

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2010**



**Mary Taylor, CPA**  
Auditor of State





# Dave Yost • Auditor of State

January 13, 2011

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 10, 2011. Thus, I am certifying this audit report for release under the signature of my predecessor.

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

DAVE YOST  
Auditor of State

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**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets.....	14
Statement of Activities.....	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	16
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds.....	18
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) General Fund.....	20
Statement of Fiduciary Net Assets.....	21
Statement of Changes in Fiduciary Net Assets.....	22
Notes to the Basic Financial Statements.....	23
Federal Awards Receipts and Expenditures Schedule.....	51
Notes to the Federal Awards Receipts and Expenditures Schedule.....	52
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	53
Independent Accountants' Report on Compliance with Requirements Applicable to its Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.....	55
Schedule of Findings and Questioned Costs.....	57
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	59

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the major General Fund and the aggregate remaining fund information of the Claymont City School District, Tuscarawas County, Ohio, (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major General Fund and the aggregate remaining fund information of the Claymont City School District, Tuscarawas County, Ohio, as of June 30, 2010, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



**Mary Taylor, CPA**  
Auditor of State

December 6, 2010



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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, 2010. 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 2010 are as follows:

- In total, net assets of governmental activities decreased \$1,080,384 which represents a 5.12% decrease from 2009.
- General revenues accounted for \$16,524,336 in revenue or 77.26% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,862,962 or 22.74% of total revenues of \$21,387,298.
- The District had \$22,467,682 in expenses related to governmental activities; only \$4,862,962 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 \$16,524,336 were not adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$17,022,642 in revenues and \$17,190,745 in expenditures and other financing uses. During fiscal year 2010, the general fund's fund balance decreased \$168,103 from \$1,699,095 to \$1,530,992.

**Using these Basic Financial Statements**

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

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

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2010?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

In the statement of net assets and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, extracurricular activities, food service operations and other non-instructional services.

The District's statement of net assets and statement of activities can be found on pages 14-15 of this report.

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

***Fund Financial Statements***

The analysis of the District's major governmental fund begins on page 10. 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 an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 16-20 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 separate statements of fiduciary net assets and changes in fiduciary net assets on pages 21 and 22. 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 23-51 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**The District as a Whole**

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

The table below provides a summary of the District's net assets for 2010 and 2009.

	<b>Net Assets</b>	
	Governmental Activities	Governmental Activities
	<u>2010</u>	<u>2009</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 8,898,633	\$ 9,327,108
Capital assets, net	<u>21,558,575</u>	<u>22,581,396</u>
Total assets	<u>30,457,208</u>	<u>31,908,504</u>
<b><u>Liabilities</u></b>		
Current liabilities	5,688,246	5,707,144
Long-term liabilities	<u>4,689,475</u>	<u>5,041,489</u>
Total liabilities	<u>10,377,721</u>	<u>10,748,633</u>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	18,229,659	18,889,578
Restricted	1,254,935	1,488,393
Unrestricted	<u>594,893</u>	<u>781,900</u>
Total net assets	<u>\$ 20,079,487</u>	<u>\$ 21,159,871</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2010, the District's assets exceeded liabilities by \$20,079,487. Of this total, \$594,893 is unrestricted in use.

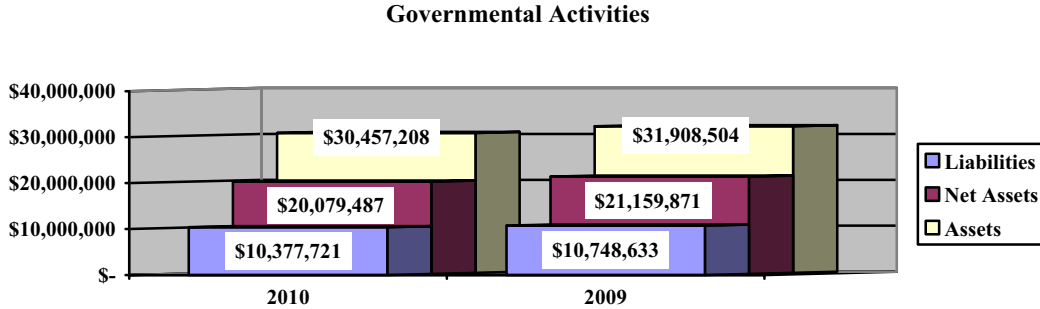
At year-end, capital assets represented 70.78% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2010, were \$18,229,659. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$1,254,935, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$594,893 may be used to meet the District's ongoing obligations to the students and creditors.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

The graph below shows the District's governmental activities assets, liabilities and net assets as of June 30, 2010 and 2009:



The table below shows the change in net assets for fiscal years 2010 and 2009.

**Change in Net Assets**

	Governmental Activities <u>2010</u>	Governmental Activities <u>2009</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 1,323,841	\$ 1,290,969
Operating grants and contributions	3,538,039	4,356,546
Capital grants and contributions	1,082	346,646
General revenues:		
Property taxes	3,673,546	3,552,093
Grants and entitlements	12,830,531	11,518,639
Investment earnings	6,071	68,107
Other	<u>14,188</u>	<u>12,437</u>
Total revenues	<u>\$ 21,387,298</u>	<u>\$ 21,145,437</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Governmental Activities <u>2010</u>	Governmental Activities <u>2009</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 10,040,321	\$ 10,035,539
Special	2,832,122	2,545,944
Vocational	182,624	240,376
Support services:		
Pupil	956,890	932,639
Instructional staff	1,280,161	1,111,252
Board of education	34,532	24,539
Administration	1,541,351	1,509,002
Fiscal	390,625	369,208
Business	28,509	51,319
Operations and maintenance	2,207,080	2,269,048
Pupil transportation	780,154	767,308
Central	496,108	351,352
Operations of non-instructional services:		
Food service operations	933,115	870,901
Other non-instructional services	73,473	125,640
Extracurricular activities	548,870	619,939
Interest and fiscal charges	<u>141,747</u>	<u>174,202</u>
Total expenses	<u>22,467,682</u>	<u>21,998,208</u>
Change in net assets	(1,080,384)	(852,771)
Net assets at beginning of year	<u>21,159,871</u>	<u>22,012,642</u>
Net assets at end of year	<u>\$ 20,079,487</u>	<u>\$ 21,159,871</u>

**Governmental Activities**

Net assets of the District's governmental activities decreased \$1,080,384. Total governmental expenses of \$22,467,682 were nearly offset by program revenues of \$4,862,962 and general revenues of \$16,524,336. Program revenues supported 21.64% of the total governmental expenses.

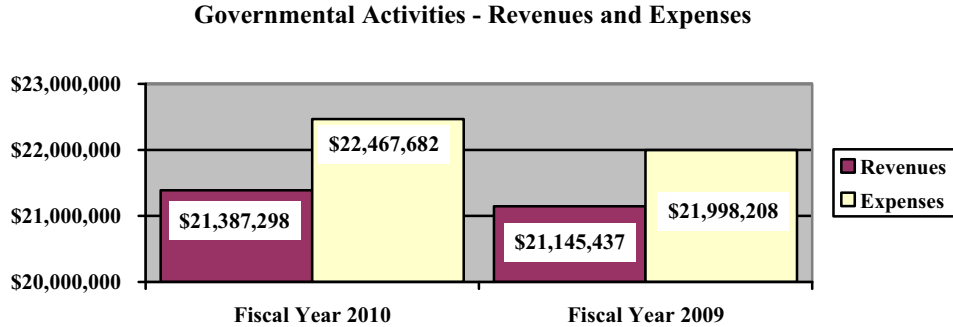
The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 77.17% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$13,055,067 or 58.11% of total governmental expenses for fiscal year 2010.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

The graph below presents the District's governmental activities revenues and expenses for fiscal year 2010 and 2009.



