



**CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Claymont City School District, Tuscarawas County, Ohio, (the District) as of and for the year ended June 30, 2001, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Claymont City School District, Tuscarawas County, Ohio, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type 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 January 11, 2002, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general purpose financial statements of the District, taken as a whole. The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for additional analysis as required by 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 general purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Jim Petro
Auditor of State

January 11, 2002

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CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2001

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
<u>ASSETS AND OTHER DEBITS</u>									
ASSETS:									
Equity in pooled cash and cash equivalents	\$1,595,820	\$385,682	\$193,209	\$3,003,892	\$51,101	\$40,801			\$5,270,505
Receivables (net of allowances of uncollectibles):									
Taxes - current & delinquent	3,441,712		439,528	67,176					3,948,416
Accounts	1,590	861							2,451
Interfund loan receivable	146,796								146,796
Advances to other funds	10,000								10,000
Due from other governments	1,477	136,295			25,143				162,915
Prepayments	8,203								8,203
Materials and supplies inventory	10,159				5,361				15,520
↳ Restricted assets:									
Equity in pooled cash and cash equivalents.	230,634								230,634
Property, plant and equipment (net of accumulated depreciation where applicable)					169,055		\$41,008,641		41,177,696
OTHER DEBITS:									
Amount available in debt service fund								\$271,917	271,917
Amount to be provided for retirement of general long-term obligations								5,754,965	5,754,965
Total assets and other debits	<u>\$5,446,391</u>	<u>\$522,838</u>	<u>\$632,737</u>	<u>\$3,071,068</u>	<u>\$250,660</u>	<u>\$40,801</u>	<u>\$41,008,641</u>	<u>\$6,026,882</u>	<u>\$57,000,018</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

--Continued

CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)
 JUNE 30, 2001

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
LIABILITIES, EQUITY AND OTHER CREDITS									
LIABILITIES:									
Accounts payable	\$62,422	\$29,572			\$17	\$60			\$92,071
Contracts payable				\$954,316					954,316
Retainage payable.				469,431					469,431
Accrued wages and benefits.	1,334,234	149,612			50,255				1,534,101
Compensated absences payable.	38,943				21,333		\$707,394		767,670
Pension obligation payable	195,270	18,440			22,610		92,444		328,764
Interfund loan payable.		32,713			114,083				146,796
Advances from other funds		10,000							10,000
Deferred revenue	2,837,606		\$360,820	54,878	5,361				3,258,665
Due to other governments.	38,712	4,251			1,281				44,244
Due to students						30,492			30,492
Early retirement incentive payable								20,000	20,000
Capital lease obligation								970	970
General obligation bonds payable.								5,180,834	5,180,834
Energy conservation loan payable								25,240	25,240
Total liabilities	4,507,187	244,588	360,820	1,478,625	214,940	30,552		6,026,882	12,863,594
EQUITY AND OTHER CREDITS:									
Investment in general fixed assets.							\$41,008,641		41,008,641
Contributed capital.					193,284				193,284
Retained earnings (accumulated deficit): unreserved.					(157,564)				(157,564)
Fund balances:									
Reserved for encumbrances	561,337	89,402		1,470,079		1,500			2,122,318
Reserved for advances.	10,000								10,000
Reserved for prepayments	8,203								8,203
Reserved for debt service			193,209						193,209
Reserved for tax advance unavailable for appropriation.	604,106		78,708	12,298					695,112
Reserved for BWC refunds	68,019								68,019
Reserved for capital acquisition	162,615								162,615
Unreserved-undesignated (deficit).	(475,076)	188,848		110,066		8,749			(167,413)
Total equity and other credits.	939,204	278,250	271,917	1,592,443	35,720	10,249	41,008,641		44,136,424
Total liabilities, equity and other credits	\$5,446,391	\$522,838	\$632,737	\$3,071,068	\$250,660	\$40,801	\$41,008,641	\$6,026,882	\$57,000,018

