:			
Principal retirement . . . . .	41,172	395,000	436,172
Interest and fiscal charges . . . . .	8,448	32,419	40,867
Bond issuance costs . . . . .	3,000	-	3,000
Lease purchase issuance costs . . . . .	-	27,000	27,000
Total expenditures . . . . .	<u>19,828,720</u>	<u>3,324,074</u>	<u>23,152,794</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>703,279</u>	<u>(288,156)</u>	<u>415,123</u>
<b>Other financing sources (uses):</b>			
Sale of bonds . . . . .	108,918	-	108,918
Proceeds of lease purchase obligation . . . . .	-	1,087,000	1,087,000
Total other financing sources (uses) . . . . .	<u>108,918</u>	<u>1,087,000</u>	<u>1,195,918</u>
Net change in fund balances . . . . .	812,197	798,844	1,611,041
<b>Fund balances at beginning of year . . . . .</b>	<b>3,554,699</b>	<b>1,210,661</b>	<b>4,765,360</b>
<b>(Decrease) in reserve for inventory . . . . .</b>	<b>-</b>	<b>(6,085)</b>	<b>(6,085)</b>
<b>Fund balances at end of year . . . . .</b>	<b><u>\$ 4,366,896</u></b>	<b><u>\$ 2,003,420</u></b>	<b><u>\$ 6,370,316</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS 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, 2016

<b>Net change in fund balances - total governmental funds</b>		\$ 1,611,041
<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	\$ 380,864	
Current year depreciation	<u>(956,891)</u>	
Total		(576,027)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(1,806)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		
		(6,085)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(8,906)	
Earnings on investments	296	
Intergovernmental	<u>(9,210)</u>	
Total		(17,820)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
Bonds	395,000	
Capital leases	<u>41,172</u>	
Total		436,172
The issuance of bonds and lease purchase obligations is recorded as other financing sources in the funds; however, in the statement of activities, it is not reported as other financing sources as it increases liabilities on the statement of net position.		
		(1,195,918)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Change in accrued interest payable	24	
Accreted interest on capital appreciation bonds	(172,052)	
Amortization of bond premiums	6,551	
Amortization of deferred charges	<u>33,799</u>	
Total		(131,678)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		1,652,880
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(1,253,508)
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>(124,317)</u>
<b>Change in net position of governmental activities</b>		<u><u>\$ 392,934</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS 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, 2016

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 3,205,000	\$ 3,205,000	\$ 3,298,607	\$ 93,607
Payment in lieu of taxes . . . . .	-	-	10,000	10,000
Tuition . . . . .	1,117,000	1,117,000	1,236,995	119,995
Earnings on investments . . . . .	10,000	10,000	22,440	12,440
Classroom materials and fees . . . . .	25,000	25,000	43,231	18,231
Rental income . . . . .	7,000	7,000	12,200	5,200
Contributions and donations . . . . .	2,000	2,000	3,835	1,835
Contract services . . . . .	-	-	3,810	3,810
Other local revenues . . . . .	5,500	5,500	23,847	18,347
Intergovernmental - state . . . . .	16,117,200	16,117,200	15,806,075	(311,125)
Intergovernmental - federal . . . . .	30,000	30,000	71,711	41,711
<b>Total revenues . . . . .</b>	<u>20,518,700</u>	<u>20,518,700</u>	<u>20,532,751</u>	<u>14,051</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	10,201,066	10,146,864	10,422,053	(275,189)
Special . . . . .	2,550,100	2,540,359	2,427,362	112,997
Vocational . . . . .	76,148	75,645	71,763	3,882
Other . . . . .	73,132	72,649	18,067	54,582
Support services:				
Pupil . . . . .	979,233	981,109	1,140,564	(159,455)
Instructional staff . . . . .	572,992	570,560	586,415	(15,855)
Board of education . . . . .	76,236	75,732	100,013	(24,281)
Administration . . . . .	1,308,173	1,299,606	1,332,129	(32,523)
Fiscal . . . . .	397,768	395,459	404,936	(9,477)
Business . . . . .	17,530	17,938	21,041	(3,103)
Operations and maintenance . . . . .	2,171,644	4,251,718	2,359,752	1,891,966
Pupil transportation . . . . .	781,965	781,137	729,812	51,325
Central . . . . .	34,595	34,366	35,360	(994)
Operation of non-instructional services . . . . .	7,826	7,774	3,589	4,185
Extracurricular activities . . . . .	379,388	376,880	398,351	(21,471)
Debt service:				
Interest and fiscal charges . . . . .	-	-	1,596	(1,596)
Bond issuance costs . . . . .	-	-	3,000	(3,000)
<b>Total expenditures . . . . .</b>	<u>19,627,796</u>	<u>21,627,796</u>	<u>20,055,803</u>	<u>1,571,993</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>890,904</u>	<u>(1,109,096)</u>	<u>476,948</u>	<u>1,586,044</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	-	-	5,886	5,886
Refund of prior year's receipts . . . . .	(480)	(480)	(1,286)	(806)
Advances in . . . . .	24,000	24,000	2,000	(22,000)
Advances (out) . . . . .	(2,000)	(2,000)	-	2,000
Sale of bonds . . . . .	-	-	108,918	108,918
Sale of capital assets . . . . .	500	500	153	(347)
<b>Total other financing sources (uses) . . . . .</b>	<u>22,020</u>	<u>22,020</u>	<u>115,671</u>	<u>93,651</u>
Net change in fund balance . . . . .	912,924	(1,087,076)	592,619	1,679,695
<b>Fund balance at beginning of year . . . . .</b>	4,628,218	4,628,218	4,628,218	-
<b>Prior year encumbrances appropriated . . . . .</b>	129,751	129,751	129,751	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 5,670,893</u>	<u>\$ 3,670,893</u>	<u>\$ 5,350,588</u>	<u>\$ 1,679,695</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2016