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

**Governmental Activities**

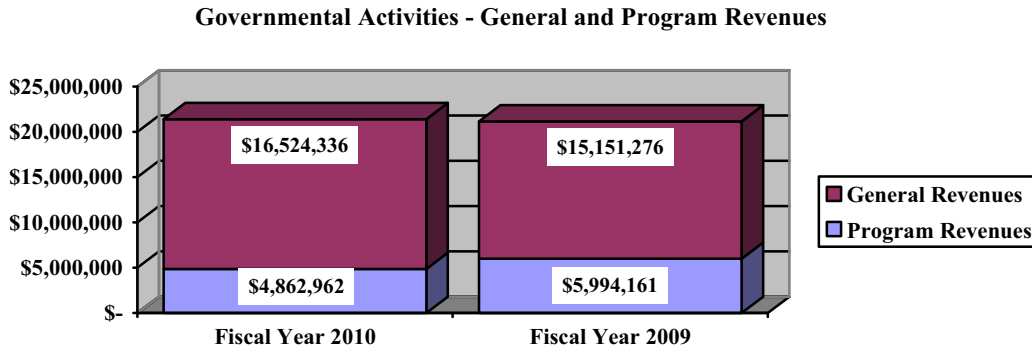
	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
<b>Program expenses</b>				
Instruction:				
Regular	\$ 10,040,321	\$ 7,955,127	\$ 10,035,539	\$ 7,860,303
Special	2,832,122	1,878,494	2,545,944	525,602
Vocational	182,624	121,891	240,376	180,095
Support services:				
Pupil	956,890	847,319	932,639	823,594
Instructional staff	1,280,161	996,033	1,111,252	862,415
Board of education	34,532	34,532	24,539	24,539
Administration	1,541,351	1,409,873	1,509,002	1,396,700
Fiscal	390,625	390,625	369,208	369,208
Business	28,509	28,509	51,319	51,319
Operations and maintenance	2,207,080	2,197,087	2,269,048	2,268,048
Pupil transportation	780,154	760,440	767,308	722,321
Central	496,108	387,319	351,352	281,944
Operations of non-instructional services:				
Food service operations	933,115	96,690	870,901	84,953
Other non-instructional services	73,473	(22,334)	125,640	(5,776)
Extracurricular activities	548,870	381,368	619,939	384,580
Interest and fiscal charges	141,747	141,747	174,202	174,202
<b>Total expenses</b>	<u>\$ 22,467,682</u>	<u>\$ 17,604,720</u>	<u>\$ 21,998,208</u>	<u>\$ 16,004,047</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

The dependence upon tax and other general revenues for governmental activities is apparent, 76.26% of instruction activities are supported through taxes, grants and entitlements and other general revenues. For all governmental activities, general revenue support is 78.36%. 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 2010 and 2009.



**The District's Funds**

The District's governmental funds (as presented on page 16) reported a combined fund balance of \$2,492,545 which is lower than last year's total of \$2,807,298. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2010 and 2009.

	Fund Balance <u>June 30, 2010</u>	Fund Balance <u>June 30, 2009</u>	<u>(Decrease)</u>
General	\$ 1,530,992	\$ 1,699,095	\$ (168,103)
Other Governmental	<u>961,553</u>	<u>1,108,203</u>	<u>(146,650)</u>
Total	<u>\$ 2,492,545</u>	<u>\$ 2,807,298</u>	<u>\$ (314,753)</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**General Fund**

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

	2010 <u>Amount</u>	2009 <u>Amount</u>	Increase <u>(Decrease)</u>	Percentage <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 3,194,687	\$ 3,083,121	\$ 111,566	3.62 %
Tuition	922,386	795,333	127,053	15.97 %
Earnings on investments	6,071	65,431	(59,360)	(90.72) %
Intergovernmental	12,814,171	12,708,174	105,997	0.83 %
Other revenues	<u>85,327</u>	<u>75,650</u>	<u>9,677</u>	12.79 %
Total	<u>\$ 17,022,642</u>	<u>\$ 16,727,709</u>	<u>\$ 294,933</u>	1.76 %
<b><u>Expenditures</u></b>				
Instruction	\$ 10,175,567	\$ 10,135,067	\$ 40,500	0.40 %
Support services	6,574,773	6,417,848	156,925	2.45 %
Extracurricular activities	349,193	337,843	11,350	3.36 %
Facilities acquisition and construction	-	32,477	(32,477)	(100.00) %
Debt service	<u>46,212</u>	<u>46,517</u>	<u>(305)</u>	(0.66) %
Total	<u>\$ 17,145,745</u>	<u>\$ 16,969,752</u>	<u>\$ 175,993</u>	1.04 %

Revenues increased by 1.76% over the prior fiscal year. Earnings on investments decreased due to an almost non-existent interest rate. Other revenues consisted of rental income, contributions and donations, services provided to other entities and miscellaneous receipts. The District collected more of these revenue items in the current fiscal year compared to the prior fiscal year because the District contracted with Dover City Schools for a part time Speech Therapist. The tuition revenues increased due to increased open enrollment. Instruction expenditures increased primarily due to normal and customary wage and benefit increases. Expenditures in support services increased due to additional employment of a Speech Therapist and classroom aides as well as having negotiations with both unions. As far as the extracurricular activities, the Athletic Director resigned and the District employed a new one where the salaries and benefits overlapped. The facilities acquisition and construction expenditures decreased due to purchasing land in the prior year and not in the current year and also due to the declining principal payments being made on debt each year.

**General Fund Budgeting Highlights**

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

During the course of fiscal year 2010, the District amended its general fund budget. For the general fund, final budgeted revenues and original budgeted revenues were both \$16,552,323. Actual revenues and other financing sources for fiscal year 2010 were \$17,151,376, which were \$599,053 higher than final budgeted revenues. A portion of this increase is due to advances in of \$232,197. The District is not required to budget for advances because they represent a temporary cash flow resource and are intended to be repaid.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$19,773,431 were increased in the final budget of \$19,818,432. The actual budget basis expenditures and other financing uses for fiscal year 2010 totaled \$18,806,195, which were \$1,012,237 lower than the final budget appropriations.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2010, the District had \$21,558,575 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities.