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 2001

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
From local sources:						
Taxes	\$2,837,942		\$400,631	\$58,515		\$3,297,088
Tuition	766					766
Earnings on investments	182,583	\$841		\$356,538	\$567	540,529
Extracurricular	3,670	225,354				229,024
Rentals	2,447					2,447
Contributions and donations	20,850	75,652			5,378	101,880
Other local revenues	73,445	10,229		750		84,424
Other revenue	37,492	14,842				52,334
Intergovernmental - state	8,926,506	407,055	46,158	3,083,254		12,462,973
Intergovernmental - federal	19,044	1,125,544				1,144,588
Total revenues	12,104,745	1,859,517	446,789	3,499,057	5,945	17,916,053
Expenditures:						
Current:						
Instruction:						
Regular	5,746,091	512,822		645,288	4,127	6,908,328
Special	1,040,224	593,573			491	1,634,288
Vocational	270,437					270,437
Other	139,315					139,315
Support services:						
Pupil	548,451	6,140				554,591
Instructional staff	665,923	258,422			457	924,802
Board of Education	23,928					23,928
Administration	1,241,362	9,229				1,250,591
Fiscal	265,826		8,560	1,686		276,072
Business	89,535					89,535
Operations and maintenance	1,098,371	39,201		126,092		1,263,664
Pupil transportation	576,474	760				577,234
Central	212,692	32,122		69,041		313,855
Community services		15,629		24,690	750	41,069
Extracurricular activities	270,063	242,518				512,581
Facilities acquisition and construction				11,547,210		11,547,210
Intergovernmental pass-through		115,713				115,713
Debt service:						
Principal retirement	5,559		180,645			186,204
Interest and fiscal charges	321		289,252			289,573
Total expenditures	12,194,572	1,826,129	478,457	12,414,007	5,825	26,918,990
Excess (deficiency) of revenues over (under) expenditures	(89,827)	33,388	(31,668)	(8,914,950)	120	(9,002,937)
Other financing sources (uses):						
Operating transfers in		275	26,136			26,411
Operating transfers out	(26,411)					(26,411)
Proceeds from sale of assets	27,702					27,702
Total other financing sources (uses)	1,291	275	26,136			27,702
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(88,536)	33,663	(5,532)	(8,914,950)	120	(8,975,235)
Fund balances, July 1	1,017,581	244,587	277,449	10,507,393	10,129	12,057,139
Increase in reserve for inventory	10,159					10,159
Fund balances, June 30	\$939,204	\$278,250	\$271,917	\$1,592,443	\$10,249	\$3,092,063