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
<b>Assets:</b>		
Current assets:		
Equity in pooled cash and investments. . . . .	\$ 13,564	\$ 52,637
Total assets. . . . .	<u>13,564</u>	<u>52,637</u>
<b>Liabilities:</b>		
Due to students. . . . .	-	\$ 52,637
Total liabilities . . . . .	<u>-</u>	<u>52,637</u>
<b>Net position:</b>		
Held in trust for scholarships . . . . .	<u>13,564</u>	
Total net position. . . . .	<u>\$ 13,564</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

		<u>Private Purpose Trust</u>
		<u>Scholarship</u>
<b>Deductions:</b>		
Scholarships awarded . . . . .	\$	<u>750</u>
Change in net position . . . . .		(750)
<b>Net position at beginning of year. . . . .</b>		<u>14,314</u>
<b>Net position at end of year . . . . .</b>	<b>\$</b>	<b><u><u>13,564</u></u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

Claymont 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 is located within the City of Uhrichsville and the Village of Dennison, Ohio. It operates under a locally-elected five-member Board and provides educational services as authorized and mandated by State and federal agencies. The Board controls the District's seven instructional support facilities staffed by 100 classified employees, 159 certified teaching personnel and 15 administrators, who provide services to approximately 2,100 students. The District operates one preschool, three elementary schools, a 5<sup>th</sup> - 6<sup>th</sup> grade intermediate school, a 7<sup>th</sup> - 8<sup>th</sup> grade junior high, one 9<sup>th</sup> - 12<sup>th</sup> high school and one garage.

**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).

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

The following entities, which perform activities within the District's boundaries for the benefit of its residents, are excluded from the basic financial statements because the District is not financially accountable for these entities nor are they fiscally dependent on the District.

City of Uhrichsville and the Village of Dennison

The City of Uhrichsville and the Village of Dennison are separate bodies politic and corporate. A mayor and council are elected independent of any District relationships, and administer the provision of traditional municipal services. Council acts as the taxing and budgeting authority for the City and for the Village.

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

*JOINTLY GOVERNED ORGANIZATIONS*

Buckeye Joint Vocational School District (JVSD)

The JVSD is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational and special education needs of the students. The JVSD's Board of Education is comprised of representatives from the Board of each participating school district. The JVSD's Board is responsible for approving its own budgets, appointing personnel and accounting and finance related activities. The District's students may attend the JVSD. Each school district's control is limited to its representation on the JVSD's Board. During fiscal year 2016, no monies were paid to the JVSD by the District.

Ohio Mid-Eastern Regional Educational Services Agency (OME-RESA)

OME-RESA is a not-for-profit computer service organization whose primary function is to provide information technology services to its member school districts with the major emphasis being placed on accounting, payroll and inventory control services. Other areas of service provided by the OME-RESA include pupil scheduling, attendance and grade reporting, career guidance services, special education records, and test scoring.

The OME-RESA is one of 22 regional service organizations serving over 600 public school districts in the State of Ohio that make up the Ohio Educational Computer Network (OECN). These service organizations are known as Data Acquisition Sites. The OECN is a collective group of Data Acquisition Sites, authorized pursuant to Section 3301.075 of the Ohio Revised Code and their member school districts. Such sites, in conjunction with the Ohio Department of Education (ODE), comprise a statewide delivery system to provide comprehensive, cost-efficient accounting and other administrative and instructional computer services for participating Ohio school districts.

Major funding for this network is derived from the State of Ohio. In addition, a majority of the software utilized by the OME-RESA is developed by the ODE.

The OME-RESA is owned and operated by 44 member school districts in 11 different Ohio counties. The member school districts are comprised of public school districts and educational service centers. Each member district pays an annual fee for services provided by OME-RESA. OME-RESA is governed by a Board of Directors, which is selected by the member districts. Each member has one vote in all matters and each member's control over budgeting and financing of OME-RESA is limited to its voting authority and any representation it may have on the Board of Directors. During fiscal year 2016, the District paid \$72,286 to OME-RESA for services.



**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

The OME-RESA is located at 2023 Sunset Blvd., Steubenville, Ohio 43952. The Jefferson County Educational Service Center is one of OME-RESA's member districts, and acts in the capacity of fiscal agent for OME-RESA.

Tuscarawas County Tax Incentive Review Council (TCTIRC)

The TCTIRC is a jointly governed organization, created as a regional council of governments pursuant to state statutes. TCTIRC has 22 members, consisting of 3 members appointed by the County Commissioners, 4 members appointed by municipal corporations, 6 members appointed by township trustees, 1 member from the County Auditor's office and 8 members appointed by school districts located within the County. TCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the council can make written recommendations to the legislative authority that approved the agreement. There is no cost associated with being a member of this council. During fiscal year 2016, no monies were paid to the TCTIRC by the District. The continued existence of the TCTIRC is not dependent on the District's continued participation and no equity interest exists.

*PUBLIC ENTITY RISK POOLS*

Stark County Schools Council of Governments

The Stark County Schools Council of Governments Health Benefit Plan is a shared risk pool, with participants from Stark, Summit, Portage, Tuscarawas, Medina, and Wayne Counties. The consortium is governed by an assembly, which consists of one representative from each participating District (usually the superintendent or designee). The assembly elects officers for two-year terms to serve on the Board of Directors. The assembly exercises control over the operation of the consortium. All consortium revenues are generated from charges for services. Financial information can be obtained by writing to the Stark County Educational Service Center, 2100 38<sup>th</sup> Street, Canton, Ohio 44709.

*RELATED ORGANIZATION*

Claymont Public Library

The Claymont Public Library is a related organization to the District. The School Board members are responsible for appointing the trustees of the Public Library; however, the School Board cannot influence the Library's operation nor does the Library represent a potential financial benefit or burden to the District. Although the District does serve as the taxing authority and may issue tax relief related debt on behalf of the Library, its role is limited to a ministerial function. Once the Library determines to present a levy to voters, including the determination of the rate and duration, the District must place the levy on the ballot. The Library may issue debt and determines its own budget. During fiscal year 2016, no monies were paid to the Library by the District. Financial information can be obtained from the Claymont Public Library, 215 E. 3<sup>rd</sup> Street, Uhrichsville, Ohio 44683.