The following table shows fiscal year 2010 balances compared to 2009:

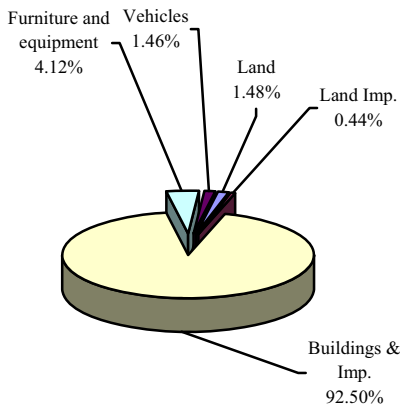
**Capital Assets at June 30  
(Net of Depreciation)**

	Governmental Activities	
	2010	2009
Land	\$ 318,293	\$ 318,293
Land improvements	95,252	113,154
Building and improvements	19,943,559	20,722,855
Furniture and equipment	887,485	1,052,421
Vehicles	313,986	374,673
<b>Total</b>	<b>\$ 21,558,575</b>	<b>\$ 22,581,396</b>

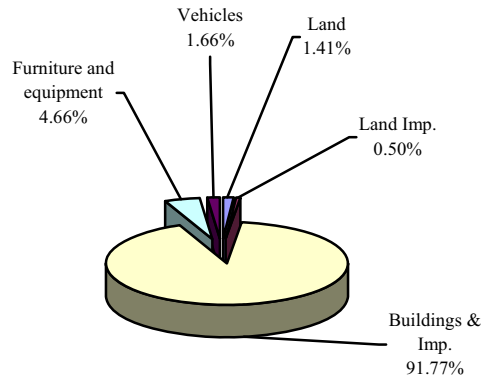
The overall decrease in capital assets of \$1,022,821 is primarily due to depreciation expense of \$1,043,022 exceeding capital outlays of \$20,201 in the fiscal year.

The graphs below present the District's capital assets for fiscal year 2010 and fiscal year 2009.

**Capital Assets - Governmental Activities  
2010**



**Capital Assets - Governmental Activities  
2009**



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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

***Debt Administration***

At June 30, 2010 the District had \$3,346,643 in general obligation bonds (the issue is comprised of current issue bonds and capital appreciation bonds) and \$56,279 in capital lease obligations outstanding. Of this total, \$362,590 is due within one year and \$3,040,332 is due within greater than one year.

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

**Outstanding Debt, at Year End**

	Governmental Activities <u>2010</u>	Governmental Activities <u>2009</u>
Current interest bonds	\$ 2,925,000	\$ 3,235,000
Capital appreciation bonds	421,643	385,310
Capital lease obligations	<u>56,279</u>	<u>96,651</u>
Total	<u>\$ 3,402,922</u>	<u>\$ 3,716,961</u>

At June 30, 2010 the District's overall legal debt margin was \$10,753,889 (including available funds of \$504,831) and an unvoted debt margin of \$148,652.

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

**Current Financial Related Activities**

Due to the commitment of the Board and Administration, the District has carefully managed its general fund budgets in order to optimize the dollars available for educating the students it serves, and to minimize the need for additional millage. The general fund cash balance was \$3,111,875 at June 30, 2010.

Several significant legislative and judicial actions have occurred that will have an impact on the District and the current cash balance of the District. The Ohio Supreme Court ruled in March 1997 that the State of Ohio was operating an unconstitutional educational system, one that was neither "adequate" nor "equitable." Consequently, the State approved for the new biennium the Evidence Based Model for the funding of schools. With the information currently available to the District it appears the State does not have the ability to fully fund this educational system.

Beginning with tax year 2006, the State eliminated from the local tax base 25% of the Tangible Personal Property Tax (which represents 70% of the total value of Personal Property) each year until completely gone in fiscal year 2010. The State has made provisions, however, to hold the school district harmless until 2012 and then phase-out from 2013 through 2017. The State instituted a new Commercial Activity Tax (CAT) on businesses that is being used to offset this loss and it appeared as if this tax would generate the funds to do so. However, with the jolt to the economy and current recession, the CAT revenues, income revenues and other revenues that help fund schools has decreased.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

In 2010 schools are either 99% guaranteed at the 2009 level or capped at 0.75% growth. One concern for the following fiscal years is the lack of economic growth in the State of Ohio which is causing the State to administer budget cuts. Another concern is that of the economic status of the country as a whole and how long will government aid be available and with what parameters? The Ohio Department of Education was asked what impact there would be on Ohio schools without the projected revenues used in balancing the State budget. With the help of Federal Stimulus dollars the Ohio Department of Education managed to meet the financial guarantee as stated in the first sentence of this paragraph. Also with the help of Federal Stimulus dollars the Ohio Department of Education is currently funding 2011 in the same manner. In addition to the Stimulus dollars the Federal Government has given states money that will be used for "education jobs" and the Department of Education has stated that this money has to be reported as General Fund money. This money has to be spent by September 30, 2012 and will cause for some interesting discussions due to its reporting requirements.

However, the District will continue its commitment to operate an effective and efficient educational facility with the ongoing support and cooperation of the CEA (Claymont Education Association), OAPSE (Ohio Association of Public School Employees), Administration and Board.

**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. Sue Raymond, Treasurer, Claymont City School District, 201 N. 3<sup>rd</sup> Street, Dennison, Ohio 44621-1278.

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

STATEMENT OF NET ASSETS  
JUNE 30, 2010

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . .	\$ 4,451,238
Receivables:	
Taxes . . . . .	4,010,686
Accounts. . . . .	277
Intergovernmental . . . . .	366,889
Prepayments . . . . .	24,193
Materials and supplies inventory . . . . .	8,964
Unamortized bond issue costs . . . . .	36,386
Capital assets:	
Land. . . . .	318,293
Depreciable capital assets, net. . . . .	21,240,282
Capital assets, net . . . . .	21,558,575
 Total assets. . . . .	 30,457,208
<b>Liabilities:</b>	
Accounts payable. . . . .	122,610
Accrued wages and benefits . . . . .	1,937,016
Pension obligation payable. . . . .	451,069
Intergovernmental payable . . . . .	117,799
Unearned revenue . . . . .	3,052,780
Accrued interest payable . . . . .	6,972
Long-term liabilities:	
Due within one year. . . . .	467,798
Due within more than one year . . . . .	4,221,677
 Total liabilities . . . . .	 10,377,721
<b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	18,229,659
Restricted for:	
Capital projects . . . . .	80,179
Debt service. . . . .	554,554
Classroom facilities maintenance . . . . .	225,168
Locally funded programs . . . . .	13,809
State funded programs. . . . .	34,532
Federally funded programs . . . . .	27,175
Student activities . . . . .	37,375
Public school support . . . . .	76,341
Other purposes . . . . .	205,802
Unrestricted . . . . .	594,893
 Total net assets . . . . .	 \$ 20,079,487