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2001

	General			Special Revenue			Debt Service			Capital Projects			Total (Memorandum only)		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
Revenues:															
From local sources:															
Taxes.....	\$3,047,500	\$3,013,734	(\$33,766)				\$377,136	\$423,887	\$46,751	\$56,000	\$62,149	\$6,149	\$3,480,636	\$3,499,770	\$19,134
Tuition.....	501	766	265										501	766	265
Earnings on investments.....	182,000	182,800	800	\$801	\$841	\$40				349,001	360,046	11,045	531,802	543,687	11,885
Extracurricular.....	3,000	3,670	670	226,216	226,476	260							229,216	230,146	930
Rentals.....	1,000	2,447	1,447										1,000	2,447	1,447
Contributions and donations.....	20,000	20,850	850	64,922	66,104	1,182							84,922	86,954	2,032
Other local revenues.....	57,500	73,365	15,865	18,875	18,986	111				0	750	750	76,375	93,101	16,726
Other revenue.....	36,500	37,492	992	14,842	14,842	0							51,342	52,334	992
Intergovernmental - State.....	8,927,107	8,930,449	3,342	406,576	407,056	480	44,000	46,158	2,158	1,993,531	3,083,253	1,089,722	11,371,214	12,466,916	1,095,702
Intergovernmental - Federal.....	17,500	17,567	67	1,206,652	1,199,803	(6,849)							1,224,152	1,217,370	(6,782)
Total revenues.....	<u>12,292,608</u>	<u>12,283,140</u>	<u>(9,468)</u>	<u>1,938,884</u>	<u>1,934,108</u>	<u>(4,776)</u>	<u>421,136</u>	<u>470,045</u>	<u>48,909</u>	<u>2,398,532</u>	<u>3,506,198</u>	<u>1,107,666</u>	<u>17,051,160</u>	<u>18,193,491</u>	<u>1,142,331</u>
Expenditures:															
Current:															
Instruction:															
Regular.....	6,020,364	6,016,361	4,003	402,186	525,664	(123,478)				363,500	645,930	(282,430)	6,786,050	7,187,955	(401,905)
Special.....	1,195,635	1,070,734	124,901	602,828	573,490	29,338							1,798,463	1,644,224	154,239
Vocational.....	289,855	270,318	19,537										289,855	270,318	19,537
Other.....	175,608	139,314	36,294										175,608	139,314	36,294
Support services:															
Pupil.....	559,253	556,614	2,639	6,740	6,739	1							565,993	563,353	2,640
Instructional staff.....	634,648	665,375	(30,727)	266,353	314,946	(48,593)							901,001	980,321	(79,320)
Board of Education.....	27,464	24,460	3,004										27,464	24,460	3,004
Administration.....	1,364,013	1,341,772	22,241	14,400	10,484	3,916							1,378,413	1,352,256	26,157
Fiscal.....	298,601	279,150	19,451				8,600	8,560	40	0	1,686	(1,686)	307,201	289,396	17,805
Business.....	103,884	112,830	(8,946)										103,884	112,830	(8,946)
Operations and maintenance.....	986,333	1,214,556	(228,223)	57,491	45,884	11,607				178,441	140,646	37,795	1,222,265	1,401,086	(178,821)
Pupil transportation.....	630,824	629,076	1,748	4,765	3,998	767							635,589	633,074	2,515
Central.....	178,241	231,974	(53,733)	30,032	34,896	(4,864)				37,000	69,196	(32,196)	245,273	336,066	(90,793)
Community services.....				148,722	137,455	11,267				8,000	27,405	(19,405)	156,722	164,860	(8,138)
Extracurricular activities.....	266,198	267,783	(1,585)	279,509	270,122	9,387							545,707	537,905	7,802
Facilities acquisition and construction.....	164,140	0	164,140							13,881,997	14,187,244	(305,247)	14,046,137	14,187,244	(141,107)
Debt service:															
Principal retirement.....							185,896	180,645	5,251				185,896	180,645	5,251
Interest and fiscal charges.....							289,266	289,252	14				289,266	289,252	14
Total expenditures.....	<u>12,895,061</u>	<u>12,820,317</u>	<u>74,744</u>	<u>1,813,026</u>	<u>1,923,678</u>	<u>(110,652)</u>	<u>483,762</u>	<u>478,457</u>	<u>5,305</u>	<u>14,468,938</u>	<u>15,072,107</u>	<u>(603,169)</u>	<u>29,660,787</u>	<u>30,294,559</u>	<u>(633,772)</u>
Excess (deficiency) of revenues over (under) expenditures.....	(602,453)	(537,177)	65,276	125,858	10,430	(115,428)	(62,626)	(8,412)	54,214	(12,070,406)	(11,565,909)	504,497	(12,609,627)	(12,101,068)	508,559
Other financing sources (uses):															
Refund of prior year's expenditures.....	70,500	71,905	1,405	199	199	0							70,699	72,104	1,405
Refund of prior year's receipts.....	(672)	0	672	(3,043)	(4,771)	(1,728)							(3,715)	(4,771)	(1,056)
Operating transfers in.....				275	275	0	0	26,136	26,136				275	26,411	26,136
Operating transfers (out).....	0	(26,434)	(26,434)										0	(26,434)	(26,434)
Advances in.....	0	126,000	126,000	5,000	32,714	27,714							5,000	158,714	153,714
Advances (out).....	(140,080)	(146,796)	(6,716)	(126,000)	(126,000)	0							(266,080)	(272,796)	(6,716)
Proceeds from sale of fixed assets.....	27,000	27,702	702										27,000	27,702	702
Total other financing sources (uses).....	<u>(43,252)</u>	<u>52,377</u>	<u>95,629</u>	<u>(123,569)</u>	<u>(97,583)</u>	<u>25,986</u>	<u>0</u>	<u>26,136</u>	<u>26,136</u>				<u>(166,821)</u>	<u>(19,070)</u>	<u>147,751</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses).....	(645,705)	(484,800)	160,905	2,289	(87,153)	(89,442)	(62,626)	17,724	80,350	(12,070,406)	(11,565,909)	504,497	(12,776,448)	(12,120,138)	656,310
Fund balance, July 1.....	1,551,144	1,551,144	0	256,602	256,602	0	175,485	175,485	0	1,642,581	1,642,581	0	3,625,812	3,625,812	0
Prior year encumbrances appropriated.....	141,613	141,613	0	97,586	97,586	0	0	0	0	10,502,825	10,502,825	0	10,742,024	10,742,024	0
Fund balance, June 30.....	<u>\$1,047,052</u>	<u>\$1,207,957</u>	<u>\$160,905</u>	<u>\$356,477</u>	<u>\$267,035</u>	<u>(\$89,442)</u>	<u>\$112,859</u>	<u>\$193,209</u>	<u>\$80,350</u>	<u>\$75,000</u>	<u>\$579,497</u>	<u>\$504,497</u>	<u>\$1,591,388</u>	<u>\$2,247,698</u>	<u>\$656,310</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN RETAINED EARNINGS
 PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED JUNE 30, 2001

	Proprietary Fund Type
	Enterprise
Operating revenues:	
Sales/charges for services	\$260,002
Other operating revenues	1,830
	261,832
Operating expenses:	
Personal services	348,437
Contract services	3,386
Materials and supplies.	255,028
Depreciation.	11,235
Other operating expenses	1,050
	619,136
Operating loss	(357,304)
Nonoperating revenues:	
Operating grants.	230,764
Interest revenue	9
Federal donated commodities.	26,900
	257,673
Net loss	(99,631)
Retained earnings (accumulated deficit)	
at July 1	(57,933)
Retained earnings (accumulated deficit)	
at June 30	(\$157,564)

