



Rea & associates *a brighter way*

Claymont City School District

Tuscarawas County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2015



Dave Yost • Auditor of State

Board of Education
Claymont City School District
201 N. Third Street
Dennison, Ohio 44621

We have reviewed the *Independent Auditor's Report* of the Claymont City School District, Tuscarawas County, prepared by Rea & Associates, Inc., for the audit period July 1, 2014 through June 30, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

March 15, 2016

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

JUNE 30, 2015

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CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO

JUNE 30, 2015

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December 23, 2015

The Board of Education
Claymont City School District
Tuscarawas, County, Ohio
201 N. Third St.
Dennison, Ohio 44621

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Claymont City School District, Tuscarawas County, Ohio (the District), as of and for the year ended June 30, 2015, 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note 3, the District restated the net position balances to account for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis*, *Schedule of District's Proportionate Share of the Net Pension Liability*, and *Schedule of District Contributions* on pages 4–15, 62-63, and 64-67, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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.

Rea & Associates, Inc.

New Philadelphia, Ohio

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 2015. 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 2015 are as follows:

- In total, net position of governmental activities increased \$1,391,543, which represents a 14.74% increase from net position at June 30, 2014 as restated in Note 3.A. The District implemented GASB Statement No. 68, which reduced beginning net position as previously reported by \$27.9 million.
- General revenues accounted for \$18,163,584 in revenue or 76.69% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions accounted for \$5,521,028 or 23.31% of total revenues of \$23,684,612.
- The District had \$22,293,069 in expenses related to governmental activities; only \$5,521,028 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 \$18,163,584 were adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$20,576,200 in revenues and \$19,061,909 in expenditures. During fiscal year 2015, the general fund's fund balance increased \$1,514,291, from a beginning fund balance of \$2,040,408 to \$3,554,699.

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 2015?" 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, 2015**

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 16-17 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's governmental funds begins on page 12. 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 18-22 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 23 and 24. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 25-61 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 62 through 68 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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 2015 and 2014. The net position at June 30, 2014 has been restated as described in Note 3.A.

	Net Position	
	Governmental Activities 2015	Restated Governmental Activities 2014
<u>Assets</u>		
Current and other assets	\$ 10,360,861	\$ 8,969,954
Capital assets, net	<u>17,702,489</u>	<u>18,402,761</u>
Total assets	<u>28,063,350</u>	<u>27,372,715</u>
<u>Deferred Outflows of Resources</u>		
Unamortized deferred charges on debt refunding	-	200,096
Pension	<u>1,785,024</u>	<u>1,455,527</u>
Total deferred outflows of resources	<u>1,785,024</u>	<u>1,655,623</u>
<u>Liabilities</u>		
Current liabilities	1,903,318	1,762,867
Long-term liabilities:		
Due within one year	614,859	658,518
Due in more than one year:		
Net pension liability	24,731,203	29,391,602
Other amounts	<u>3,062,390</u>	<u>3,575,654</u>
Total liabilities	<u>30,311,770</u>	<u>35,388,641</u>
<u>Deferred Inflows of Resources</u>		
Property taxes levied for next year	3,070,040	3,078,369
Unamortized deferred charges on debt refunding	33,799	
Pensions	<u>4,479,894</u>	-
Total deferred inflows of resources	<u>7,583,733</u>	<u>3,078,369</u>
<u>Net Position</u>		
Net investment in capital assets	16,110,555	16,385,337
Restricted	727,718	827,475
Unrestricted	<u>(24,885,402)</u>	<u>(26,651,484)</u>
Total net position	<u>\$ (8,047,129)</u>	<u>\$ (9,438,672)</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, 2015

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.

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$18,497,403 to (\$9,438,672).

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2015, the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$8,047,129. Of this total, \$727,718 is restricted in use.

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

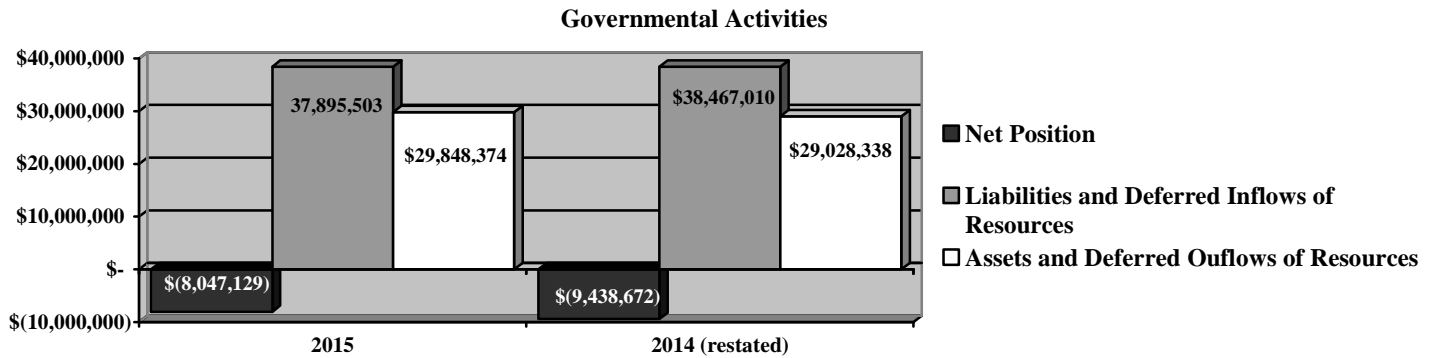
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

At year-end, capital assets represented 63.08% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. The District's net investment in capital assets at June 30, 2015 was \$16,110,555. 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, \$727,718, 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 \$24,885,402.

Current and other assets increased \$1,390,907, 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, 2015 and 2014. The amounts at June 30, 2014 have been restated as described in Note 3.A.



The table below shows the change in net position for fiscal years 2015 and 2014. The net position at June 30, 2014 has been restated as described in Note 3.A.

	Changes in Net Position	
	Governmental Activities 2015	Restated Governmental Activities 2014
Revenues		
Program revenues:		
Charges for services and sales	\$ 1,653,403	\$ 1,595,534
Operating grants and contributions	3,867,625	3,804,840
General revenues:		
Property taxes	3,834,361	3,201,532
Payment in lieu of taxes	10,000	5,000
Grants and entitlements	14,265,536	12,866,344
Investment earnings	12,833	12,061
Other	40,854	46,931
Total revenues	23,684,612	21,532,242

- (Continued)

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Expenses</u>	Governmental Activities 2015	Restated Governmental Activities 2014
Program expenses:		
Instruction:		
Regular	10,435,005	10,532,274
Special	3,464,934	3,528,232
Vocational	106,759	92,232
Other	72,649	-
Support services:		
Pupil	965,698	996,692
Instructional staff	596,899	481,955
Board of education	67,365	53,282
Administration	1,366,206	1,325,264
Fiscal	398,256	401,098
Business	38,985	39,876
Operations and maintenance	2,253,572	2,248,509
Pupil transportation	757,795	735,351
Central	47,822	11,004
Operation of non-instructional services:		
Food service operations	903,160	812,861
Other non-instructional services	65,124	54,486
Extracurricular activities	575,532	596,314
Interest and fiscal charges	177,308	190,414
Total expenses	<u>22,293,069</u>	<u>22,099,844</u>
Change in net position	1,391,543	(567,602)
Net position at beginning of year (restated)	<u>(9,438,672)</u>	N/A
Net position at end of year	<u>\$ (8,047,129)</u>	<u>\$ (9,438,672)</u>

Governmental Activities

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$1,455,527 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$1,041,624.

Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$ 22,293,069
Pension expense under GASB 68	(1,041,624)
2015 contractually required contributions	<u>1,551,626</u>
Adjusted 2015 program expenses	22,803,071
Total 2014 program expenses under GASB 27	<u>22,099,844</u>
Increase in program expenses not related to pension	<u>\$ 703,227</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

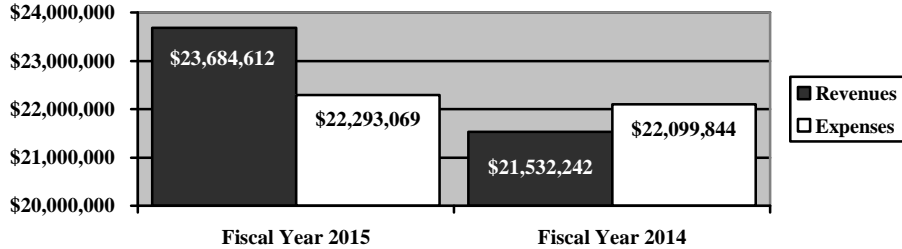
Net position of the District's governmental activities increased \$1,391,543 from net position at June 30, 2014. Total governmental expenses of \$22,293,069 were offset by program revenues of \$5,521,028 and general revenues of \$18,163,584. Program revenues supported 24.77% of total governmental activities' expenses.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These revenue sources represent 76.42% of total governmental revenue. Earnings on investments increased from 2014 due to a net increase in the fair market value of the investments held by the District as of June 30, 2015. The increase in property taxes revenue is mainly the result of variances in the amount of taxes available as an advance to the District at year-end as well as increases in property values resulting in higher collections. 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 2015 increased \$193,225. 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 2015, instruction expenses totaled \$14,079,347, or 63.16% of total governmental activities' expenses.

The graph below presents the District's governmental activities revenues and expenses for fiscal year 2015 and 2014.

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, 2015**

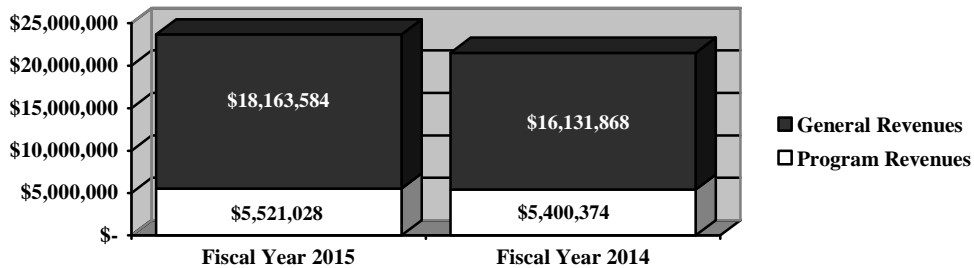
Governmental Activities

	Total Cost of Services 2015	Net Cost of Services 2015	Total Cost of Services 2014	Net Cost of Services 2014
<u>Program expenses</u>				
Instruction:				
Regular	\$ 10,435,005	\$ 8,873,556	\$ 10,532,274	\$ 9,024,886
Special	3,464,934	930,819	3,528,232	954,732
Vocational	106,759	57,437	92,232	46,474
Other	72,649	72,649	-	-
Support services:				
Pupil	965,698	928,552	996,692	959,720
Instructional staff	596,899	480,316	481,955	462,815
Board of education	67,365	67,365	53,282	53,282
Administration	1,366,206	1,284,811	1,325,264	1,236,020
Fiscal	398,256	398,256	401,098	401,098
Business	38,985	38,985	39,876	39,876
Operations and maintenance	2,253,572	2,238,584	2,248,509	2,237,085
Pupil transportation	757,795	723,432	735,351	706,964
Central	47,822	28,813	11,004	9,960
Operation of non-instructional services:				
Food service operations	903,160	39,727	812,861	(61,940)
Other non-instructional services	65,124	21,809	54,486	9,505
Extracurricular activities	575,532	409,622	596,314	428,579
Interest and fiscal charges	177,308	177,308	190,414	190,414
Total expenses	<u>\$ 22,293,069</u>	<u>\$ 16,772,041</u>	<u>\$ 22,099,844</u>	<u>\$ 16,699,470</u>

The dependence upon tax and other general revenues for governmental activities is apparent, as 70.56% of instruction activities are supported through taxes, grants and entitlements and other general revenues. For all governmental activities, general revenue support is 75.23%. 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 2015 and 2014.

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, 2015

The District's Funds

The District's governmental funds reported a combined fund balance of \$4,765,360, which is 41.29% higher than fund balances at June 30, 2014, which totaled \$3,372,862. The schedule below indicates the fund balances as of June 30, 2015 and June 30, 2014 and the net changes during fiscal year 2015.

<u>Fund</u>	<u>Fund Balance June 30, 2015</u>	<u>Fund Balance June 30, 2014</u>	<u>Increase (Decrease)</u>
General	\$ 3,554,699	\$ 2,040,408	\$ 1,514,291
Nonmajor governmental	<u>1,210,661</u>	<u>1,332,454</u>	<u>(121,793)</u>
Total	<u>\$ 4,765,360</u>	<u>\$ 3,372,862</u>	<u>\$ 1,392,498</u>

General Fund

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

	<u>2015 Amount</u>	<u>2014 Amount</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<u>Revenues</u>				
Taxes	\$ 3,457,244	\$ 2,884,482	\$ 572,762	19.86 %
Payment in lieu of taxes	10,000	5,000	5,000	100.00 %
Tuition	1,230,032	1,215,109	14,923	1.23 %
Earnings on investments	12,633	10,906	1,727	15.84 %
Intergovernmental	15,717,644	14,321,556	1,396,088	9.75 %
Other revenues	<u>148,647</u>	<u>146,001</u>	<u>2,646</u>	1.81 %
Total	<u>\$ 20,576,200</u>	<u>\$ 18,583,054</u>	<u>\$ 1,993,146</u>	10.73 %
<u>Expenditures</u>				
Instruction	\$ 12,406,345	\$ 12,137,942	\$ 268,403	2.21 %
Support services	6,155,460	5,936,511	218,949	3.69 %
Non-instructional services	19,567	-	19,567	100.00 %
Extracurricular activities	432,514	432,030	484	0.11 %
Debt service	<u>48,023</u>	<u>48,024</u>	<u>(1)</u>	(0.00) %
Total	<u>\$ 19,061,909</u>	<u>\$ 18,554,507</u>	<u>\$ 507,402</u>	2.73 %

In total, general fund revenues increased 10.73% over the prior fiscal year. Earnings on investments increased 15.84% from 2014 due to a net increase in the fair market value of the investments held by the District as of June 30, 2015. The increase in property taxes revenue is mainly the result of variances in the amount of taxes available as an advance to the District at year-end as well as increases in property tax values resulting in higher collections. 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

General fund expenditures increased by 2.73%. 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.