**B. Fund Accounting**

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District does not have any proprietary funds.

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

*GOVERNMENTAL FUNDS*

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the 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 plus deferred outflows of resources and liabilities plus deferred inflows of resources 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.

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

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. 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 scholarship programs for students. The agency funds are custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The District's agency funds account for student activities and Ohio High School Athletic Association (OHSAA) tournament money.

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

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

*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, deferred outflows of resources, 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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private-purpose trust fund is reported using the economic resources measurement focus. The agency fund does not report a measurement focus as it does 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 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.

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Note 15 for deferred outflows of resources related the District's net pension liability.

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, interest and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2016, but which were levied to finance fiscal year 2017 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. Accrued interest not available is reported only on the governmental funds balance sheet and represents interest accrued on investments and not remitted to the District. 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.

For the District, see Note 15 for deferred inflows of resources related to the District's net pension liability. This deferred inflow of resources is 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 corresponding amount reported as intergovernmental revenue in the governmental funds.

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. Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control has been established by the Board of Education at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

*TAX BUDGET*

On July 25, 2002, the Tuscarawas County Budget Commission voted to waive the requirement that school districts adopt a tax budget as required by Section 5705.28 of the Ohio Revised Code, by January 15 and the filing by January 20. In order to complete other necessary documents, the Budget Commission now requires certain information to be filed by March 14. Information required includes the general fund five year forecast submitted to the Department of Education, projected revenues and expenditures line items for all levy funds, projected revenues and debt requirements (principal and interest) and amortization schedules for the debt service fund, and balances and total anticipated activity for all other funds.

*ESTIMATED RESOURCES*

The Board of Education accepts, by formal resolution, the tax rates as determined by the County 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 the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District. The amounts reported in the budgetary statements reflect the amounts in the original and final amended certificate of estimated resources issued during fiscal year 2016.

*APPROPRIATIONS*

Upon receipt from the County Auditor of an amended certificate of estimated 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 of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation resolution, the Board of Education may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution 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 fund level. Any revisions that alter the appropriations at the legal level of control must be approved by the Board of Education. The District Treasurer maintains budgetary information at the function and object level and has the authority to allocate appropriations at the function and object level in all funds without resolution by the Board of Education.

The Board of Education may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. Supplemental appropriations were legally enacted by the Board during fiscal year 2016.

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

The budget figures, which appear in the statement of budgetary comparisons, represent the original and 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.

*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 re-appropriated.

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. 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 2016, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), U.S. government money market mutual funds, U.S. discount notes, negotiable certificates of deposit, and federal agency securities. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price, which is the price at which the investment could be sold on June 30, 2016. The District also had deposited funds in the STAR Ohio Plus program. The STAR Ohio Plus program allows Ohio's political subdivisions to deposit monies in a network of FDIC-insured banks via a single account.

Under existing Ohio statutes, the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2016 amounted to \$26,352, which includes \$10,754 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the 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 investment account at year end is provided in Note 4.

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

**G. Inventory**

On government-wide and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis. Donated commodities are presented at their entitlement value. Inventories are accounted for using the purchase method on the fund financial statements, in which an expenditure is recognized upon the purchase of inventory, and using the consumption method on the government-wide statements, in which inventories are expensed when used.

Inventory consists of donated food and purchased food.

**H. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000 for its general capital assets. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	25 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	6 - 10 years

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable/payable." Long-term interfund loans that will not be repaid within the next fiscal year are classified as "loans to/from other funds" and are shown as nonspendable fund balances on the balance sheet because they are not spendable, available resources. These amounts are eliminated in the governmental activities column on the statement of net position.

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

**J. Compensated Absences**

GASB Statement No. 16, "*Accounting for Compensated Absences*", specifies the method used to accrue liabilities for leave benefits. 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 benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that is probable that benefits will result in termination payments. The liability is an estimate based on the District's past experience of making termination payments.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2016, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related 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.

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

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, net pension liability and 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. Bonds are recognized as a liability on the fund financial statements when due.

**L. Bond and Lease Issuance Costs, Bond Premiums and Discounts, Accounting Gain or Loss**

On both the government-wide financial statements and the fund financial statements, bond and lease issuance costs are recognized in the period in which these items are incurred.

On the government-wide financial statements, bond premiums and discounts are 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 and bond discounts are presented as a reduction to the face amount of the bonds. On the governmental fund financial statements, bond premiums and discounts are recognized in the period in which these items are incurred. The reconciliation between the face value of bonds and the amount reported on the statement of net position is presented in Note 12.A.



**CLAYMONT CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

**M. 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. It also includes the long-term amount of loans receivable in the general fund.

*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. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriation in the subsequent year’s appropriated budget.

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

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

**CLAYMONT CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

**N. 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 amount restricted for other purposes represents amounts restricted for food service and expenses for the District’s educational foundation fund (a nonmajor governmental fund).

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

**O. Prepayments**

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

**P. 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.

**Q. Interfund Activity**

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

**R. Pensions**

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

**CLAYMONT CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

**S. Parochial and Private Schools**

Within the District boundaries, the Immaculate Conception School is operated through the Columbus Catholic Diocese. Current State legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. The fiduciary responsibility of the District for these monies is reflected in a nonmajor governmental fund for financial reporting purposes.

**T. 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 2016.

**U. Fair Market 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 2016, the District has implemented GASB Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 79, "Certain External Investment Pools and Pool Participants".

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the District.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the District.

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the District.

**CLAYMONT CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE (Continued)**

GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balances**

Fund balances at June 30, 2016 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Management information systems	\$ 1,785
Public school preschool	6,775
Miscellaneous state grants	6,736
WIA	2,000
IDEA Part B	31,780

The general fund is liable for any deficit in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance 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.

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 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;

**CLAYMONT CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio and STAR Ohio Plus);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

**A. Deposits with Financial Institutions**

At June 30, 2016, the carrying amount of all District deposits was \$3,828,246. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2016, \$854,426 of the District's bank balance of \$3,864,302 was exposed to custodial risk as discussed below, while \$3,866,957 was covered by the FDIC.