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, 2010

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Assets Governmental Activities</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Governmental activities:</b>					
Instruction:					
Regular . . . . .	\$ 10,040,321	\$ 941,234	\$ 1,143,960	\$ -	\$ (7,955,127)
Special . . . . .	2,832,122	21,479	932,149	-	(1,878,494)
Vocational . . . . .	182,624	-	60,733	-	(121,891)
Support services:					
Pupil . . . . .	956,890	-	109,571	-	(847,319)
Instructional staff . . . . .	1,280,161	707	283,421	-	(996,033)
Board of education . . . . .	34,532	-	-	-	(34,532)
Administration . . . . .	1,541,351	30,675	100,803	-	(1,409,873)
Fiscal . . . . .	390,625	-	-	-	(390,625)
Business . . . . .	28,509	-	-	-	(28,509)
Operations and maintenance . . . . .	2,207,080	8,911	-	1,082	(2,197,087)
Pupil transportation . . . . .	780,154	-	19,714	-	(760,440)
Central . . . . .	496,108	-	108,789	-	(387,319)
Operation of non-instructional services:					
Food service operations . . . . .	933,115	168,379	668,046	-	(96,690)
Other non-instructional services . . . . .	73,473	-	95,807	-	22,334
Extracurricular activities . . . . .	548,870	152,456	15,046	-	(381,368)
Interest and fiscal charges . . . . .	141,747	-	-	-	(141,747)
<b>Total governmental activities . . . . .</b>	<b>\$ 22,467,682</b>	<b>\$ 1,323,841</b>	<b>\$ 3,538,039</b>	<b>\$ 1,082</b>	<b>(17,604,720)</b>
<b>General Revenues:</b>					
Property taxes levied for:					
General purposes . . . . .					3,241,577
Special revenue . . . . .					56,293
Debt service . . . . .					375,676
Grants and entitlements not restricted to specific programs . . . . .					12,830,531
Investment earnings . . . . .					6,071
Miscellaneous . . . . .					14,188
<b>Total general revenues . . . . .</b>					<b>16,524,336</b>
<b>Change in net assets . . . . .</b>					<b>(1,080,384)</b>
<b>Net assets at beginning of year . . . . .</b>					<b>21,159,871</b>
<b>Net assets at end of year . . . . .</b>					<b>\$ 20,079,487</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

	<b>General</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 2,914,618	\$ 1,339,363	\$ 4,253,981
Receivables:			
Taxes . . . . .	3,537,629	473,057	4,010,686
Accounts. . . . .	277	-	277
Intergovernmental . . . . .	5,584	361,305	366,889
Interfund loans. . . . .	123,318	-	123,318
Prepayments. . . . .	16,680	7,513	24,193
Materials and supplies inventory. . . . .	-	8,964	8,964
Restricted assets:			
Equity in pooled cash and cash equivalents . . . . .	197,257	-	197,257
<b>Total assets . . . . .</b>	<b>\$ 6,795,363</b>	<b>\$ 2,190,202</b>	<b>\$ 8,985,565</b>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 62,781	\$ 59,829	\$ 122,610
Accrued wages and benefits. . . . .	1,549,726	387,290	1,937,016
Compensated absences payable . . . . .	20,828	-	20,828
Pension obligation payable . . . . .	341,598	109,471	451,069
Intergovernmental payable . . . . .	100,499	17,300	117,799
Interfund loans payable. . . . .	-	123,318	123,318
Deferred revenue . . . . .	502,426	165,174	667,600
Unearned revenue. . . . .	2,686,513	366,267	3,052,780
<b>Total liabilities. . . . .</b>	<b>5,264,371</b>	<b>1,228,649</b>	<b>6,493,020</b>
<b>Fund Balances:</b>			
Reserved for encumbrances . . . . .	1,092,909	210,353	1,303,262
Reserved for materials and supplies inventory . . . . .	-	8,964	8,964
Reserved for prepayments. . . . .	16,680	7,513	24,193
Reserved for property tax unavailable for appropriation . . . . .	257,807	34,969	292,776
Reserved for debt service . . . . .	-	474,246	474,246
Reserved for textbooks. . . . .	185,767	-	185,767
Reserved for capital acquisition . . . . .	11,490	-	11,490
Unreserved, undesignated (deficit), reported in:			
General fund. . . . .	(33,661)	-	(33,661)
Special revenue funds . . . . .	-	182,265	182,265
Capital projects funds . . . . .	-	43,243	43,243
<b>Total fund balances . . . . .</b>	<b>1,530,992</b>	<b>961,553</b>	<b>2,492,545</b>
<b>Total liabilities and fund balances . . . . .</b>	<b>\$ 6,795,363</b>	<b>\$ 2,190,202</b>	<b>\$ 8,985,565</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2010

<b>Total governmental fund balances</b>		\$	2,492,545
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			21,558,575
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes	\$	567,500	
Intergovernmental revenue		100,100	
Total			667,600
Unamortized deferred charges on refundings are not recognized in the funds			308,012
Unamortized premiums on bond issuance are not recognized in the funds.			(451,061)
Unamortized bond issuance costs are not recognized in the funds.			36,386
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(6,972)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		(1,122,676)	
General obligation bonds payable		(3,346,643)	
Capital lease obligation		(56,279)	
Total			(4,525,598)
<b>Net assets of governmental activities</b>		<b>\$</b>	<b>20,079,487</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
From local sources:			
Taxes . . . . .	\$ 3,194,687	\$ 425,863	\$ 3,620,550
Tuition . . . . .	922,386	-	922,386
Transportation fees . . . . .	7,846	-	7,846
Charges for services . . . . .	-	168,373	168,373
Earnings on investments . . . . .	6,071	126	6,197
Extracurricular . . . . .	-	140,558	140,558
Classroom materials and fees . . . . .	30,353	2,128	32,481
Rental income . . . . .	1,000	7,403	8,403
Contributions and donations . . . . .	514	34,391	34,905
Contract services . . . . .	30,675	-	30,675
Other local revenues . . . . .	14,939	11,741	26,680
Intergovernmental - intermediate . . . . .	44,985	-	44,985
Intergovernmental - state . . . . .	12,753,762	332,991	13,086,753
Intergovernmental - federal . . . . .	15,424	3,291,160	3,306,584
Total revenue . . . . .	<u>17,022,642</u>	<u>4,414,734</u>	<u>21,437,376</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	8,189,413	1,156,639	9,346,052
Special . . . . .	1,794,452	975,765	2,770,217
Vocational . . . . .	191,702	-	191,702
Support services:			
Pupil . . . . .	831,951	114,464	946,415
Instructional staff . . . . .	944,158	305,570	1,249,728
Board of education . . . . .	34,532	-	34,532
Administration . . . . .	1,406,845	102,848	1,509,693
Fiscal . . . . .	375,390	13,120	388,510
Business . . . . .	11,796	-	11,796
Operations and maintenance . . . . .	1,869,804	286,381	2,156,185
Pupil transportation . . . . .	717,438	-	717,438
Central . . . . .	382,859	101,444	484,303
Operation of non-instructional services:			
Food service operations . . . . .	-	870,000	870,000
Other non-instructional services . . . . .	-	84,136	84,136
Extracurricular activities . . . . .	349,193	163,215	512,408
Facilities acquisition and construction . . . . .	-	8,775	8,775
Debt service:			
Principal retirement . . . . .	40,109	310,263	350,372
Interest and fiscal charges . . . . .	6,103	109,393	115,496
Total expenditures . . . . .	<u>17,145,745</u>	<u>4,602,013</u>	<u>21,747,758</u>
Excess of expenditures over revenues . . . . .	<u>(123,103)</u>	<u>(187,279)</u>	<u>(310,382)</u>
<b>Other financing sources (uses):</b>			
Transfers in . . . . .	-	45,000	45,000
Transfers (out) . . . . .	(45,000)	-	(45,000)
Total other financing sources (uses) . . . . .	<u>(45,000)</u>	<u>45,000</u>	<u>-</u>
Net change in fund balances . . . . .	(168,103)	(142,279)	(310,382)
<b>Fund balances at beginning of year . . . . .</b>	<b>1,699,095</b>	<b>1,108,203</b>	<b>2,807,298</b>
<b>Decrease in reserve for inventory . . . . .</b>	<b>-</b>	<b>(4,371)</b>	<b>(4,371)</b>
<b>Fund balances at end of year . . . . .</b>	<b><u>\$ 1,530,992</u></b>	<b><u>\$ 961,553</u></b>	<b><u>\$ 2,492,545</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**Net change in fund balances - total governmental funds** \$ (310,382)

*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. This is the amount by which depreciation expense exceeds capital outlays in the current period.