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 2015, both original and final budgeted revenues and other financing sources were \$18,506,398. Actual revenues and other financing sources of \$20,528,013 were \$2,021,615 higher than budgeted revenues and other financing sources. Most of this variance is based on greater than anticipated intergovernmental revenues during the year.

General fund final appropriations (appropriated expenditures plus other financing uses) were \$20,190,944, representing a budget increase of \$1,000,000 over original budgeted expenditures and other financing uses of \$19,190,944. The actual budget basis expenditures and other financing uses for fiscal year 2015 totaled \$19,137,614 and were \$1,053,330 less than final budgeted appropriations as savings were realized in instructional expenditures.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2015, the District had \$17,702,489 invested in land, 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 2015 balances compared to 2014:

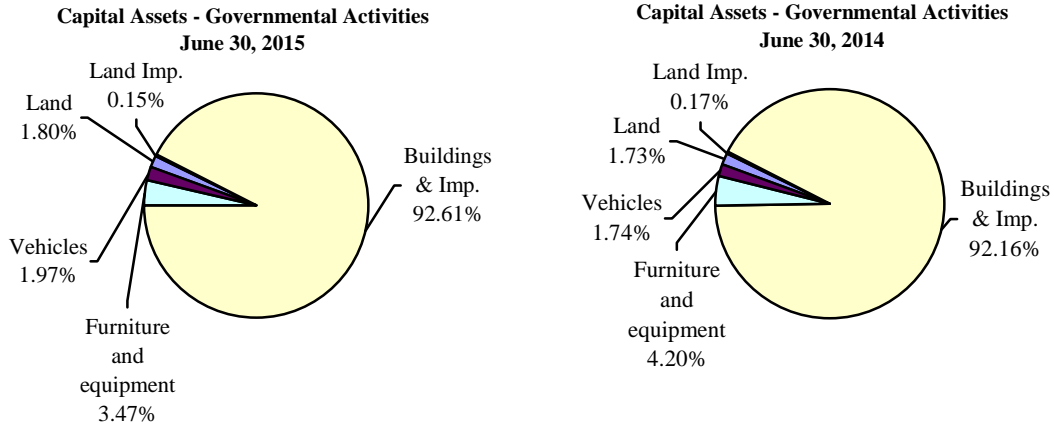
	Capital Assets at June 30	
	(Net of Depreciation)	
	Governmental Activities	
	2015	2014
Land	\$ 318,293	\$ 318,293
Land improvements	26,482	30,468
Building and improvements	16,395,881	16,960,668
Furniture and equipment	613,852	773,232
Vehicles	347,981	320,100
Total	<u>\$ 17,702,489</u>	<u>\$ 18,402,761</u>

The District's capital assets, net of accumulated depreciation, decreased by \$700,272 due to depreciation expense of \$984,008 and disposals with a net book value of \$6,300 exceeding total capital outlays during fiscal year 2015 of \$290,036.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

The graphs below present the District's capital assets, net of accumulated depreciation, at the end of fiscal year 2015 compared to 2014.



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

Debt Administration

At June 30, 2015 the District had \$2,194,371 in general obligation bonds (the issue is comprised of current interest bonds and capital appreciation bonds) and \$116,511 in capital lease obligations outstanding. Of this total, \$436,172 is due within one year and \$1,874,710 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 2015	Governmental Activities 2014
Current interest bonds	\$ 1,195,000	\$ 1,565,000
Capital appreciation bonds (including accreted interest)	999,371	852,592
Capital lease obligations	<u>116,511</u>	<u>154,907</u>
Total	<u>\$ 2,310,882</u>	<u>\$ 2,572,499</u>

At June 30, 2015 the District's overall legal debt margin was \$13,175,218 (including available funds of \$515,152) and an unvoted debt margin of \$156,218.

See Note 11 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, 2015**

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 \$4,628,218 at June 30, 2015 which is \$1,475,509 more than the previous year.

The state biennial budget, which covers fiscal years 2014 and 2015, once again changed the funding formula for school districts. Instead of the BRIDGE form calculation, which was in effect through June 30, 2013, District funding is now based on House Bill 59, which was passed in June 2013.

The new school funding formula uses 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. There is no longer a local property tax valuation charge-off as was the case in prior years. The per-pupil amounts are \$5,745 for fiscal year 2014 and \$5,800 for fiscal year 2015. The State Share Index for Claymont is .7863 ($5,745 \times .7863 \times \text{ADM} = \text{Opportunity Aid for fiscal year 2014}$ and $5,800 \times .7863 \times \text{ADM} = \text{Opportunity Aid for fiscal year 2015}$) and will not change during the biennium; however, the number of students (ADM) can fluctuate and will be based on each fiscal year's ADM.

In addition to Opportunity Aid, there are 8 other components that comprise the new formula funding which are:

- Targeted Assistance
- Special Education (funds are restricted as to use)
- Limited English Proficiency
- Economically Disadvantaged Aid (funds must be spent on _ specific categories)
- K- Literacy
- Gifted Identification and Units
- Career-Tech Additional Funding
- Transportation

While the overall funding calculation is driven by the aforementioned triggers, in fiscal year 2015 the District cannot receive increases over fiscal year 2014 in excess of 10.5%. This cap is known as a Gain Cap. Therefore, based on the Gain Cap in place, the District will receive \$827,198 less in fiscal year 2015 than the state has calculated the District to be entitled to.

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. 3rd Street, Dennison, Ohio 44621-1278.

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

STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities
Assets:	
Equity in pooled cash and investments.	\$ 6,086,807
Receivables:	
Property taxes	4,140,235
Accounts	1,690
Accrued interest	1,511
Intergovernmental	107,232
Prepayments	11,949
Materials and supplies inventory.	2,598
Inventory held for resale.	8,839
Capital assets:	
Nondepreciable capital assets	318,293
Depreciable capital assets, net.	17,384,196
Capital assets, net	17,702,489
Total assets.	<u>28,063,350</u>
Deferred outflows of resources:	
Pension - STRS	1,427,640
Pension - SERS	357,384
Total deferred outflows of resources	<u>1,785,024</u>
Liabilities:	
Accounts payable.	53,693
Accrued wages and benefits payable	1,458,091
Intergovernmental payable	78,804
Pension and postemployment benefits payable.	309,653
Accrued interest payable	3,077
Long-term liabilities:	
Due within one year.	614,859
Due in more than one year:	
Net pension liability (See Note 14)	24,731,203
Other amounts due in more than one year	3,062,390
Total liabilities	<u>30,311,770</u>
Deferred inflows of resources:	
Property taxes levied for the next fiscal year.	3,070,040
Unamortized deferred charges on debt refunding	33,799
Pension - STRS.	3,797,306
Pension - SERS.	682,588
Total deferred inflows of resources	<u>7,583,733</u>
Net position:	
Net investment in capital assets	16,110,555
Restricted for:	
Capital projects	5,797
Classroom facilities maintenance	370,687
Locally funded programs	15,964
State funded programs.	3,979
Student activities	91,040
Other purposes	240,251
Unrestricted (deficit)	(24,885,402)
Total net position (deficit)	<u>\$ (8,047,129)</u>