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2001

	Proprietary Fund Type
	Enterprise
Cash flows from operating activities:	
Cash received from sales/charges for services	\$260,002
Cash received from other operating activities	1,890
Cash payments for personal services	(332,366)
Cash payments for contract services.	(3,369)
Cash payments for materials and supplies.	(219,410)
Cash payments for other expenses.	(1,050)
	(294,303)
Net cash used in operating activities	
Cash flows from noncapital financing activities:	
Cash received from operating grants.	233,009
Cash received from interfund loans	114,083
Cash payments to other funds	(475)
	346,617
Net cash provided by noncapital financing activities.	
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(12,005)
	(12,005)
Net cash used in capital and related financing activities	
Cash flows from investing activities:	
Interest received	9
	9
Net cash provided by investing activities	
Net decrease in cash and cash equivalents	40,318
Cash and cash equivalents at beginning of year.	10,783
Cash and cash equivalents at end of year	\$51,101
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	(\$357,304)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	11,235
Federal donated commodities	26,900
Changes in assets and liabilities:	
Decrease in materials and supplies inventory	8,275
Decrease in accounts receivable.	60
Increase in accounts payable	17
Increase in accrued wages and benefits	11,028
Increase in compensated absences payable	1,963
Increase in due to other governments	1,281
Increase in pension obligation payable	1,799
Increase in deferred revenue	443
	(294,303)
Net cash used in operating activities	
Noncash investing, capital and financing activities:	
Federal donated commodities.	26,900
Contributions of fixed assets from other funds	136,273

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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 233rd largest by total enrollment among the 682 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 six instructional support facilities staffed by 106 classified employees and 169 certificated teaching personnel, and 11 administrators, who provide services to 2,278 students. The District operates three elementary schools, a 5th grade complex, a middle school, which houses grades 6-8, one 9-12 high school and one garage.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements (GPFS) of the District have been prepared in conformity with generally accepted accounting principles (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) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

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

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; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or 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. The District has no component units.

The following entities, which perform activities with the District's boundaries for the benefit of its residents, are excluded from the GPFS 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 vocational school. Each school district's control is limited to its representation on the JVSD's Board. During fiscal year 2001, no monies were paid to the JVSD by the District.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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

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 49 member school districts in 10 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.

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.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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

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. The continued existence of the TRTIRC 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 (the Plan) was established through the Ohio School Boards Association (OSBA) as a group purchasing pool. The Plan'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 Plan. Each year, the participating school districts pay an enrollment fee to the Plan 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 and Portage 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 38th Street, Canton, Ohio 44709.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

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

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. Financial information can be obtained from the Claymont Public Library, 215 E. 3rd Street, Uhrichsville, Ohio 44683.

B. Fund Accounting

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the District's governmental fund types:

General Fund - The general fund is the general operating fund of the District and is used to account for all financial resources, except those required to be accounted for in another fund.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

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

Special Revenue Funds - The special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds - The capital projects funds are used to account for financial resources to be used for the acquisition of construction of major capital facilities (other than those financed by proprietary funds).

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following is the District's proprietary fund type:

Enterprise Funds - The enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The District's fiduciary funds include an expendable trust and an agency fund. The expendable trust fund is accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. See Note 3 for the agency fund accrual, which, in another fund type, would be recognized in the combined balance sheet.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

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

ACCOUNT GROUPS

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of general nature, the following account groups are used.

General Fixed Assets Account Group - This group of accounts is established to account for all fixed assets of the District, other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group - This group of accounts is established to account for all long-term obligations of the District, other than those accounted for in the proprietary funds.

C. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the combined balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the combined balance sheet. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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

The modified accrual basis of accounting is followed for governmental funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is 60 days after the June 30 year-end. Revenues accrued at the end of the year include taxes, (to the extent they are intended to finance the current fiscal year) and accounts (student fees and tuition). Property taxes measurable as of June 30, 2001 and delinquent property taxes, whose availability is indeterminate and are intended to finance fiscal 2002 operations, have been recorded as deferred revenues, except for that portion which is available from the County Auditor as an advance at June 30. This amount is recognized as revenue. In proprietary funds, unused donated commodities are reported as deferred revenue.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the recognition of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred, with the following exception: general long-term obligation principal and interest are reported only when due; and costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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

The proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense and a like amount is reported as donated commodities revenue.

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The proprietary funds receive no revenue from property taxes.

D. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

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

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

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing tax rates.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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

By no later than January 20, the Board-adopted budget is filed with the Tuscarawas County Budget Commission for rate determination.

Estimated Resources:

Prior to April 1, 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 June 30, 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 Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2001.