**CLAYMONT CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

**B. Investments**

As of June 30, 2016, the District had the following investments and maturities:

Investment type	Fair Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
FHLB	\$ 64,980	\$ -	\$ -	\$ -	\$ -	\$ 64,980
FHLMC	115,455	-	-	-	-	115,455
FNMA	286,118	-	-	35,122	95,427	155,569
U.S. Government Discount Note	39,909	-	39,909	-	-	-
U.S. Government Money Market	7,609	7,609	-	-	-	-
STAR Ohio	3,050,842	3,050,842	-	-	-	-
Negotiable CDs	609,668	-	496,962	-	-	112,706
Total	<u>\$ 4,174,581</u>	<u>\$ 3,058,451</u>	<u>\$ 536,871</u>	<u>\$ 35,122</u>	<u>\$ 95,427</u>	<u>\$ 448,710</u>

The weighted average maturity of investments is 0.48 years.

The District's investments in federal agency securities, negotiable certificates of deposit, U.S. government money market and U.S. government discount notes are valued using quoted market prices (Level 1 inputs).

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

*Credit Risk:* STAR Ohio and the U.S. government money market carry ratings of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's federal agency securities were rated Aaa by Moody's Investor Services and AA+ by Standard and Poor's. The District's U.S. government discount note was rated P-1 and A-1+ by Moody's Investor Services and Standard and Poor's, respectively.

*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 District's federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent, but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirements of State statute.

**CLAYMONT CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Concentration of Credit Risk:* The District places no limit on the amount 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, 2016:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLB	\$ 64,980	1.56
FHLMC	115,455	2.77
FNMA	286,118	6.85
U.S. Government Discount Note	39,909	0.96
U.S. Government Money Market	7,609	0.18
STAR Ohio	3,050,842	73.08
Negotiable CDs	609,668	14.60
Total	<u>\$ 4,174,581</u>	<u>100.00</u>

**C. 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, 2016:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 3,828,246
Investments	<u>4,174,581</u>
Total	<u>\$ 8,002,827</u>
<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 7,936,626
Private-purpose trust fund	13,564
Agency fund	<u>52,637</u>
Total	<u>\$ 8,002,827</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund balances at June 30, 2016, as reported on the fund financial statements, consist of the following loans to/from other funds.

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental fund	<u>\$ 10,521</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. The long-term interfund balances are not expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2016 are reported on the statement of net position.

**CLAYMONT CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2016 represent the collection of calendar year 2015 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2015, on the assessed values as of January 1, 2015, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2016 represent the collection of calendar year 2015 taxes. Public utility real and personal property taxes received in calendar year 2016 became a lien on December 31, 2014, were levied after April 1, 2015, 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 Tuscarawas County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2016, are available to finance fiscal year 2016 operations. The amount available as an advance at June 30, 2016 was \$450,110 in the general fund, \$47,122 in the bond retirement fund (a nonmajor governmental fund) and \$7,540 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2015 was \$454,769 in the general fund, \$50,582 in the bond retirement fund (a nonmajor governmental fund) and \$7,609 in the classroom facilities maintenance 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, 2016 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.



**CLAYMONT CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 6 - PROPERTY TAXES - (Continued)**

The assessed values upon which the fiscal year 2016 taxes were collected are:

	2015 Second Half Collections		2016 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 142,085,980	90.95	\$ 142,766,180	88.84
Public utility personal	<u>14,132,400</u>	<u>9.05</u>	<u>17,932,200</u>	<u>11.16</u>
<b>Total</b>	<b><u>\$ 156,218,380</u></b>	<b><u>100.00</u></b>	<b><u>\$ 160,698,380</u></b>	<b><u>100.00</u></b>
 Tax rate per \$1,000 of assessed valuation	 \$ 30.70		 \$ 30.40	

**NOTE 7 – PAYMENT IN LIEU OF TAXES**

The District has entered into tax incremental financing agreements with a local company. This company was granted reductions or exemptions from property tax obligations from the District, Tuscarawas County, Mill Township and the Buckeye Joint Vocational School District through an Enterprise Zone Agreement in order to encourage economic development in the area; however, as part of these agreements, the company makes payments in lieu of taxes to compensate the District for approximately twenty-five percent of the reduction in property tax revenues. Payments from the current Enterprise Zone Agreement are scheduled to end in fiscal year 2016. On the governmental fund financial statements, payment in lieu of taxes totaled \$10,000 in the general fund during fiscal year 2016.

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2016 consisted of property taxes, accounts, accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

<b>Governmental activities:</b>	
Property taxes	\$ 4,205,329
Accounts	10,793
Accrued interest	2,097
Intergovernmental	<u>77,071</u>
<b>Total</b>	<b><u>\$ 4,295,290</u></b>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**CLAYMONT CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Balance at 6/30/15	Additions	Deductions	Balance at 6/30/16
<i>Capital assets, not being depreciated:</i>				
Land	\$ 318,293	\$ -	\$ -	\$ 318,293
Construction in progress	-	236,692	-	236,692
Total capital assets, not being depreciated	<u>318,293</u>	<u>236,692</u>	<u>-</u>	<u>554,985</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	438,210	-	-	438,210
Buildings and improvements	30,770,695	8,740	-	30,779,435
Furniture and equipment	4,230,685	135,432	(21,267)	4,344,850
Vehicles	1,371,927	-	-	1,371,927
Total capital assets, being depreciated	<u>36,811,517</u>	<u>144,172</u>	<u>(21,267)</u>	<u>36,934,422</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(411,728)	(3,097)	-	(414,825)
Buildings and improvements	(14,374,814)	(733,454)	-	(15,108,268)
Furniture and equipment	(3,616,833)	(169,618)	19,461	(3,766,990)
Vehicles	(1,023,946)	(50,722)	-	(1,074,668)
Total accumulated depreciation	<u>(19,427,321)</u>	<u>(956,891)</u>	<u>19,461</u>	<u>(20,364,751)</u>
Governmental activities capital assets, net	<u>\$ 17,702,489</u>	<u>\$ (576,027)</u>	<u>\$ (1,806)</u>	<u>\$ 17,124,656</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 639,453
Special	41,297
Vocational	18,939

Support services:

Pupil	7,346
Instructional staff	33,536
Administration	8,817
Business	21,507
Operations and maintenance	65,216
Pupil transportation	57,717
Central	4,082
Extracurricular activities	36,483
Operation of non-instructional services:	1,416
Food service operations	<u>21,082</u>
Total depreciation expense	<u>\$ 956,891</u>

**CLAYMONT CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE**

During a prior fiscal year the District entered into capitalized leases for printer and copier equipment. These lease agreements meet the criteria of capital leases. A capital lease generally is one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statement.