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, 2015

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 10,435,005	\$ 1,259,125	\$ 302,324	\$ (8,873,556)
Special	3,464,934	18,669	2,515,446	(930,819)
Vocational	106,759	-	49,322	(57,437)
Other	72,649	-	-	(72,649)
Support services:				
Pupil.	965,698	-	37,146	(928,552)
Instructional staff	596,899	-	116,583	(480,316)
Board of education	67,365	-	-	(67,365)
Administration.	1,366,206	-	81,395	(1,284,811)
Fiscal.	398,256	-	-	(398,256)
Business.	38,985	-	-	(38,985)
Operations and maintenance	2,253,572	14,988	-	(2,238,584)
Pupil transportation.	757,795	-	34,363	(723,432)
Central	47,822	-	19,009	(28,813)
Operation of non-instructional services:				
Food service operations	903,160	194,711	668,722	(39,727)
Other non-instructional services	65,124	-	43,315	(21,809)
Extracurricular activities.	575,532	165,910	-	(409,622)
Interest and fiscal charges	177,308	-	-	(177,308)
Total governmental activities	\$ 22,293,069	\$ 1,653,403	\$ 3,867,625	(16,772,041)
General revenues:				
Property taxes levied for:				
General purposes				3,401,257
Debt service.				374,803
Classroom facilities maintenance.				58,301
Payments in lieu of taxes.				10,000
Grants and entitlements not restricted to specific programs				14,265,536
Investment earnings				12,833
Miscellaneous				40,854
Total general revenues				18,163,584
Change in net position				1,391,543
Net position (deficit) at beginning of year (restated).				(9,438,672)
Net position (deficit) at end of year.				\$ (8,047,129)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and investments.	\$ 4,812,515	\$ 1,274,292	\$ 6,086,807
Receivables:			
Property taxes.	3,664,711	475,524	4,140,235
Accounts	1,082	608	1,690
Accrued interest	1,511	-	1,511
Interfund loans	2,000	-	2,000
Intergovernmental.	2,213	105,019	107,232
Prepayments.	11,949	-	11,949
Materials and supplies inventory.	-	2,598	2,598
Inventory held for resale.	-	8,839	8,839
Loans to other funds.	10,521	-	10,521
Total assets	<u>\$ 8,506,502</u>	<u>\$ 1,866,880</u>	<u>\$ 10,373,382</u>
Liabilities:			
Accounts payable	\$ 39,698	\$ 13,995	\$ 53,693
Accrued wages and benefits payable	1,291,835	166,256	1,458,091
Compensated absences payable	57,420	-	57,420
Intergovernmental payable	70,847	7,957	78,804
Pension and postemployment benefits payable.	280,706	28,947	309,653
Interfund loans payable.	-	2,000	2,000
Loans from other funds.	-	10,521	10,521
Total liabilities.	<u>1,740,506</u>	<u>229,676</u>	<u>1,970,182</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	2,714,431	355,609	3,070,040
Delinquent property tax revenue not available.	495,511	61,724	557,235
Intergovernmental revenue not available.	-	9,210	9,210
Accrued interest not available.	1,355	-	1,355
Total deferred inflows of resources	<u>3,211,297</u>	<u>426,543</u>	<u>3,637,840</u>
Fund balances:			
Nonspendable:			
Materials and supplies inventory.	-	2,598	2,598
Prepays.	11,949	-	11,949
Long-term loans.	10,521	-	10,521
Restricted:			
Debt service	-	515,152	515,152
Capital improvements	-	5,797	5,797
Classroom facilities maintenance	-	362,223	362,223
Food service operations	-	257,848	257,848
Non-public schools	-	1,822	1,822
Targeted academic assistance	-	2,548	2,548
Other purposes.	-	23,778	23,778
Extracurricular activities.	-	91,040	91,040
Assigned:			
Student instruction	19,528	-	19,528
Student and staff support.	141,615	-	141,615
School supplies.	8,237	-	8,237
Unassigned (deficit)	<u>3,362,849</u>	<u>(52,145)</u>	<u>3,310,704</u>
Total fund balances	<u>3,554,699</u>	<u>1,210,661</u>	<u>4,765,360</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 8,506,502</u>	<u>\$ 1,866,880</u>	<u>\$ 10,373,382</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, 2015

Total governmental fund balances		\$ 4,765,360
<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.		17,702,489
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 557,235	
Accrued interest receivable	1,355	
Intergovernmental receivable	9,210	
Total		567,800
Unamortized premiums on bonds issued are not recognized in the funds.		(42,036)
Unamortized amounts on refundings are not recognized in the funds.		(33,799)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(3,077)
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	1,785,024	
Deferred inflows of resources - pension	(4,479,894)	
Net pension liability	(24,731,203)	
Total		(27,426,073)
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	(2,194,371)	
Capital lease obligations	(116,511)	
Compensated absences	(1,266,911)	
Total		(3,577,793)
Net position of governmental activities		\$ (8,047,129)

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, 2015

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Property taxes	\$ 3,457,244	\$ 440,660	\$ 3,897,904
Payment in lieu of taxes	10,000	-	10,000
Tuition	1,230,032	-	1,230,032
Transportation fees	50	-	50
Earnings on investments	12,633	142	12,775
Charges for services	-	194,711	194,711
Extracurricular	48,358	101,302	149,660
Classroom materials and fees	47,712	-	47,712
Rental income	11,673	3,315	14,988
Contributions and donations	16,665	66,725	83,390
Other local revenues	24,189	20,859	45,048
Intergovernmental - state	15,680,550	324,871	16,005,421
Intergovernmental - federal	37,094	2,010,041	2,047,135
Total revenues	<u>20,576,200</u>	<u>3,162,626</u>	<u>23,738,826</u>
Expenditures:			
Current:			
Instruction:			
Regular	9,759,172	281,311	10,040,483
Special	2,485,635	1,044,682	3,530,317
Vocational	88,889	-	88,889
Other	72,649	-	72,649
Support services:			
Pupil	961,307	37,146	998,453
Instructional staff	461,079	117,420	578,499
Board of education	67,575	-	67,575
Administration	1,291,301	87,914	1,379,215
Fiscal	391,038	10,709	401,747
Business	17,599	-	17,599
Operations and maintenance	2,144,933	260,171	2,405,104
Pupil transportation	786,314	-	786,314
Central	34,314	-	34,314
Operation of non-instructional services:			
Food service operations	11,987	832,260	844,247
Other operation of non-instructional	7,580	81,766	89,346
Extracurricular activities	432,514	120,354	552,868
Debt service:			
Principal retirement	38,396	370,000	408,396
Interest and fiscal charges	9,627	39,707	49,334
Bond issuance costs	-	20,482	20,482
Total expenditures	<u>19,061,909</u>	<u>3,303,922</u>	<u>22,365,831</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,514,291</u>	<u>(141,296)</u>	<u>1,372,995</u>
Other financing sources (uses):			
Premium on sale of bonds	-	44,220	44,220
Sale of bonds	-	1,195,000	1,195,000
Payment to bond escrow agent	-	(1,218,738)	(1,218,738)
Total other financing sources (uses)	<u>-</u>	<u>20,482</u>	<u>20,482</u>
Net change in fund balances	1,514,291	(120,814)	1,393,477
Fund balances at beginning of year	2,040,408	1,332,454	3,372,862
(Decrease) in reserve for inventory	-	(979)	(979)
Fund balances at end of year	<u>\$ 3,554,699</u>	<u>\$ 1,210,661</u>	<u>\$ 4,765,360</u>