Appropriations:

Upon receipt from the County Auditor of an Amended Certificate of Estimated Resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the Annual Appropriation Resolution must be legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Although the legal level of budgetary control was established at the fund level of expenditures and the fund/special cost center level for certain funds, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. 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 Treasurer maintains budgetary information at the object level and has the authority to allocate appropriations at the function and object level without resolution by the Board of Education

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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

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 2001.

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

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year-end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the GPFS for proprietary funds. Note 17 provides a reconciliation of the budgetary and GAAP basis of accounting and Note 14 discloses encumbrances outstanding for the enterprise funds at fiscal year-end.

Lapsing of Appropriations:

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

E. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary 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 combined balance sheet.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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

During fiscal year 2001, investments were limited to 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 share price, which is the price the investment could be sold for on June 30, 2001.

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 2001 amounted to \$182,583 which includes \$85,755 assigned from other District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, 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 Treasurer's investment account at year-end is provided in Note 4.

F. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost or estimated historical cost. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than one year. No depreciation is recognized for assets in the general fixed assets account group. The District has not included infrastructure in the general fixed assets account group. Interest on debt issued to construct general fixed assets is not capitalized in the account group.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

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

2. Proprietary Funds

Fixed assets reflected in these funds are stated at historical cost or estimated historical cost and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over an following estimated useful lives of 12 years.

G. Intergovernmental Revenues

In governmental funds, entitlements and non-reimbursable grants (to the extent such grants and entitlements relate to the current fiscal year) are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants for proprietary fund operations are recognized as nonoperating revenue when measurable and earned. The District currently participates in various state and federal programs categorized as follows:

Entitlements

General Fund

State Foundation Program
School Bus Purchase Reimbursement
Ohio School Facilities Program
Community Alternative Funding Source

Special Revenue Funds

Disadvantaged Pupil Impact Aid

Non-Reimbursable Grants

Special Revenue Funds

Auxiliary Services
Venture Capital
Education Management Information Systems
Title VI-B
Title I
Title VI
Drug-Free Schools
Professional Development Block Grant

Non-Reimbursable Grants - (Continued)

Special Revenue Funds- (Continued)

Eisenhower Grant
Raising the Bar Grant
Network Connectivity Grant
SchoolNet Professional Development
Ohio Reads
Continuous Improvement Grant
Intervention Services
Extended Learning Grant
Job Training Partnership
GOALS 2000
Class Size Reduction
Library Service

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

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

<u>Non-Reimbursable Grants - (Continued)</u>	<u>Reimbursable Grants</u>
<u>Capital Projects Funds</u> Technology Equity SchoolNet Emergency Repairs Grant Classroom Facilities Interactive Video Distance Learning	<u>Special Revenue Funds</u> FCC-E-Rate <u>Enterprise Fund</u> National School Lunch Program National School Breakfast Program Government Donated Commodities

Grants and entitlements amounted to approximately 75% of the District's operating revenue during the 2001 fiscal year.

H. Compensated Absences

GASB 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.

Accumulated vacation and severance of governmental fund type employees meeting the above requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the general long-term obligations account group. Vacation and sick leave for employees meeting the above requirements who are paid from proprietary funds is recorded as an expense when earned.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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

I. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds, regardless of whether they will be liquidated with current resources; however, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. In general, payments made more than 60 days after year-end are considered not to have been made with current available financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

J. Fund Balance Reserves

The District records reservations for portions of fund equity, which are legally segregated for specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, advances, prepayments, debt service, tax advance unavailable for appropriation, Bureau of Workers Compensation (BWC) refunds and capital acquisitions. The reserve for property tax advance unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriations under State statute.

K. Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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

2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Quasi-external transactions are accounted for as revenues, expenditures or expenses.
3. Short-term interfund loans and accrued interfund reimbursements and accrued operating transfers are reflected as "interfund loans receivable or payable". The District had short-term interfund loans receivable and payable at June 30, 2001.
4. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources. The District had long-term advances receivable and payable at June 30, 2001.

An analysis of interfund transactions is presented in Note 5.

L. Inventory

Inventories of governmental funds are stated at cost, while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental funds, which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food and school supplies held for resale and are expensed when used.

M. Prepayments

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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

N. Contributed Capital

Contributed capital is recorded in proprietary funds that have received contributions from other funds. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year-end.

O. Parochial Schools

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

P. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents that are restricted in use by State statute. A fund balance reserve has also been established. See Note 19 for details.

Q. Estimates

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

R. Memorandum Only - Total Columns

Total columns on the GPFS are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principle

GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", was implemented during fiscal 2001. This statement pertains to the financial reporting of certain types of revenue received by the District for which no value is given in return, including derived tax revenues, imposed nonexchange transactions, government-mandated nonexchange transactions, and voluntary nonexchange transactions. The adoption of this statement had no effect on fund balances/retained earnings as previously reported by the District at June 30, 2000.