Capital asset additions	\$ 20,201	
Current year depreciation	(1,043,022)	
<b>Total</b>	<b>(1,022,821)</b>	<b>(1,022,821)</b>

In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is due to the following:

Decrease in accrued interest payable	739	
Accreted interest on "capital appreciation" bonds	(36,333)	
Amortization of bond issue costs	(3,187)	
Amortization of bond premiums	39,509	
Amortization of deferred charges on refundings	(26,979)	
<b>Total</b>	<b>(26,251)</b>	<b>(26,251)</b>

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

(4,371)

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

Taxes	52,996	
Intergovernmental	(103,074)	
<b>Total</b>	<b>(50,078)</b>	<b>(50,078)</b>

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 assets.

350,372

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.

(16,853)

**Change in net assets of governmental activities** \$ (1,080,384)

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, 2010

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 2,891,169	\$ 2,891,169	\$ 3,085,228	\$ 194,059
Tuition . . . . .	747,000	747,000	922,386	175,386
Transportation fees . . . . .	7,500	7,500	7,846	346
Earnings on investments . . . . .	75,000	75,000	6,071	(68,929)
Classroom materials and fees . . . . .	43,050	43,050	30,598	(12,452)
Rental income . . . . .	500	500	1,000	500
Contributions and donations . . . . .	-	-	514	514
Contract services . . . . .	1,500	1,500	30,675	29,175
Other local revenues . . . . .	13,250	13,250	14,784	1,534
Intergovernmental - intermediate . . . . .	-	-	44,985	44,985
Intergovernmental - state . . . . .	12,757,104	12,757,104	12,752,135	(4,969)
Intergovernmental - federal . . . . .	15,000	15,000	15,424	424
<b>Total revenue . . . . .</b>	<b>16,551,073</b>	<b>16,551,073</b>	<b>16,911,646</b>	<b>360,573</b>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	9,118,031	9,118,031	8,533,238	584,793
Special . . . . .	1,963,846	1,983,846	1,961,960	21,886
Vocational . . . . .	234,288	239,288	228,505	10,783
Other . . . . .	20,000	-	-	-
Support Services:				
Pupil . . . . .	936,933	936,934	862,539	74,395
Instructional staff . . . . .	1,094,988	1,094,988	983,833	111,155
Board of education . . . . .	61,905	61,905	47,616	14,289
Administration . . . . .	1,613,470	1,613,470	1,531,410	82,060
Fiscal . . . . .	426,483	426,483	378,082	48,401
Business . . . . .	131,121	131,121	65,729	65,392
Operations and maintenance . . . . .	2,238,452	2,238,452	2,084,932	153,520
Pupil transportation . . . . .	980,661	985,661	972,855	12,806
Central . . . . .	507,493	507,493	463,962	43,531
Extracurricular activities . . . . .	381,050	391,050	379,863	11,187
Facilities acquisition and construction . . . . .	60,000	40,000	25,000	15,000
<b>Total expenditures . . . . .</b>	<b>19,768,721</b>	<b>19,768,722</b>	<b>18,519,524</b>	<b>1,249,198</b>
Excess of expenditures over revenues . . . . .	(3,217,648)	(3,217,649)	(1,607,878)	1,609,771
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	1,000	1,000	6,297	5,297
Refund of prior year's receipts . . . . .	(4,710)	(4,710)	(4,677)	33
Transfers (out) . . . . .	-	(45,000)	(45,000)	-
Advances in . . . . .	-	-	232,197	232,197
Advances (out) . . . . .	-	-	(236,994)	(236,994)
Sale of capital assets . . . . .	250	250	1,236	986
<b>Total other financing sources (uses) . . . . .</b>	<b>(3,460)</b>	<b>(48,460)</b>	<b>(46,941)</b>	<b>1,519</b>
Net change in fund balance . . . . .	(3,221,108)	(3,266,109)	(1,654,819)	1,611,290
<b>Fund balance at beginning of year . . . . .</b>	<b>2,742,476</b>	<b>2,742,476</b>	<b>2,742,476</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>860,707</b>	<b>860,707</b>	<b>860,707</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b>\$ 382,075</b>	<b>\$ 337,074</b>	<b>\$ 1,948,364</b>	<b>\$ 1,611,290</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2010

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 6,135	\$ 23,549
Total assets. . . . .	<u>6,135</u>	<u>23,549</u>
<b>Liabilities:</b>		
Accounts payable. . . . .	750	\$ 632
Due to students. . . . .	-	22,917
Total liabilities . . . . .	<u>750</u>	<u>23,549</u>
<b>Net assets:</b>		
Held in trust for scholarships . . . . .	<u>5,385</u>	
Total net assets . . . . .	<u>\$ 5,385</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<b>Private Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 7
Gifts and contributions . . . . .	1,500
Total additions . . . . .	1,507
 <b>Deductions:</b>	
Scholarships awarded . . . . .	1,750
Change in net assets . . . . .	(243)
<b>Net assets at beginning of year . . . . .</b>	<b>5,628</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 5,385</b>

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, 2010**

**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 ranks as the 237<sup>th</sup> largest by total enrollment among 905 public and community school districts in the State. 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 98 classified employees and 176 certified teaching personnel and 13 administrators, who provide services to 2,162 students. The District operates one preschool, three elementary schools, a 5<sup>th</sup> - 6<sup>th</sup> grade intermediate school, a 7<sup>th</sup> - 8<sup>th</sup> grade junior high, one 9<sup>th</sup> - 12<sup>th</sup> high school and one garage.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

**A. Reporting Entity**

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**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 city 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 2010, 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 44 member school districts in 11 different Ohio counties. The member school districts are comprised of public school districts and county Boards of Education. 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 district has one vote in all matters and each member district'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 2010, the District paid \$60,334 in various service fees to OME-RESA.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**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 Boards of Education 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 2010, 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*

Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as a group purchasing pool. The GRP's business and affairs are conducted by a three-member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

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 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 Stark County Educational Service Center, 2100 38<sup>th</sup> Street, Canton, Ohio 44709.

*RELATED ORGANIZATION*

Claymont Public Library

The Claymont Public Library is a related organization to the District. The School Board members are responsible for appointing the trustees of the Public Library; however, the School Board cannot influence the Library's operation nor does the Library represent a potential financial benefit or burden to the District. Although the District does serve as the taxing authority and may issue tax relief related debt on behalf of the Library, its role is limited to a ministerial function. Once the Library determines to present a levy to voters, including the determination of the rate and duration, the District must place the levy on the ballot. The Library may issue debt and determines its own budget. During fiscal year 2010, no monies were paid to the Library by the District. Financial information can be obtained from the Claymont Public Library, 215 E. 3<sup>rd</sup> Street, Uhrichsville, Ohio 44683.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

**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 proprietary funds.

*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 and liabilities is reported as fund balance. The following is the District's major governmental fund:

*General fund* - The general fund is used to account for all financial resources except those required to be accounted for 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) the accumulation of resources for, and payment of, general long-term principal, interest and related costs; (b) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by trust funds; (c) grants and other resources whose use is restricted to a particular purpose; and (d) food service operations.