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, 2015

Net change in fund balances - total governmental funds \$ 1,393,477

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

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

Capital asset additions	\$ 290,036	
Current year depreciation	(984,008)	
Total	(693,972)	(693,972)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position. (6,300)

Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed. (979)

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

Property taxes	(63,543)	
Earnings on investments	200	
Intergovernmental	9,129	
Total	(54,214)	(54,214)

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	370,000	
Capital leases	38,396	
Total	408,396	408,396

The issuance of bonds 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. (1,195,000)

Payment to refunded bond escrow agent for the retirement of bonds is an other financing use in the governmental funds but the payment reduces long-term liabilities on the statement of net position. 1,218,738

Premiums on bonds are amortized over the life of the issuance in the statement of activities. (44,220)

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	1,711	
Accreted interest on capital appreciation bonds	(146,779)	
Amortization of bond premiums	28,523	
Amortization of deferred charges	9,053	
Total	(107,492)	(107,492)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows. 1,551,626

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (1,041,624)

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. (36,893)

Change in net position of governmental activities \$ 1,391,543

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Property taxes	\$ 3,123,298	\$ 3,123,298	\$ 3,322,898	\$ 199,600
Payment in lieu of taxes	-	-	10,000	10,000
Tuition	1,095,000	1,095,000	1,230,032	135,032
Transportation fees	-	-	50	50
Earnings on investments	7,000	7,000	11,610	4,610
Classroom materials and fees	36,500	36,500	45,907	9,407
Rental income	4,000	4,000	11,673	7,673
Contributions and donations	6,000	6,000	2,981	(3,019)
Other local revenues	6,600	6,600	12,927	6,327
Intergovernmental - state	14,160,000	14,160,000	15,684,255	1,524,255
Intergovernmental - federal	52,000	52,000	39,746	(12,254)
Total revenues	18,490,398	18,490,398	20,372,079	1,881,681
Expenditures:				
Current:				
Instruction:				
Regular	10,103,665	11,128,584	9,934,792	1,193,792
Special	2,440,261	2,440,261	2,477,220	(36,959)
Vocational	86,715	54,160	88,440	(34,280)
Other	-	-	72,649	(72,649)
Support services:				
Pupil	1,026,895	1,026,895	960,000	66,895
Instructional staff	454,033	450,891	457,379	(6,488)
Board of education	46,984	46,983	75,732	(28,749)
Administration	1,250,304	1,261,082	1,265,327	(4,245)
Fiscal	401,944	401,944	388,777	13,167
Business	15,799	15,799	17,843	(2,044)
Operations and maintenance	2,172,552	2,172,553	2,221,533	(48,980)
Pupil transportation	811,161	811,161	767,153	44,008
Central	-	-	33,456	(33,456)
Operation of non-instructional services	-	-	7,566	(7,566)
Extracurricular activities	370,131	370,131	367,267	2,864
Total expenditures	19,180,444	20,180,444	19,135,134	1,045,310
Excess (deficiency) of revenues over (under) expenditures	(690,046)	(1,690,046)	1,236,945	2,926,991
Other financing sources (uses):				
Refund of prior year's expenditures	6,000	6,000	78,530	72,530
Refund of prior year's receipts	(500)	(500)	(480)	20
Advances in	10,000	10,000	70,986	60,986
Advances (out)	(10,000)	(10,000)	(2,000)	8,000
Sale of capital assets	-	-	6,418	6,418
Total other financing sources (uses)	5,500	5,500	153,454	147,954
Net change in fund balance	(684,546)	(1,684,546)	1,390,399	3,074,945
Fund balance at beginning of year	3,152,709	3,152,709	3,152,709	-
Prior year encumbrances appropriated	85,110	85,110	85,110	-
Fund balance at end of year	\$ 2,553,273	\$ 1,553,273	\$ 4,628,218	\$ 3,074,945

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Current assets:		
Equity in pooled cash and investments.	\$ 14,314	\$ 33,604
Total assets.	<u>14,314</u>	<u>\$ 33,604</u>
Liabilities:		
Intergovernmental payable	-	\$ 29
Due to students.	-	33,575
Total liabilities	<u>-</u>	<u>\$ 33,604</u>
Net position:		
Held in trust for scholarships	<u>14,314</u>	
Total net position.	<u>\$ 14,314</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, 2015

	Private Purpose Trust
	Scholarship
Additions:	
Gifts and contributions	\$ 4,840
Deductions:	
Scholarships awarded	750
Change in net position	4,090
Net position at beginning of year	10,224
Net position at end of year	\$ 14,314

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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 91 classified employees, 161 certified teaching personnel and 15 administrators, who provide services to approximately 2,250 students. The District operates one preschool, three elementary schools, a 5th - 6th grade intermediate school, a 7th - 8th grade junior high, one 9th - 12th 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, 2015

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 2015, 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 23 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 47 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 2015, the District paid \$67,556 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, 2015

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 2014, 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 38th 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 2015, no monies were paid to the Library by the District. Financial information can be obtained from the Claymont Public Library, 215 E. 3rd 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, 2015

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 fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The District's agency fund accounts for student activity.

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, 2015

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, 2015

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, deferred outflows of resources have been reported for the following two items related the District's net pension liability: (1) the difference between expected and actual experience of the pension systems, and (2) the District's contributions to the pension systems subsequent to the measurement date.

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, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

Deferred inflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The District also reports a deferred inflow of resources for the net difference between projected and actual earnings on pension plan investments related to the District's net pension liability. These deferred inflows of resources are only reported on the government-wide statement of net position.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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.

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 2015.

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 2015.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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 2015, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), U.S. government money market mutual funds, 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, 2015. 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 2015 amounted to \$12,633, which includes \$3,084 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, 2015

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 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, 2015

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, 2015, 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 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 Issuance Costs, Bond Premiums and Discounts, Accounting Gain or Loss

On both the government-wide financial statements and the fund financial statements, bond 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 11.A.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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.

S. Parochial and Private Schools

Within the District boundaries, the Immaculate Conception School and Rush Christian School are operated through the Columbus Catholic Diocese. Current State legislation provides funding to these parochial schools. 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 2015.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Net Position

For fiscal year 2015, the District has implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27", GASB Statement No. 69 "Government Combinations and Disposals of Government Operations", and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68".

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the District.