Capital assets consisting of printer and copier equipment have been capitalized in the amount of \$201,604; this amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2016 was \$134,403, leaving a current book value of \$67,201. A corresponding liability was recorded in the government-wide financial statements. Principal payments in fiscal year 2016 totaled \$41,172 and were paid by the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease obligations and the present value of the future minimum lease payments as of June 30, 2016:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 48,023
2018	<u>32,015</u>
Total minimum lease payments	80,038
Less: amount representing interest	<u>(4,699)</u>
Total	<u>\$ 75,339</u>

**NOTE 11 - LEASE-PURCHASE AGREEMENT**

On June 15, 2016, the District entered into a lease-purchase obligation for the financing of the replacement of the Junior High roof and air conditioning unit, replacement of the Junior high handicapped lift, repairs of the Intermediate school's walls and columns, the High School parking lot replacement and for the Stadium electric service relocation. During fiscal year 2016, the District did not make principal and interests payments on the lease purchase obligations. The first payment is due December 1, 2016. The lease payments will be recorded as expenditures in the general fund.

A liability in the amount of the present value of minimum lease payments has been recorded in the statement of net position. Capital assets have been capitalized as construction in progress in the amount of \$453,647. This amount represents the costs of the replacements and improvements as June 30, 2016.

**CLAYMONT CITY SCHOOL DISTRICT  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 11 - LEASE-PURCHASE AGREEMENT (Continued)**

The following is a schedule of the future long-term minimum lease payments required under the lease-purchase agreement and the present value of the future minimum lease payments as of June 30, 2016:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 68,996
2018	126,296
2019	126,180
2020	126,024
2021	125,828
2022-2026	<u>627,752</u>
Total minimum lease payments	1,201,076
Less: amount representing interest	<u>(114,076)</u>
Total	<u>\$ 1,087,000</u>

**NOTE 12 - LONG-TERM OBLIGATIONS**

A. The District's long-term obligations activity during fiscal year 2016 consisted of the following.

	Balance Outstanding 6/30/15	Additions	Reductions	Balance Outstanding 6/30/16	Amounts Due in One Year
General obligation refunding bonds series, 2015	\$ 2,194,371	\$ 172,052	\$ (395,000)	\$ 1,971,423	\$ 395,000
General obligation bonds series, 2015	-	108,918	-	108,918	20,531
Lease purchase obligation series, 2016	-	1,087,000	-	1,087,000	49,000
Capital lease obligation	116,511	-	(41,172)	75,339	44,148
Net pension liability	24,731,203	2,797,159	-	27,528,362	-
Compensated absences	<u>1,324,331</u>	<u>248,798</u>	<u>(178,949)</u>	<u>1,394,180</u>	<u>128,258</u>
Total governmental activities	<u>\$ 28,366,416</u>	<u>\$ 4,413,927</u>	<u>\$ (615,121)</u>	32,165,222	<u>\$ 636,937</u>
Add: unamortized premium				<u>35,485</u>	
Total on statement of net position				<u>\$ 32,200,707</u>	

General obligation refunding bonds are direct obligations of the District for which the full faith, credit and resources are pledged and are payable from taxes levied on all taxable property of the District.

Compensated absences will be paid from the general fund, food service fund (a nonmajor governmental fund), the public school preschool fund (a nonmajor governmental fund), Title VI-B fund (a nonmajor governmental fund), Title I fund (a nonmajor governmental fund), and the improving teacher quality fund (a nonmajor governmental fund). See Note 13 for more information regarding compensated absences.

Capital lease obligations will be paid from the general fund. See Note 10 for more information pertaining to the District's capital lease obligations.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

Lease purchase obligations will be paid from the general fund. See Note 11 for more information pertaining to the District's lease purchase obligations.

- B.** On July 6, 2005, the District issued Series 2006 general obligation refunding bonds to advance refund the Series 1997 current interest and capital appreciation bonds.

This issue was comprised of both current interest bonds, par value \$4,330,000, and capital appreciation bonds, par value \$204,588. The current interest bonds were refunded in fiscal year 2015. The interest rates on the current interest bonds range from 2.75% to 3.60% with a final stated maturity on December 1, 2021. The capital appreciation bonds mature on December 1, 2016 (effective interest 4.20%), December 1, 2017 (effective interest 4.30%), December 1, 2018 (effective interest 4.40%) and December 1, 2019 (effective interest 4.50%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for each capital appreciation bond is \$1,585,000. A total of \$966,835 in accreted interest on the capital appreciation bonds has been included in the statement of net position at June 30, 2016.

On March 3, 2015, the District issued Series 2015 general obligation refunding bonds to currently refund the Series 2006 current interest and capital appreciation bonds. The issuance proceeds of \$1,195,000 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, 2016, \$800,000 of this debt was outstanding.

The reacquisition price exceeded the net carrying amount of the old debt by \$52,951. This amount is amortized over the remaining life of the refunded debt and is reported as a deferred inflow of resources on the statement of net position and was fully amortized in 2016. The refunding was undertaken to reduce total debt service payments by \$60,535 and resulted in an economic gain of \$54,892.

This issue is comprised of current interest bonds, par value \$1,195,000. The interest rates on the current interest bonds range of 3.25% with a final stated maturity on December 1, 2021.