B. Prior Period Adjustment

The District has recorded a prior period adjustment to properly reflect accreted interest on capital appreciation bonds. The recording of accreted interest has increased the general long-term obligations account balance by \$39,564 from \$6,102,410 to \$6,141,974 at June 30, 2000.

C. Deficit Fund Balances/Retained Earnings

Fund balances/retained earnings at June 30, 2001 included the following individual fund deficits:

	<u>Deficit Balances</u>
<u>Special Revenue Funds</u>	
Disadvantaged Pupil Impact Aid	\$5,661
Miscellaneous State Grants	6,774
Job Training Partnership	8,329
<u>Enterprise Fund</u>	
Food Service	158,631

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end.

The deficit fund balance in the Disadvantaged Pupil Impact Aid special revenue fund is a result of accruing wage, benefit and pension obligations in accordance with GAAP. This deficit will be eliminated by user charges and intergovernmental revenues not recognized at June 30.

**CLAYMONT CITY SCHOOL DISTRICT
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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

The deficit balances in the Miscellaneous State Grants and Job Training Partnership Act special revenue funds are caused by the application of GAAP, namely in the reporting of a liability for short-term interfund loans received and for accrued wages attributable to the fiscal year. These deficit balances will be eliminated as revenues become available to repay the short-term interfund loans and to cover the costs of the wages as they are incurred.

The deficit retained earnings in the Food Service enterprise fund is caused by the application of GAAP, namely in the recognition of an interfund loan payable as a fund liability rather than as “nonoperating revenue” and in the reporting of a liability for accruing wage, benefit and pension obligations. This deficit will be eliminated as revenues become available to repay the short-term interfund loan and to cover the costs of the wages and benefits as they are incurred.

D. Compliance

Contrary to ORC Section 135.18, throughout fiscal year 2001, bank deposits at the First National Bank of Dennison exceeded FDIC coverage in amounts ranging approximately \$197,000 to \$1,100,000. As a result, sufficient pledged collateral did not exist to secure the Districts bank deposits in excess of FDIC coverage.

Contrary to ORC Section 5705.40, during fiscal year 2001, appropriations in the Raising the Bar special revenue fund were amended without the approval of the Board of Education.

E. Agency Fund

The following is an accrual for the agency fund, which, in another fund type, would be recognized in the combined balance sheet:

LIABILITIES

Accounts Payable	\$1,709
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**CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents". Statutes require the classification of monies held by the District into three categories:

Active Monies: those monies required to be kept in a "cash" or "near-cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) account, or in money market deposit accounts.

Inactive Monies: those monies not required for use within the current two-year period of designation of depositories. Inactive monies may be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories, or as savings or deposit accounts including, but not limited to, passbook account.

Interim Monies: 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 monies 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 pass book accounts.

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.

Interim monies may be invested or deposited 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 or interest by the United States;

**CLAYMONT CITY SCHOOL DISTRICT
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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed 30 days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25% of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

Cash on Hand: At fiscal year-end, the District had \$1,000 in undeposited cash on hand, which is included on the combined balance sheet of the District as part of "Equity in Pooled Cash and Cash Equivalents."

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits: At year-end, the carrying amount of the District's deposits was \$418,891 and the bank balance was \$941,661. Of the bank balance:

1. \$101,062 was covered by federal deposit insurance.
2. \$550,000 was covered by specific collateral. The remaining \$290,599 was uninsured and uncollateralized contrary to ORC Section 135.18.

Investments: Investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or securities held by the District. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department, but not in the District's name.

The District had an investment of \$5,081,248 in STAR Ohio at June 30, 2001. STAR Ohio is not categorized because it is not evidenced by securities that exist in physical or book entry form.

The classification of cash and cash equivalents and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

A reconciliation between the classifications of pooled cash and cash equivalents and investments on the combined balance sheet (per GASB Statement No. 9) and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 5,501,139	\$ 0
Investments of the cash management pool:		
Investment in STAR Ohio	(5,081,248)	5,081,248
Cash on hand	<u>(1,000)</u>	<u>---</u>
 GASB Statement No. 3	 <u>\$ 418,891</u>	 <u>\$5,081,248</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. The following is a summarized breakdown of the District's operating transfers for fiscal year 2001:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ ---	\$26,411
Debt Service Fund	26,136	---
<u>Special Revenue Fund</u>		
Job Training Partnership	<u>275</u>	<u>---</u>
 Total	 <u>\$26,411</u>	 <u>\$26,411</u>