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 affected the District's pension plan disclosures, as presented in Note 14 to the financial statements, and added required supplementary information which is presented on pages 62-68.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

A net position restatement is required in order to implement GASB Statement No 68 and 71. The governmental activities at July 1, 2014 have been restated as follows:

	Governmental Activities
Net position as previously reported	\$ 18,497,403
Deferred outflows - payments subsequent to measurement date	1,455,527
Net pension liability	(29,391,602)
Restated net position at July 1, 2014	\$ (9,438,672)

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

B. Deficit Fund Balances

Fund balances at June 30, 2015 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Management information systems	\$ 1,785
Public school preschool	6,470
Miscellaneous state grants	6,736
WIA	2,000
IDEA Part - B	34,361
Title I - disadvantaged children	793

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described 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.

**CLAYMONT CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Cash on Hand

At fiscal year end, the District had \$2,000 in undeposited cash on hand which is included on the financial statements of the District as part of “equity in pooled cash and investments”.

B. Deposits with Financial Institutions

At June 30, 2015, the carrying amount of all District deposits was \$2,668,198. Based on the criteria described in GASB Statement No. 40, “*Deposits and Investment Risk Disclosures*”, as of June 30, 2015, \$273,530 of the District’s bank balance of \$2,779,229 was exposed to custodial risk as discussed below, while \$2,505,699 was covered by the FDIC.

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

C. Investments

As of June 30, 2015, 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	\$ 159,836	\$ 60,050	\$ 50,063	\$ -	\$ -	\$ 49,723
FHLMC	159,928	-	-	49,841	-	110,087
FNMA	179,926	54,990	-	-	-	124,936
U.S. Government money market	7,329	7,329	-	-	-	-
STAR Ohio	2,352,654	2,352,654	-	-	-	-
Negotiable CD's	<u>604,854</u>	<u>604,854</u>	-	-	-	-
Total	<u>\$ 3,464,527</u>	<u>\$ 3,079,877</u>	<u>\$ 50,063</u>	<u>\$ 49,841</u>	<u>\$ -</u>	<u>\$ 284,746</u>

The weighted average maturity of investments is 0.33 years.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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.

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.

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, 2015:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLB	\$ 159,836	4.61
FHLMC	159,928	4.62
FNMA	179,926	5.19
U.S. Government		
money market	7,329	0.21
STAR Ohio	2,352,654	67.91
Negotiable CD's	604,854	17.46
Total	<u>\$ 3,464,527</u>	<u>100.00</u>

D. 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, 2015:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 2,668,198
Investments	3,464,527
Cash on hand	2,000
Total	<u>\$ 6,134,725</u>
<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 6,086,807
Private-purpose trust fund	14,314
Agency fund	33,604
Total	<u>\$ 6,134,725</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2015, as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

Receivable fund	Payable fund	Amount
General fund	Nonmajor governmental funds	\$ 2,000

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

Interfund balances between governmental funds are eliminated on the statement of net position.

- B. Interfund balances at June 30, 2015, as reported on the fund financial statements, consist of the following loans to/from other funds.

Receivable fund	Payable fund	Amount
General fund	Nonmajor governmental fund	\$ 10,521

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, 2015 are reported on the statement of net position.

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the District 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 2015 represent the collection of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed values as of January 1, 2014, 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 2015 represent the collection of calendar year 2014 taxes. Public utility real and personal property taxes received in calendar year 2015 became a lien on December 31, 2013, were levied after April 1, 2014, 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 6 - PROPERTY TAXES - (Continued)

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, 2015, are available to finance fiscal year 2015 operations. The amount available as an 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). This amount is recorded as revenue. The amount available for advance at June 30, 2014 was \$320,423 in the general fund, \$35,918 in the bond retirement fund (a nonmajor governmental fund) and \$5,490 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, 2015 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.

The assessed values upon which the fiscal year 2015 taxes were collected are:

	2014 Second Half Collections		2015 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 142,051,760	91.98	\$ 142,085,980	90.95
Public utility personal	<u>12,382,960</u>	<u>8.02</u>	<u>14,132,400</u>	<u>9.05</u>
Total	<u>\$ 154,434,720</u>	<u>100.00</u>	<u>\$ 156,218,380</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 30.70		\$ 30.70	

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 Career Center 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 2015. On the governmental fund financial statements, payment in lieu of taxes totaled \$10,000 in the general fund during fiscal year 2015.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 8 - RECEIVABLES

Receivables at June 30, 2015 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:

Governmental activities:

Property taxes	\$ 4,140,235
Accounts	1,690
Accrued interest	1,511
Intergovernmental	<u>107,232</u>
Total	<u>\$ 4,250,668</u>

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

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance at 6/30/14	Additions	Deductions	Balance at 6/30/15
<i>Capital assets, not being depreciated:</i>				
Land	\$ 318,293	\$ -	\$ -	\$ 318,293
Total capital assets, not being depreciated	<u>318,293</u>	<u>-</u>	<u>-</u>	<u>318,293</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	438,210	-	-	438,210
Buildings and improvements	30,603,641	167,054	-	30,770,695
Furniture and equipment	4,198,125	32,560	-	4,230,685
Vehicles	<u>1,335,849</u>	<u>90,422</u>	<u>(54,344)</u>	<u>1,371,927</u>
Total capital assets, being depreciated	<u>36,575,825</u>	<u>290,036</u>	<u>(54,344)</u>	<u>36,811,517</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(407,742)	(3,986)	-	(411,728)
Buildings and improvements	(13,642,973)	(731,841)	-	(14,374,814)
Furniture and equipment	(3,424,893)	(191,940)	-	(3,616,833)
Vehicles	<u>(1,015,749)</u>	<u>(56,241)</u>	<u>48,044</u>	<u>(1,023,946)</u>
Total accumulated depreciation	<u>(18,491,357)</u>	<u>(984,008)</u>	<u>48,044</u>	<u>(19,427,321)</u>
Governmental activities capital assets, net	<u>\$ 18,402,761</u>	<u>\$ (693,972)</u>	<u>\$ (6,300)</u>	<u>\$ 17,702,489</u>

**CLAYMONT CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 649,668
Special	41,582
Vocational	18,958
<u>Support services:</u>	
Pupil	7,327
Instructional staff	33,544
Administration	8,781
Business	21,507
Operations and maintenance	60,454
Pupil transportation	59,398
Central	6,757
Extracurricular activities	35,866
Operation of non-instructional services:	1,416
Food service operations	<u>38,750</u>
Total depreciation expense	<u>\$ 984,008</u>

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, 2015 was \$94,082, leaving a current book value of \$107,522. A corresponding liability was recorded in the government-wide financial statements. Principal payments in fiscal year 2015 totaled \$38,396 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, 2015:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 48,024
2017	48,023
2018	<u>32,015</u>
Total minimum lease payments	128,062
Less: amount representing interest	<u>(11,551)</u>
Total	<u>\$ 116,511</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 11 - LONG-TERM OBLIGATIONS

- A. The District's long-term obligations activity during fiscal year 2015 consisted of the following. The long-term obligations at June 30, 2014 have been restated as described in Note 3.A.