The following is a schedule of activity for fiscal year 2016 of the District's general obligation refunding bonds:

	Balance 6/30/15	Additions	Reductions	Balance 6/30/16
Current interest bonds 2015	\$ 1,195,000	\$ -	\$ (395,000)	\$ 800,000
Capital appreciation bonds 2006	204,588	-	-	204,588
Accreted interest on capital appreciation bonds 2006	<u>794,783</u>	<u>172,052</u>	<u>-</u>	<u>966,835</u>
Total general obligation refunding bonds	<u>\$ 2,194,371</u>	<u>\$ 172,052</u>	<u>\$ (395,000)</u>	<u>\$ 1,971,423</u>

**CLAYMONT CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

The following is a summary of the future debt service requirements to maturity for the 2006 series refunding bonds:

Fiscal Year Year Ending June 30,	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ -	\$ 26,000	\$ 26,000	\$ 63,800	\$ 331,200	\$ 395,000
2018	-	26,000	26,000	54,372	340,628	395,000
2019	-	26,000	26,000	46,924	353,076	400,000
2020	-	26,000	26,000	39,492	355,508	395,000
2021	390,000	19,663	409,663	-	-	-
2022	410,000	6,663	416,663	-	-	-
Total	<u>\$ 800,000</u>	<u>\$ 130,326</u>	<u>\$ 930,326</u>	<u>\$ 204,588</u>	<u>\$ 1,380,412</u>	<u>\$ 1,585,000</u>

- C. In September 2015, the District issued \$108,918 in limited tax general obligation bonds. The bonds were used to purchase a new phone system for the District. The interest rate for the bonds is 2.18% with a maturity of December 1, 2020. During fiscal year 2016 the District made no principal payments and interest payments of \$1,596 on the bonds. The principal and interest payments will be recorded as expenditures in the general fund.

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

Fiscal Year Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2017	\$ 20,531	\$ 2,150	\$ 22,681
2018	21,387	1,693	23,080
2019	21,853	1,222	23,075
2020	22,330	741	23,071
2021	22,817	249	23,066
Total	<u>\$ 108,918</u>	<u>\$ 6,055</u>	<u>\$ 114,973</u>

**CLAYMONT CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

**D. 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 effects of these debt limitations at June 30, 2016, are a voted debt margin of \$13,854,441 (including available funds of \$505,093) and an unvoted debt margin of \$51,780.

**NOTE 13 - EMPLOYEE BENEFITS**

**Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified, eleven and twelve-month administrative employees earn 10 to 25 days of vacation per fiscal year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and other administrators do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 260 days for all employees. Upon retirement, classified and certified employees receive one-fourth of their total sick leave accumulation, up to a maximum of 50 days. Compensated absences will be paid from the fund from which the employee is paid.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 14 - RISK MANAGEMENT**

**A. Property and Liability**

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2016, the District contracted with Donald Kennedy, agent for Indiana Insurance Company, with coverages provided by The Netherlands Insurance Company and Mid American Fire & Casualty for property insurance, boiler and machinery, inland marine coverage, fleet insurance and general liability coverage. Coverages under these policies are as follows:

Building and Contents (\$2,500 deductible)	\$96,321,027
Blanket Computer Coverage (\$500 deductible)	2,476,654
Audio/Visual Equipment Coverage (\$500 deductible)	518,832
Musical Instruments (\$500 deductible)	245,905
Computer Fraud Coverage (\$500 deductible)	200,000
Automobile Liability (\$100 deductible-comprehensive) (\$500 deductible-collision)	1,000,000
School Leaders Errors and Omissions Liability (\$2,500 deductible):	
Wrongful act	1,000,000
Aggregate limit	3,000,000
Sexual Misconduct and Molestation Liability:	
Each loss	1,000,000
Aggregate limit	3,000,000
General Liability:	
Per occurrence	1,000,000
Aggregate per year	3,000,000
Employee Benefits Liability (\$1,000 deductible)	
Each loss	1,000,000
Aggregate limit	3,000,000
Employers Stop Gap Liability	
Each Accident	1,000,000
Aggregate limit	3,000,000
Law Enforcement Professional Liability (\$2,500 deductible)	
Each wrongful act	1,000,000
Aggregate limit	3,000,000
Public Employee Dishonesty - Westfield co. (Romig Ins.)	2,500

Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in coverage from the prior year.

**B. Life Insurance**

The District provides life insurance and accidental death and dismemberment insurance to most employees. Life insurance is provided through Dearborn National Life Insurance.



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**NOTE 14 - RISK MANAGEMENT - (Continued)**

**C. Medical, Dental and Vision Insurance**

The District participates in the Stark County Schools Council of Governments Health Benefit Plan, a risk sharing pool to provide medical/surgical benefits for employees. The Stark County Schools Council has selected Mutual Health Services to provide third party administrative services in claims processing. Employees may elect to choose from two Preferred Provider Organizations (PPO) with a co-insurance of 90% in-network and 80% non-network. The provider organizations are Aultcare and Medical Mutual. A preferred provider drug program is also included in the insurance program. The employee pays a 20% co-payment to the provider and the remaining 80% is directly billed to the insurance company. Caremark serves as the preferred provider for the drug program. During fiscal year 2016, the District paid \$1,448.88 for certified and \$1,473.88 for classified family plans or \$587.60 for certified and \$600.10 for classified individual coverage per month to the Stark County Educational Service Center who serves as the fiscal agent for the Health Benefits Plan. The premium is paid by the fund that pays the salary for the employee and is based on a rate determined by an actuary for the Health Benefits Plan.

The District also provides dental and vision benefits, which are administered by the Health Benefits Plan. Mutual Health Services serves as the third party administrator to provide claims processing services these plans. During fiscal year 2016, the monthly premium for dental coverage was \$199.72 for family coverage and \$80.96 for individual coverage. During fiscal year 2016, the premium for vision coverage was \$42.42 for family coverage and \$17.08 for individual coverage. The premiums for these coverages are also paid into the insurance pool.