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net assets and changes in net assets. 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 assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2010 are recorded as deferred revenue in governmental funds.

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

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**E. Budgets**

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

*TAX BUDGET*

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

*ESTIMATED RESOURCES*

The Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District. The amounts reported in the budgetary statements reflect the amounts in the original and final amended certificate of estimated resources issued during fiscal year 2010.

*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 function level of expenditures for the general fund and at the fund level of expenditures for all other funds, 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 any level of control. Any revisions that alter the appropriations at the legal level of control must be approved by the Board of Education. The District maintains budgetary information at the object level and has the authority to allocate appropriations at the object level in the general fund and function and object level in all other 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 2010.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**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 cash equivalents" on the basic financial statements.

During fiscal year 2010, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price, which is the price the investment could be sold for on June 30, 2010.

Under existing Ohio statute, 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 2010 amounted to \$6,071, which includes \$1,742 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.

**G. Inventory**

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the purchase method on the fund financial statements and using the consumption method on the government-wide statements.

Inventory consists of donated food and purchased food.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

**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 assets, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated 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 loan receivable/payable". These amounts are eliminated in the governmental activities column on the statement of net assets.

**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, 2010, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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. Unamortized Issuance Cost/Bond Premium and Discount/Accounting Gain or Loss**

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

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

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

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 10.A.

**M. Fund Reserves**

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, materials and supplies inventory, prepayments, property tax unavailable for appropriation, debt service, textbooks and capital acquisitions. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds. The reserve for tax revenue unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriations under State statute.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

**N. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes include amounts restricted by State statute for textbooks/instructional materials, amounts restricted for uniform supplies, amounts restricted for capital acquisition and amount restricted for educational foundation expenditures.

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

**P. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set-aside to establish a textbook/instructional materials and capital acquisition reserve. This reserve is required by State statute. A schedule of statutory reserves is presented in Note 17.

**Q. 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.

**R. 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.

**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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

**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 2010.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2010, the District has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the District.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the District.

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balances**

Fund balances at June 30, 2010 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 51,612
Public school preschool	2,356
Miscellaneous State grants	6,536
WIA	11,889
Title I: migrant children	2,900
Title I: disadvantaged children	12,577
Improving teacher quality	2,359
Miscellaneous federal grants	1



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the District into three categories.

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit 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);
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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

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

**A. Cash on Hand**

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

**B. Deposits with Financial Institutions**

At June 30, 2010, the carrying amount of all District deposits was \$2,434,429. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2010, \$2,047,814 of the District's bank balance of \$2,550,364 was exposed to custodial risk as discussed below, while \$502,550 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, 2010, the District had the following investment and maturity:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity 6 months or less</u>
STAR Ohio	<u>\$ 2,046,393</u>	<u>\$ 2,046,393</u>

*Credit Risk:* STAR Ohio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2010:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
STAR Ohio	\$ 2,046,393	100.00

**D. Reconciliation of Cash and Investments to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2010:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 2,434,429
Investments	2,046,393
Cash on hand	<u>100</u>
Total	<u>\$ 4,480,922</u>
<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 4,451,238
Private-purpose trust fund	6,135
Agency fund	<u>23,549</u>
Total	<u>\$ 4,480,922</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Interfund transfers for the fiscal year ended June 30, 2010, consisted of the following, as reported on the fund financial statements:

<u>Transfers to nonmajor governmental fund from:</u>	<u>Amount</u>
General fund	\$ 45,000
Total transfers	<u>\$ 45,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) move debt proceeds to the fund which is required to expend them.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

- B. Interfund balances at June 30, 2010 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 123,318

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. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, 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 2010 represent the collection of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**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, 2010, are available to finance fiscal year 2010 operations. The amount available as an advance at June 30, 2010 was \$257,807 in the general fund, \$4,384 in the classroom facilities maintenance fund (a nonmajor governmental fund) and \$30,585 in the bond retirement debt service fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2009 was \$239,553 in the general fund, \$4,184 in the classroom facilities maintenance fund (a nonmajor governmental fund) and \$28,388 in the bond retirement debt service 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 tangible personal property taxes which are measurable as of June 30, 2010 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second Half Collections		2010 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 135,974,560	92.80	\$ 138,184,140	92.86
Public utility personal	10,232,020	7.00	10,467,480	7.03
Tangible personal property	<u>325,090</u>	<u>0.20</u>	<u>162,545</u>	<u>0.11</u>
<b>Total</b>	<u>\$ 146,531,670</u>	<u>100.00</u>	<u>\$ 148,814,165</u>	<u>100.00</u>
 Tax rate per \$1,000 of assessed valuation		 \$31.05		 \$31.05

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2010 consisted of taxes, accounts (billings for user charged services and student fees) 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 assets follows:

<b>Governmental activities:</b>	
Taxes	\$ 4,010,686
Accounts	277
Intergovernmental	<u>366,889</u>
 Total	 <u>\$ 4,377,852</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 7 – RECEIVABLES (continued)**

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

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	<u>Balance</u> <u>06/30/09</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/10</u>
<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	432,913	-	-	432,913
Buildings and improvements	30,571,211	-	-	30,571,211
Furniture and equipment	3,816,833	20,201	-	3,837,034
Vehicles	1,267,718	-	-	1,267,718
Total capital assets, being depreciated	<u>36,088,675</u>	<u>20,201</u>	<u>-</u>	<u>36,108,876</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(319,759)	(17,902)	-	(337,661)
Buildings and improvements	(9,848,356)	(779,296)	-	(10,627,652)
Furniture and equipment	(2,764,412)	(185,137)	-	(2,949,549)
Vehicles	(893,045)	(60,687)	-	(953,732)
Total accumulated depreciation	<u>(13,825,572)</u>	<u>(1,043,022)</u>	<u>-</u>	<u>(14,868,594)</u>
Governmental activities capital assets, net	<u>\$ 22,581,396</u>	<u>\$ (1,022,821)</u>	<u>\$ -</u>	<u>\$ 21,558,575</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 704,915
Special	47,830
Vocational	17,425

Support services:

Pupil	5,373
Instructional staff	19,084
Administration	30,487
Business	16,608
Operations and maintenance	33,229
Pupil transportation	59,343
Central	24,329
Extracurricular activities	30,366
Food service operations	<u>54,033</u>
Total depreciation expense	<u>\$ 1,043,022</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE**

In a prior fiscal year and in the current year, the District entered into fifteen capitalized leases for copier equipment. These lease agreements meet the criteria of capital leases as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

The total principal amount of the leases at June 30, 2010, is \$190,492. However, only thirteen of the leases have met the District's capitalization threshold. Capital assets consisting of copier equipment have been capitalized in the amount of \$189,146. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2010 was \$147,441, leaving a current book value of \$41,705. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2010 totaled \$40,372 paid by the general fund and by the public school support fund (a nonmajor governmental 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, 2010:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2011	\$ 40,552
2012	19,155
2013	<u>110</u>
Total minimum lease payments	59,817
Less: amount representing interest	<u>(3,538)</u>
Total	<u>\$ 56,279</u>