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

B. Interfund balances at June 30, 2001, consist of the following individual interfund loans receivable and payable:

	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
General Fund	\$146,796	\$ - - -
<u>Special Revenue Funds</u>		
Job Training Partnership	- - -	5,000
Title VI-B	- - -	13,989
Miscellaneous Federal Grants	- - -	13,724
<u>Enterprise Fund</u>		
Food Service	<u>- - -</u>	<u>114,086</u>
Totals	<u>\$146,796</u>	<u>\$146,796</u>

C. The following is a reconciliation of the District's long-term advances to and from other funds at June 30, 2001:

	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General Fund	\$10,000	\$ - - -
<u>Special Revenue Fund</u>		
Miscellaneous State Grants	<u>- - -</u>	<u>10,000</u>
Totals	<u>\$10,000</u>	<u>\$10,000</u>

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District. Real property taxes and public utility taxes are levied after November 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 6 - PROPERTY TAXES - (Continued)

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value, except for the personal property of rural electric companies, which is assessed 50% of market and railroads, which are assessed at 29%.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The assessed value upon which the 2000 taxes were collected was \$131,324,250. Agricultural/residential and public utility/minerals real estate represented \$76,266,520 or 58.07% of this total, commercial & industrial real estate represented \$18,283,120 or 13.92% of this total, public utility tangible represented \$11,748,200 or 8.95% of this total and general tangible property represented \$25,026,410 or 19.06% of this total. The voted general tax rate at the fiscal year ended June 30, 2001 was \$28.50 per \$1,000.00 of assessed valuation for operations, \$3.20 per \$1,000.00 of assessed valuation for debt service and \$.50 of assessed valuation for permanent improvement.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20.

The Tuscarawas County Treasurer collects real estate property taxes on behalf of the District. The Tuscarawas County Auditor periodically remits to the District its portion of the taxes collected with final settlement in March and September. Such collections are available to pay current period liabilities.

The Tuscarawas County Treasurer collects personal property taxes on behalf of all taxing districts within the Counties. The Tuscarawas County Auditor periodically remits to the District its portion of the taxes collected with final settlement in February and August. Such collections are available to pay current period liabilities.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes, which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue. The amount of tax advance available at year-end was \$695,112 and has been recorded as revenue.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 6 - PROPERTY TAXES - (Continued)

Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, 2001, are reflected as a reservation of fund balance for future appropriations. The District is prohibited, by law, from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2001, consisted of taxes, accounts (billings for user charged services and student fees), interfund loans, and intergovernmental grants and entitlements (to the extent such grants and entitlements relate to the current fiscal year). Intergovernmental receivables have been reported as "Due From Other Governments" on the combined balance sheet. 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 fiscal year guarantee of Federal funds.

A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - current & delinquent	\$3,441,712
Accounts	1,590
Interfund loan receivable	146,796
Due from other governments	1,477
<u>Special Revenue Funds</u>	
Due from other governments	136,295
<u>Debt Service Fund</u>	
Taxes - current & delinquent	439,528
<u>Capital Projects Funds</u>	
Taxes - current & delinquent	67,176
<u>Enterprise Funds</u>	
Due from other governments	25,143

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 8 - FIXED ASSETS

A summary of the changes in the general fixed assets account group during the fiscal year follows:

	<u>Balance</u> <u>July 1, 2000</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2001</u>
Land and improvements	\$ 651,034	\$ 24,900	\$ ---	\$ 675,934
Buildings and improvements	14,803,633	4,410,239	---	19,213,872
Furniture, fixtures and equipment	2,351,810	1,698,748	(32,029)	4,018,529
Vehicles	982,808	85,891	---	1,068,699
Construction in progress	<u>10,272,663</u>	<u>5,758,944</u>	<u>---</u>	<u>16,031,607</u>
Total	<u>\$29,061,948</u>	<u>\$11,978,722</u>	<u>\$(39,029)</u>	<u>\$41,008,641</u>

A summary of the enterprise funds' fixed assets at June 30, 2001, follows:

Furniture, fixtures, and equipment	\$223,000
Vehicles	11,499
Less: accumulated depreciation	<u>(65,444)</u>
Net fixed assets	<u>\$169,055</u>

NOTE 9 - CONTRIBUTED CAPITAL

Contributed capital for the year ended June 30, 2001 are summarized by source as follows:

	<u>Food Service</u>
Contributed capital, July 1, 2000	\$ 57,011
Current contributions from other funds	<u>136,273</u>
Contributed capital, June 30, 2001	<u>\$193,284</u>

NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE

In prior years, the District entered into a capitalized lease for furniture, fixtures and equipment. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards 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 are reflected as debt service expenditures in the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE - (Continued)

General fixed assets consisting of furniture, fixtures and equipment have been capitalized in the general fixed assets account group in the amount of \$38,181. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in general long-term obligations account group. Principal and interest payments during fiscal year 2001 totaled \$5,559 and \$321, respectively. These amounts have been recorded as debt service expenditures in the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2001.