	Restated Balance Outstanding 6/30/14	Additions	Reductions	Balance Outstanding 6/30/15	Amounts Due in One Year
Capital lease obligation	\$ 154,907	\$ -	\$ (38,396)	\$ 116,511	\$ 41,172
General obligation refunding bonds	2,417,592	1,341,779	(1,565,000)	2,194,371	395,000
Net pension liability	29,391,602	-	(4,660,399)	24,731,203	-
Compensated absences	<u>1,368,648</u>	<u>215,822</u>	<u>(260,139)</u>	<u>1,324,331</u>	<u>178,687</u>
Total governmental activities	<u>\$ 33,332,749</u>	<u>\$ 1,557,601</u>	<u>\$ (6,523,934)</u>	28,366,416	<u>\$ 614,859</u>
Add: unamortized premium				<u>42,036</u>	
Total on statement of net position				<u>\$ 28,408,452</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 12 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.

- 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; see note 11.C. 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 \$794,783 in accreted interest on the capital appreciation bonds has been included in the statement of net position at June 30, 2015.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

- C. 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, 2015, \$1,195,000 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. 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 from 3.60% to 4.15% with a final stated maturity on December 1, 2021.

The following is a schedule of activity for fiscal year 2015 of the District's general obligation refunding bonds:

	Balance 6/30/14	Additions	Reductions	Balance 6/30/15
Current interest bonds 2006	\$ 1,565,000	\$ -	\$ (1,565,000)	\$ -
Current interest bonds 2015	-	1,195,000	-	1,195,000
Capital appreciation bonds	204,588	-	-	204,588
Accreted interest on capital appreciation bonds	648,004	146,779	-	794,783
Total general obligation refunding bonds	\$ 2,417,592	\$ 1,341,779	\$ (1,565,000)	\$ 2,194,371

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
2016	\$ 395,000	\$ 32,419	\$ 427,419	\$ -	\$ -	\$ -
2017	-	26,000	26,000	63,800	331,000	394,800
2018	-	26,000	26,000	54,372	340,628	395,000
2019	-	26,000	26,000	46,924	353,076	400,000
2020 - 2022	800,000	52,326	852,326	39,492	355,508	395,000
Total	\$ 1,195,000	\$ 162,745	\$ 1,357,745	\$ 204,588	\$ 1,380,212	\$ 1,584,800

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 11 - 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, 2015, are a voted debt margin of \$13,175,218 (including available funds of \$515,152) and an unvoted debt margin of \$156,218.

NOTE 12 - 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 20 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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**CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 13 - 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 2015, 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)	\$94,897,456
Blanket Computer Coverage (\$500 deductible)	3,006,731
Audio/Visual Equipment Coverage (\$500 deductible)	1,083,325
Musical Instruments (\$500 deductible)	245,905
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 Harleysville Insurance Company.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 13 - 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 Super Med. 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 2015, the District paid \$1,409.63 for certified and \$1,434.63 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 2015, the monthly premium for dental coverage was \$194.66 for family coverage and \$78.91 for individual coverage. During fiscal year 2015, the premium for vision coverage was \$41.34 for family coverage and \$16.65 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 14 - 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
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 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 on or 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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$321,589 for fiscal year 2015. Of this amount \$29,733 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.

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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, 2015, plan members were required to contribute 12 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 2015 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$1,230,037 for fiscal year 2015. Of this amount, \$205,400 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, 2014, 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	\$ 4,205,644	\$ 20,525,559	\$ 24,731,203
Proportion of the net pension liability	0.08310000%	0.08438585%	
Pension expense	\$ 245,427	\$ 796,197	\$ 1,041,624

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 35,795	\$ 197,603	\$ 233,398
District contributions subsequent to the measurement date	<u>321,589</u>	<u>1,230,037</u>	<u>1,551,626</u>
Total deferred outflows of resources	<u>\$ 357,384</u>	<u>\$ 1,427,640</u>	<u>\$ 1,785,024</u>
Deferred inflows of resources			
Net difference between projected and actual earnings on pension plan investments	<u>\$ 682,588</u>	<u>\$ 3,797,306</u>	<u>\$ 4,479,894</u>
Total deferred inflows of resources	<u>\$ 682,588</u>	<u>\$ 3,797,306</u>	<u>\$ 4,479,894</u>

\$1,551,626 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:			
2016	\$ (161,698)	\$ (899,926)	\$ (1,061,624)
2017	(161,698)	(899,926)	(1,061,624)
2018	(161,698)	(899,926)	(1,061,624)
2019	<u>(161,699)</u>	<u>(899,925)</u>	<u>(1,061,624)</u>
Total	<u>\$ (646,793)</u>	<u>\$ (3,599,703)</u>	<u>\$ (4,246,496)</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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 14 - 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, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 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, 2015

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 6,000,204	\$ 4,205,644	\$ 2,696,264

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2014, 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, 2014, 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	1.00	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, 2014. 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, 2014. 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, 2014.

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	\$ 29,384,576	\$ 20,525,559	\$ 13,033,812

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 15 - 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 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, the 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 2015, 0.82 percent of covered payroll 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 2015, this amount was \$20,450. 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 2015, the District's surcharge obligation was \$43,085.

The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$62,417, \$43,622, and \$38,921, respectively. For fiscal year 2015, 91.30 percent has been contributed, with the balance being reported as pension and postemployment benefits payable. The full amount has been contributed for fiscal years 2014 and 2013.

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 or by calling (888) 227-7877.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

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 year 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, 2015, 2014, and 2013 were \$0, \$88,174, and \$89,601 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

NOTE 16 - 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, 2015

NOTE 16 - 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:

	<u>General fund</u>
Budget basis	\$ 1,390,399
Net adjustment for revenue accruals	134,949
Net adjustment for expenditure accruals	19,885
Net adjustment for other sources/uses	(153,454)
Funds budgeted elsewhere	(7,239)
Adjustment for encumbrances	129,751
GAAP basis	<u>\$ 1,514,291</u>

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 17 - 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 2014-2015 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, 2015 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, 2015

NOTE 18 - 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, 2014	\$ -
Current year set-aside requirement	359,896
Current year qualifying expenditures	(436,875)
Current year offsets	(136,804)
Waiver granted by ODE	-
Prior year offset from bond proceeds	-
Total	<u>\$ (213,783)</u>
Balance carried forward to fiscal year 2016	<u>\$ -</u>
Set-aside balance June 30, 2015	<u><u>\$ -</u></u>

NOTE 19 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 119,718
Nonmajor governmental funds	<u>31,084</u>
Total	<u><u>\$ 150,802</u></u>

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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 TWO FISCAL YEARS

	2014	2013
District's proportion of the net pension liability	0.08310000%	0.08310000%
District's proportionate share of the net pension liability	\$ 4,205,644	\$ 4,941,690
District's covered-employee payroll	\$ 2,414,719	\$ 2,317,854
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	174.17%	213.20%
Plan fiduciary net position as a percentage of the total pension liability	71.70%	65.52%

Note: Information prior to fiscal year 2013 was unavailable.