**NOTE 10 - LONG-TERM OBLIGATIONS**

A. The District's long-term obligations activity during the fiscal year 2010 consisted of the following:

	Balance Outstanding <u>06/30/09</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>06/30/10</u>	Amounts Due in <u>One Year</u>
Capital lease obligation	\$ 96,651	\$ -	\$ (40,372)	\$ 56,279	\$ 37,590
General obligation bonds - 2006	3,620,310	36,333	(310,000)	3,346,643	325,000
Compensated absences	<u>1,168,949</u>	<u>105,777</u>	<u>(131,222)</u>	<u>1,143,504</u>	<u>105,208</u>
Total governmental activities	<u>\$ 4,885,910</u>	<u>\$ 142,110</u>	<u>\$ (481,594)</u>	4,546,426	<u>\$ 467,798</u>
Less: deferred charges on refunding				(308,012)	
Add: unamortized premium				<u>451,061</u>	
Total on statement of net assets				<u>\$ 4,689,475</u>	

General obligation 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

Compensated absences will be paid from the general fund, food service fund (a nonmajor governmental fund), auxiliary services 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).

Capital lease obligations will be paid from the general fund and public school support fund (a nonmajor governmental fund) (See Note 9).

- B.** On July 6, 2005, the District issued general obligation bonds to advance refund the Series 1997 current interest and capital appreciation bonds. The issuance proceeds of \$4,534,588 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 assets.

This issue is comprised of both current interest bonds, par value \$4,330,000, and capital appreciation bonds, par value \$204,588. The interest rates on the current interest bonds range from 2.75% to 3.60%. 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 \$217,055 in accreted interest on the capital appreciation bonds has been included in the statement of net assets at June 30, 2010.

The following is a schedule of activity for fiscal year 2010 on the 2006 series refunding bonds:

	<u>Balance</u> <u>06/30/09</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/10</u>
Current interest bonds	\$ 3,235,000	\$ -	\$ (310,000)	\$ 2,925,000
Capital appreciation bonds	204,588	-	-	204,588
Accreted interest on capital appreciation bonds	<u>180,722</u>	<u>36,333</u>	<u>-</u>	<u>217,055</u>
Total refunding bonds	<u>\$ 3,620,310</u>	<u>\$ 36,333</u>	<u>\$ (310,000)</u>	<u>\$ 3,346,643</u>



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

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

Fiscal Year Year Ending June 30,	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 325,000	\$ 99,638	\$ 424,638	\$ -	\$ -	\$ -
2012	335,000	89,240	424,240	-	-	-
2013	345,000	78,188	423,188	-	-	-
2014	355,000	66,460	421,460	-	-	-
2015	370,000	53,950	423,950	-	-	-
2016 - 2020	385,000	175,005	560,005	204,588	1,380,412	1,585,000
2021 - 2022	<u>810,000</u>	<u>34,030</u>	<u>844,030</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,925,000</u>	<u>\$ 596,511</u>	<u>\$ 3,521,511</u>	<u>\$ 204,588</u>	<u>\$ 1,380,412</u>	<u>\$ 1,585,000</u>

**C. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2010, are a voted debt margin of \$10,753,889 (including available funds of \$504,831) and an unvoted debt margin of \$148,652.

**NOTE 11 - EMPLOYEE BENEFITS**

**Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 12 - 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 2010, 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)	\$83,518,346
Blanket Computer Coverage (\$500 deductible)	2,907,003
Audio/Visual Equipment Coverage (\$500 deductible)	915,118
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 Fort Dearborn Life Insurance Company.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 12 - 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 plan provides a medical/surgical plan with a \$200 family and \$100 single deductible. Co-insurance pays 80% of usual, customary and reasonable charges with yearly maximum out-of-pocket expenses of \$500 per individual or \$1,000 for two or more family members. 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) to increase the co-insurance from 80% to 90%. 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 2010, the District paid \$1,117 for certified and \$1,122 for classified family plans or \$458 for certified and \$460 for classified individual coverage per month to the Stark County Board of Education 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 2010, the premium for dental coverage was \$147 monthly for family coverage and \$59 for individual coverage. During fiscal year 2010, the premium for vision coverage was \$31 for family coverage and \$13 for individual coverage. The premiums for these coverages are also paid into the insurance pool.

**D. Workers' Compensation**

For fiscal year 2010, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (See Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant is required to pay a membership fee. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 13 - PENSION PLANS**

**A. School Employees Retirement System**

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$286,073, \$195,529 and \$188,743, respectively; 47.98 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**B. State Teachers Retirement System of Ohio**

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 13 - PENSION PLANS - (Continued)**

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

Funding Policy - For fiscal year 2010, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009 and 2008 were \$1,230,270, \$1,190,935 and \$1,165,920, respectively; 83.77 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$36,317 made by the District and \$25,941 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2010, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2010 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under *Employers/Audit Resources*.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2010, 0.46 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the actuarially determined amount was \$35,800.

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2010, 2009, and 2008 were \$53,523, \$120,879 and \$127,401, respectively; 47.98 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2010, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$17,012, \$16,133 and \$13,599, respectively; 47.98 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**B. State Teachers Retirement System of Ohio**

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$94,636, \$91,610 and \$89,686, respectively; 83.77 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

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

The statement of revenues, 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 a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,
- (d) Advance-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

<b>Net Change in Fund Balance</b>	<u>General fund</u>
Budget basis	\$ (1,654,819)
Net adjustment for revenue accruals	110,996
Net adjustment for expenditure accruals	210,268
Net adjustment for other sources/uses	1,941
Adjustment for encumbrances	<u>1,163,511</u>
GAAP basis	<u>\$ (168,103)</u>

**NOTE 16 - CONTINGENCIES**

**A. Grants**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 16 - CONTINGENCIES - (Continued)**

**B. Litigation**

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

**NOTE 17 - STATUTORY RESERVES**

The District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2010, the reserve activity was as follows:

	Textbooks/ Instructional <u>Materials</u>	Capital Acquisition <u>Reserve</u>
Set-aside reserve balance as of June 30, 2009	\$ 147,016	\$ 25,255
Current year set-aside requirement	279,965	279,965
Contributions in excess of the current fiscal year set aside requirement	-	-
Current year qualifying expenditures	(241,214)	(222,212)
Excess qualified expenditures from prior years	-	-
Current year offsets	-	(71,518)
Waiver granted by the Department of Education	-	-
Prior year offset from bond proceeds	<u>-</u>	<u>-</u>
Total	<u>\$ 185,767</u>	<u>\$ 11,490</u>
Balance Carried forward to fiscal year 2011	<u>\$ 185,767</u>	<u>\$ 11,490</u>
Set aside reserve balance June 30, 2010	<u>\$ 185,767</u>	<u>\$ 11,490</u>

The District did not have enough qualifying disbursements to reduce the set-aside amount below zero for the textbooks/instructional materials or capital acquisition due to budget constraints.