**D. Workers' Compensation**

The District paid the State Workers' Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor that the State calculates. The District utilizes CompManagement, Inc. as a third party administrator.

**NOTE 15 - 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.

**CLAYMONT CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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.

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

Age and service requirements for retirement are as follows:

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the entire 14 percent was allocated to pension, death benefits, and Medicare B and no portion of the employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$392,058 for fiscal year 2016. Of this amount, \$51,965 is reported as pension and postemployment benefits payable.

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

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

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. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$1,260,822 for fiscal year 2016. Of this amount, \$204,464 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, 2015, 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 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>
Proportionate share of the net pension liability	\$ 4,624,700	\$ 22,903,662	\$ 27,528,362
Proportion of the net pension liability	0.08104840%	0.08287296%	
Pension expense	\$ 263,195	\$ 990,313	\$ 1,253,508

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**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

At June 30, 2016, 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>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 75,217	\$ 1,046,775	\$ 1,121,992
District contributions subsequent to the measurement date	<u>392,058</u>	<u>1,260,822</u>	<u>1,652,880</u>
Total deferred outflows of resources	<u>\$ 467,275</u>	<u>\$ 2,307,597</u>	<u>\$ 2,774,872</u>
<b>Deferred inflows of resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$ 165,870	\$ 1,698,265	\$ 1,864,135
Changes in proportionate share	<u>78,690</u>	<u>330,386</u>	<u>409,076</u>
Total deferred inflows of resources	<u>\$ 244,560</u>	<u>\$ 2,028,651</u>	<u>\$ 2,273,211</u>

\$1,652,880 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, 2016. 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:			
2017	\$ (84,867)	\$ (470,451)	\$ (555,318)
2018	(84,867)	(470,451)	(555,318)
2019	(84,868)	(470,450)	(555,318)
2020	<u>85,259</u>	<u>429,476</u>	<u>514,735</u>
Total	<u>\$ (169,343)</u>	<u>\$ (981,876)</u>	<u>\$ (1,151,219)</u>

**Actuarial Assumptions - SERS**

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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, 2015, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22.00 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

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

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	<u>100.00 %</u>	

**Discount Rate** - The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**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 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$ 6,412,797	\$ 4,624,700	\$ 3,118,975

**Changes Between Measurement Date and Report Date** - In April 2016, the SERS Board adopted certain assumption changes which impacted their annual actuarial valuation prepared as of June 30, 2016. The most significant change is a reduction in the discount rate from 7.75 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the District's net pension liability is expected to be significant.

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Actuarial Assumptions - STRS*

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males’ ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS’ investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates 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	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	<u>1.00</u>	3.00
Total	<u>100.00 %</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. 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, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.



**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 15 - 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 7.75 percent, 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 (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 31,814,914	\$ 22,903,662	\$ 15,367,869

**NOTE 16 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

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 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, number of 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 basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, none of the employer contribution was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2016, the District's surcharge obligation was \$42,409.

The District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$42,409, \$62,417, and \$43,622, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 16 - POSTEMPLOYMENT BENEFITS (Continued)**

**B. State Teachers Retirement System**

Plan Description – The District participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS) 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 reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board 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. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal years 2016 and 2015, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$0, and \$88,174, respectively. The full amount has been contributed for fiscal year 2014.

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING**

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

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

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

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING (Continued)**

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

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 592,619
Net adjustment for revenue accruals	(62,467)
Net adjustment for expenditure accruals	101,267
Net adjustment for other sources/uses	(6,753)
Funds budgeted elsewhere	(10,820)
Adjustment for encumbrances	198,351
GAAP basis	\$ 812,197

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

**NOTE 18 - CONTINGENCIES**

**A. Grants**

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

**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. Effective for the 2015-2016 school year, traditional Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2016 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 19 - 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 amount for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2015	\$ -
Current year set-aside requirement	363,023
Current year qualifying expenditures	(341,429)
Current year offsets	(133,919)
Waiver granted by ODE	-
Prior year offset from bond proceeds	<u>-</u>
Total	<u>\$ (112,325)</u>
Balance carried forward to fiscal year 2017	<u>\$ -</u>
Set-aside balance June 30, 2016	<u><u>\$ -</u></u>

**NOTE 20 - 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 fund	\$ 184,992
Nonmajor governmental funds	<u>773,903</u>
Total	<u><u>\$ 958,895</u></u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS 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 THREE FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.08104840%	0.08310000%	0.08310000%
District's proportionate share of the net pension liability	\$ 4,624,700	\$ 4,205,644	\$ 4,941,690
District's covered-employee payroll	\$ 2,439,977	\$ 2,414,719	\$ 2,317,854
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	189.54%	174.17%	213.20%
Plan fiduciary net position as a percentage of the total pension liability	69.16%	71.70%	65.52%

Note: Information prior to fiscal year 2013 was unavailable.

Note: Information is presented by the fiscal year reported and not by the measurement date.

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS 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 THREE FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.08287296%	0.08438585%	0.08438585%
District's proportionate share of the net pension liability	\$ 22,903,662	\$ 20,525,559	\$ 24,449,912
District's covered-employee payroll	\$ 8,785,979	\$ 8,621,900	\$ 8,960,054
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	260.68%	238.06%	272.88%
Plan fiduciary net position as a percentage of the total pension liability	72.10%	74.70%	69.30%

Note: Information prior to fiscal year 2013 was unavailable.

Note: Information is presented by the fiscal year reported and not by the measurement date.