**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 TWO FISCAL YEARS

	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability	0.08438585%	0.08438585%
District's proportionate share of the net pension liability	\$ 20,525,559	\$ 24,449,912
District's covered-employee payroll	\$ 8,621,900	\$ 8,960,054
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	238.06%	272.88%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	69.30%

Note: Information prior to fiscal year 2013 was unavailable.

**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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 321,589	\$ 334,680	\$ 320,791	\$ 316,952
Contributions in relation to the contractually required contribution	<u>(321,589)</u>	<u>(334,680)</u>	<u>(320,791)</u>	<u>(316,952)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,439,977	\$ 2,414,719	\$ 2,317,854	\$ 2,356,520
Contributions as a percentage of covered-employee payroll	13.18%	13.86%	13.84%	13.45%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 292,893	\$ 303,085	\$ 211,662	\$ 202,342	\$ 232,801	\$ 255,412
<u>(292,893)</u>	<u>(303,085)</u>	<u>(211,662)</u>	<u>(202,342)</u>	<u>(232,801)</u>	<u>(255,412)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,330,095	\$ 2,238,442	\$ 2,151,037	\$ 2,060,509	\$ 2,179,785	\$ 2,414,102
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

**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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 1,230,037	\$ 1,120,847	\$ 1,164,807	\$ 1,211,366
Contributions in relation to the contractually required contribution	<u>(1,230,037)</u>	<u>(1,120,847)</u>	<u>(1,164,807)</u>	<u>(1,211,366)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 8,785,979	\$ 8,621,900	\$ 8,960,054	\$ 9,318,200
Contributions as a percentage of covered-employee payroll	14.00%	13.00%	13.00%	13.00%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 1,179,120	\$ 1,230,270	\$ 1,190,935	\$ 1,165,920	\$ 1,136,290	\$ 1,103,197
<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>(1,103,197)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 9,070,154	\$ 9,463,615	\$ 9,161,038	\$ 8,968,615	\$ 8,740,692	\$ 8,486,131
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, 2015**

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. 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 year 2014 and 2015.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financials for the methods and assumptions in this calculation.

December 23, 2015

To the Board of Education
Claymont City School District
Tuscarawas County, Ohio
201 N. Third St.
Dennison, Ohio 44621

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Claymont City School District, Tuscarawas County, Ohio (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 23, 2015, in which we noted the District restated net position to account for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Claymont City School District
Independent Auditor's Report on Internal Control over Financial Reporting
And on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance With
Government Auditing Standards
Page 2 of 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.

New Philadelphia, Ohio

December 23, 2015

To the Board of Education
Claymont City School District
Tuscarawas County, Ohio
201 N. Third St.
Dennison, Ohio 44621

**Independent Auditor's Report on Compliance for Each Major Federal
Program and Report on Internal Control over Compliance
Required by OMB Circular A-133**

Report on Compliance for Each Major Federal Program

We have audited Claymont City School District's, Tuscarawas County, Ohio (the District), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on 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 that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 was not designed to 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Rea & Associates, Inc.

New Philadelphia, Ohio

**CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Grant Year	Federal Receipts	Federal Disbursements
U.S. Department of Education				
<i>Passed Through Ohio Department of Education:</i>				
Title I	84.010	2014	\$ 76,899	\$ 88,800
Title I	84.010	2015	636,427	624,207
Total Title I			713,326	713,007
<i>Special Education Cluster:</i>				
IDEA-B	84.027	2014	53,266	61,661
IDEA-B	84.027	2015	479,246	476,162
Total IDEA-B			532,512	537,823
Early Childhood Special Education	84.173	2014	81	1,081
Early Childhood Special Education	84.173	2015	8,891	8,891
Total Early Childhood Special Education			8,972	9,972
Total Special Education Cluster			541,484	547,795
Rural Education	84.358	2015	37,146	37,146
Total Rural Education			37,146	37,146
Title II-A	84.367	2014	36,864	14,362
Title II-A	84.367	2015	112,273	114,144
Total Title II-A			149,137	128,506
Total U.S. Department of Education			1,441,093	1,426,454
U.S. Department of Agriculture				
<i>Passed Through Ohio Department of Education:</i>				
<i>Child Nutrition Cluster</i>				
School Breakfast Program	10.553	2015 (B)	142,873	142,873
Total National School Breakfast Program			142,873	142,873
<i>Cash Assistance:</i>				
National School Lunch Program	10.555	2015 (B)	460,177	460,177
Total Cash Assistance			460,177	460,177
<i>Non-Cash Assistance:</i>				
National School Lunch Program	10.555	2015 (C)	47,523	47,523
Total Non-Cash Assistance			47,523	47,523
Total National School Lunch Program			507,700	507,700
Total Child Nutrition Cluster			650,573	650,573
Total U.S. Department of Agriculture			650,573	650,573
Total Federal Financial Assistance			\$ 2,091,666	\$ 2,077,027

See notes to the schedule of expenditures of federal awards.

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

**NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note A – Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Claymont City School District, Tuscarawas County, Ohio (the District) and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of financial statements.

Note B - Child Nutrition Cluster

Federal money commingled with state subsidy reimbursements. It is assumed federal moneys are expended first.

Note C – Food Donation Program

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance and related expenditures are reported in this schedule at the value of the commodities received as assessed by the U.S. Department of Agriculture (entitlement value).

Note D – Ohio Bureau of Workers’ Compensation Rebate

Ohio’s workers’ compensation system serves as an insurance program for both employers and employees alike. For those who contribute premiums, the Ohio Bureau of Workers’ Compensation (BWC) covers the payment of compensation and medical costs related to industrial accidents and diseases. The BWC invested contributions over a three-year period which generated a greater than anticipated return. In September 2014, the Ohio BWC Board of Directors authorized a \$1 billion rebate for more than 210,000 public and private entities paying into Ohio’s workers’ compensation system. Each employer’s rebate reflected 60% of what they were billed during the last policy period (2012 calendar year for public-taxing districts). Using policy year 2012 as the base year for calculation, the District allocated its BWC rebate back to all funds, including federal funds, providing the source of initial premium payments to BWC. The subsequent expenditure of the rebate attributable to federal programs is reflected on the District’s *Schedule of Expenditures of Federal Awards*.

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

**NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note E - Transfers

The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30 and spent by September 30). However, with Ohio Department of Education's (ODE) approval, a district can transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year's activity, and transferring the amounts ODE approves between the cost centers. During fiscal year 2015, the Ohio Department of Education (ODE) authorized the following transfers:

<u>CFDA #</u>	<u>Grant Title</u>	<u>Grant Year</u>	<u>Transfers Out</u>	<u>Transfers In</u>
84.010	Title I	2014	\$ 2,727	
84.010	Title I	2015		\$ 2,727
84.367	Title II-A	2014	\$ 3,187	
84.367	Title II-A	2015		\$ 3,187

**CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 , SECTION .505
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF AUDITOR'S RESULTS		
(d) (1) (i)	Type of Financial Statement Opinion	Unmodified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unmodified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Programs (list): Title I Program	CFDA #84.010
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

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

None noted.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None noted.



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 29, 2016