A schedule of the restricted assets at June 30, 2010 follows:

Amount restricted for textbooks/instructional materials	\$ 185,767
Amount restricted for capital acquisition	<u>11,490</u>
	<u>\$ 197,257</u>



CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/ Passed Through Grantor/ Program Title	Pass Through Grantor Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>U.S. Department of Agriculture</b>						
<i>(Passed through the State Department of Education)</i>						
<i>Child Nutrition Cluster:</i>						
<i>Non-Cash Assistance (Food Program):</i>						
National School Lunch Program	N/A	10.555		\$38,441		\$38,441
<i>Cash Assistance:</i>						
National School Breakfast Program	N/A	10.553	\$142,629		\$142,629	
National School Lunch Program	N/A	10.555	464,986		464,986	
<i>Total Child Nutrition Cluster</i>			607,615	38,441	607,615	38,441
Team Nutrition Grant	TW09 2010	10.574	1,966		1,966	
ARRA - Child Nutrition Discretionary Grant	N/A	10.579	9,600		9,600	
<i>Total U.S. Department of Agriculture</i>			619,181	38,441	619,181	38,441
<b>U.S. Department of Labor</b>						
<i>(Passed Through Ohio Workforce Initiative Association)</i>						
WIA Youth Activities	2009	17.259	36,562		35,485	
WIA Youth Activities	2010	17.259	11,329		12,455	
<i>Total U.S. Department of Labor</i>			47,891		47,940	
<b>U.S. Department of Education</b>						
<i>(Passed Through the State Department of Education)</i>						
<i>Title I Grants to Local Educational Agencies Cluster:</i>						
Title I Grants to Local Educational Agencies	C1-S1 2009	84.010	98,737		106,809	
Title I Grants to Local Educational Agencies	C1-S1 2010	84.010	482,958		470,631	
ARRA - Title I Grants to Local Educational Agencies	C1-S1 2010	84.389	142,719		131,731	
<i>Total Title I Grants to Local Educational Agencies Cluster</i>			724,414		709,171	
Title I Grants to Local Educational Agencies (Neglected)	2010	84.013	11,689		12,533	
<i>Special Education Cluster (IDEA):</i>						
Special Education - Grants to States (IDEA Part B)	6B-SF 2009	84.027	68,673		83,065	
Special Education - Grants to States (IDEA Part B)	6B-SF 2010	84.027	450,997		421,682	
Special Education - Preschool Grants (IDEA Preschool)	2009	84.173	900		900	
Special Education - Preschool Grants (IDEA Preschool)	2010	84.173	6,564		7,079	
ARRA - Special Education - Grants to States (IDEA Part B)	6B-SF 2010	84.391	222,946		202,096	
ARRA - Special Education - Preschool Grants (IDEA Preschool)	2010	84.392	9,214		5,582	
<i>Total Special Education Cluster (IDEA)</i>			759,294		720,404	
Safe and Drug Free Schools and Community State Grant	DR-S1 2009	84.186	10,396		9,554	
Safe and Drug Free Schools and Community State Grant	DR-S1 2010	84.186	7,163		6,420	
<i>Total Safe and Drug Free Schools and Community State Grant</i>			17,559		15,974	
Innovative Educational Program Strategies	C2-S1-2009	84.298	1,143		1,507	
<i>Educational Technology State Grants Cluster:</i>						
Technology Literacy Challenge Funds Grants	TJ-S1-2009	84.318	3,217		2,488	
ARRA - Technology Literacy Challenge Funds Grants	TJ-S1-2010	84.386	4,890		4,445	
<i>Total Educational Technology State Grants Cluster</i>			8,107		6,933	
ARRA - Title I - School Improvement Grants	2010	84.388	0		13,773	
Title II-A Improving Teacher Quality State Grants	TR-S1-2009	84.367	29,469		29,654	
Title II-A Improving Teacher Quality State Grants	TR-S1-2010	84.367	142,763		135,858	
<i>Total Title II-A Improving Teacher Quality State Grants</i>			172,232		165,512	
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	N/A	84.394	804,409		608,611	
<i>Total U.S. Department of Education</i>			2,498,847		2,254,418	
<b>Total</b>			<b>\$3,165,919</b>	<b>\$38,441</b>	<b>\$2,921,539</b>	<b>\$38,441</b>

The notes to the Federal Awards Receipts and Expenditures Schedule are an integral part of this statement.

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
JUNE 30, 2010**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C - FOOD DONATION DISTRIBUTION**

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



# Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the major General Fund and the aggregate remaining fund information of the Claymont City School District, Tuscarawas County, Ohio, (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 6, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material financial statement of the District's financial statements will not be prevented, or detected and timely corrected.

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

### **Compliance and Other Matters**

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

December 6, 2010



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

To the Board of Education:

### Compliance

We have audited the compliance of the Claymont City School District, Tuscarawas County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Claymont City School District's major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying Schedule of Findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Claymont City School District, Tuscarawas County, Ohio, complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying Schedule of Findings and Questioned Costs lists this instance as Finding 2010-001.

### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying Schedule of Findings and Questioned Costs as item 2010-001. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



**Mary Taylor, CPA**  
Auditor of State

December 6, 2010

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2010**

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

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

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

None.

**CLAYMONT CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2010**

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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<b>Finding Number</b>	2010-001
<b>CFDA Title and Number</b>	Child Nutrition Cluster – CFDA #10.553, #10.555
<b>Federal Award Number / Year</b>	2010
<b>Federal Agency</b>	U.S. Department of Agriculture
<b>Pass-Through Agency</b>	Ohio Department of Education

**Questioned Cost / Noncompliance / Significant Deficiency – Eligibility**

**7 CFR part 245.3 (a)** states that each State agency, shall by July 1 of each year announce family-size income standards to be used by local educational agencies, as defined in §245.2, under the jurisdiction of such State agency, in making eligibility determinations for free or reduced price meals and for free milk. Such family size income standards for free and reduced price meals and for free milk shall be in accordance with Income Eligibility Guidelines published by the Department by notice in the Federal Register.

**42 U.S.C. 1758(b)(1)** states the income guidelines for determining eligibility for free lunches shall be 130 percent of the applicable family size income levels contained in the nonfarm income poverty guidelines prescribed by the Office of Management and Budget, as adjusted annually in accordance with subparagraph (B). The income guidelines for determining eligibility for reduced price lunches for any school year shall be 185 percent of the applicable family size income levels contained in the nonfarm income poverty guidelines prescribed by the Office of Management and Budget, as adjusted annually in accordance with subparagraph (B).

During testing of certain free and reduced lunch applications, 1 out of 40 applications tested was improperly awarded free lunches rather than being denied. As a result, the District's federal Nutrition Cluster reimbursement was overstated. This overstatement resulted in questioned cost totaling \$1,048. Projected questioned costs exceed \$10,000. Going forward, the District should implement procedures to help reduce the risk that a family's free or reduced lunch status is improperly determined.

**Official's Response / Corrective Action Plan:**

In reviewing the application in question, a formula was used by the individual in charge of verifying income. By using this formula the amount verified was less than it should have been causing the students to be considered eligible. I then reviewed the application of these same students for Fiscal Year 2010-2011 and found that the formula was not used. Thus the income verification seems to be in compliance with the eligibility standard.





# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

To the Board Members:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on December 10, 2007. It was revised at their meeting on January 11, 2010.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
  - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
  - (3) A procedure for reporting prohibited incidents;
  - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

- (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident.
- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

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



**Mary Taylor, CPA**  
Auditor of State

December 6, 2010



**Mary Taylor, CPA**  
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  
JANUARY 13, 2011**