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS  
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 392,058	\$ 321,589	\$ 334,680	\$ 320,791
Contributions in relation to the contractually required contribution	<u>(392,058)</u>	<u>(321,589)</u>	<u>(334,680)</u>	<u>(320,791)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,800,414	\$ 2,439,977	\$ 2,414,719	\$ 2,317,854
Contributions as a percentage of covered-employee payroll	14.00%	13.18%	13.86%	13.84%



<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 316,952	\$ 292,893	\$ 303,085	\$ 211,662	\$ 202,342	\$ 232,801
<u>(316,952)</u>	<u>(292,893)</u>	<u>(303,085)</u>	<u>(211,662)</u>	<u>(202,342)</u>	<u>(232,801)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,356,520	\$ 2,330,095	\$ 2,238,442	\$ 2,151,037	\$ 2,060,509	\$ 2,179,785
13.45%	12.57%	13.54%	9.84%	9.82%	10.68%

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS  
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Contractually required contribution	\$ 1,260,822	\$ 1,230,037	\$ 1,120,847	\$ 1,164,807
Contributions in relation to the contractually required contribution	(1,260,822)	(1,230,037)	(1,120,847)	(1,164,807)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 9,005,871	\$ 8,785,979	\$ 8,621,900	\$ 8,960,054
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.00%	13.00%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 1,211,366	\$ 1,179,120	\$ 1,230,270	\$ 1,190,935	\$ 1,165,920	\$ 1,136,290
<u>(1,211,366)</u>	<u>(1,179,120)</u>	<u>(1,230,270)</u>	<u>(1,190,935)</u>	<u>(1,165,920)</u>	<u>(1,136,290)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 9,318,200	\$ 9,070,154	\$ 9,463,615	\$ 9,161,038	\$ 8,968,615	\$ 8,740,692
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY, OHIO**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(SEE ACCOUNTANT'S COMPILATION REPORT)

*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 2014-2016.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. See the notes to the basic financials for the methods and assumptions in this calculation.

*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 2014-2016.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. See the notes to the basic financials for the methods and assumptions in this calculation.

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<b>FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program/Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<b><i>Passed Through Ohio Department of Education</i></b>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	N/A	\$38,946
Cash Assistance:			
School Breakfast Program	10.553	N/A	134,094
National School Lunch Program	10.555	N/A	430,951
Cash Assistance Subtotal			<u>565,045</u>
Total Child Nutrition Cluster			<u>603,991</u>
Total U.S. Department of Agriculture			603,991
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<b><i>Passed Through Ohio Department of Education</i></b>			
Title I Grants to Local Educational Agencies	84.010	C1-S1 2015 S010A150035	\$75,313 <u>586,382</u>
Total Title I Grants to Local Educational Agencies			661,695
Special Education Cluster (IDEA):			
Special Education - Grants to States (IDEA, Part B)	84.027	6B-SF 2015 H027A150111	22,607 <u>474,214</u>
Total Special Education - Grants to States (IDEA, Part B)			496,821
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A150119	<u>7,326</u>
Total Special Education Cluster (IDEA)			504,147
Rural Education	84.358	84.358B	38,982
Improving Teacher Quality State Grants	84.367	TR-S1-2015 S367A150034	15,036 <u>113,845</u>
Total Improving Teacher Quality State Grants			<u>128,881</u>
Total U.S. Department of Education			<u>1,333,705</u>
<b>Total Expenditures of Federal Awards</b>			<b><u><u>\$1,937,696</u></u></b>

The accompanying notes are an integral part of this schedule.

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR PART 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

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

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C – CHILD NUTRITION CLUSTER**

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

**NOTE D – FOOD DONATION PROGRAM**

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



# Dave Yost • Auditor of State

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

Claymont City School District  
Tuscarawas County  
201 N. Third Street  
Dennison, Ohio 44621

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 Claymont City School District, Tuscarawas County, Ohio (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 10, 2017.

### ***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. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a significant deficiency. We consider Finding 2016-001 to be a significant deficiency.

### ***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*.

***District's Response to Findings***

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the District's response and, accordingly, we express no opinion on it.

***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 communication is not suitable for any other purpose.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

March 10, 2017





# Dave Yost • Auditor of State

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

Claymont City School District  
Tuscarawas County  
201 N. Third Street  
Dennison, Ohio 44621

To the Board of Education:

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

We have audited the Claymont City School District's, Tuscarawas County, Ohio (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 School District's major federal program for the year ended June 30, 2016. 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 Claymont 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, 2016.

**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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

March 10, 2017

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR PART 200.515  
JUNE 30, 2016**

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unmodified
<i>(d)(1)(ii)</i>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under 2 CFR Part 200.516(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b> <ul style="list-style-type: none"> <li>• Special Education Cluster – CFDA #84.027 and 84.173</li> </ul>	
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee under 2 CFR Part 200.520?</b>	Yes

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

**FINDING NUMBER 2016-001**

**Significant Deficiency**

The District should maintain an accounting system and accounting records sufficient to enable the District to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements in accordance with generally accepted accounting principles.

As a result of audit procedures performed, the following error was noted in the District's financial statements and GAAP conversion that required the following audit adjustment to be made to the financial statements:

- Contracts Payable included \$216,955 in construction activity occurring after June 30, 2016 in the Building Fund. Therefore, the balance was over-stated by \$216,955. Additionally, this amount was incorrectly reported as Construction in Progress, a component of Non-depreciable Capital Assets.

CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY

SCHEDULE OF FINDINGS  
2 CFR PART 200.515  
JUNE 30, 2016  
(Continued)

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

**FINDING NUMBER 2016-001 (Continued)**

**Significant Deficiency (Continued)**

Failure to properly report financial activity in accordance with generally accepted accounting principles could result in material misstatements occurring and remaining undetected and fail to provide management with an accurate picture of the District's financial position and operations. The financial statements have been adjusted accordingly.

We recommend the District take the necessary steps to ensure that all revenues, expenditures/ expenses, assets, deferred outflows of resources, liabilities, deferred inflows of resources and equity of the District are properly presented and disclosed in the District's financial statements.

**Officials' Response:** See Corrective Action Plan.

**3. FINDINGS FOR FEDERAL AWARDS**

None

CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY

CORRECTIVE ACTION PLAN  
2 CFR PART 200.511(c)  
JUNE 30, 2016

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2016-001	Proper adjustments have made by the compiler to the financial statements. Auditor's suggestions have been implemented.	March 2, 2017	Lori Statler, CFO

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# Dave Yost • Auditor of State

CLAYMONT CITY SCHOOL DISTRICT

TUSCARAWAS 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 23, 2017