Fiscal Year Ending June 30,	Amount
2002	<u>\$980</u>
Total	980
Less: amount representing interest	<u>(10)</u>
Present value of minimum lease payments	<u>\$970</u>

NOTE 11 - LONG-TERM OBLIGATIONS

A. On April 1, 1997, the District issued voted school improvement general obligation bonds for the purpose of improvements to the various school buildings. These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the general long-term obligations account group. Payments of principal and interest relating to these bonds are recorded as expenditures in the debt service fund.

This issue is comprised of both current interest bonds, par value \$5,340,000, and capital appreciation bonds, par value \$520,000. The interest rates on the current interest bonds range from 4.20% to 5.70%. The capital appreciation bonds mature on December 1, 2010 (effective interest 15.271) and December 1, 2011 (effective interest 15.276) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The present value (as of issue date) reported in the general long-term obligations account group at June 30, 2001 was \$69,597. A total of \$56,237 in accreted interest on the capital appreciation bonds has been included in the general long-term obligations account group at June 30, 2001.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2021.

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

Fiscal Year Ending	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2002	\$ 125,000	\$ 275,932	\$ 400,932	\$ ---	\$ ---	\$ ---
2003	140,000	269,502	409,502	---	---	---
2004	155,000	262,197	417,197	---	---	---
2005	170,000	254,030	424,030	---	---	---
2006	185,000	244,974	429,974	---	---	---
2007 - 2011	890,000	1,064,090	1,954,090	260,000	0	260,000
2012 - 2016	1,135,000	841,464	1,976,464	260,000	0	260,000
2017 - 2021	1,825,000	394,015	2,219,015	---	---	---
2022	<u>430,000</u>	<u>12,255</u>	<u>442,255</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total	<u>\$5,055,000</u>	<u>\$3,618,459</u>	<u>\$8,673,459</u>	<u>\$520,000</u>	<u>\$ 0</u>	<u>\$520,000</u>

- B.** On January 9, 1992, the District obtained a loan for \$369,778, for the purpose of providing energy conservation measures for the District. The loan was issued for a ten year period with final maturity during fiscal year 2002. The loan is being retired from the debt service fund.

The following is a description of the District's loan outstanding as of June 30, 2001:

	Interest Rate	Maturity Date	Balance July 1, 2000	Retired in 2001	Balance June 30, 2001
Energy Conservation Loan	7.1%	1/09/02	\$95,885	\$(70,645)	\$25,240

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the District's future annual debt service requirements to maturity for the energy conservation notes:

<u>Fiscal Year Ending</u>	<u>Principal on Loan</u>	<u>Interest on Loan</u>	<u>Total</u>
2002	\$25,240	\$896	\$26,136

C. During the year ended June 30, 2001, the following changes occurred in the liabilities reported in the general long-term obligations account group. Compensated absences and the pension obligations will be paid from the fund in which the employee was paid.

	<u>Restated Balance July 1, 2000</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2001</u>
Compensated absences	\$ 684,482	\$108,687	\$ (85,775)	\$ 707,394
Pension obligation payable	80,917	92,444	(80,917)	92,444
Early retirement incentive plan	0	40,000	(20,000)	20,000
Capital lease obligation	6,529	---	(5,559)	970
Current interest bonds	5,165,000	---	(110,000)	5,055,000
Capital appreciation bonds	109,161	16,673	---	125,834
Energy conservation loan	<u>95,885</u>	<u>---</u>	<u>(70,645)</u>	<u>25,240</u>
Total	<u>\$6,141,974</u>	<u>\$257,804</u>	<u>\$(372,896)</u>	<u>\$6,026,882</u>

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2001, are a voted debt margin of \$6,910,266 (including available funds of \$271,917) and an unvoted debt margin of \$131,324.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 12 - EMPLOYEE BENEFITS

A. 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 245 days for all employees. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum of 168 days, and one-tenth of accumulated sick leave beyond 168 days, up to a maximum of 50 days, to classified employees. Certified employees receive one-fourth of their total sick leave accumulation, up to a maximum of 50 days.

B. Early Retirement Incentive

The District provides an early retirement incentive plan (ERIP) for State Teachers Retirement System (STRS) employees who retire before January 1, 2003. An incentive of \$5,000 will be paid to any employee that becomes eligible for retirement under STRS criteria and retires in the first year of eligibility. Eight employees took advantage of the ERIP in fiscal year 2001; however, only four employees received their one-time cash payment prior to June 30, 2001. A liability for the remaining ERIP payments has been recorded in the general long-term obligations account group.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 13 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001, the District contracted with Westfield Insurance Company for property insurance, boiler and machinery and inland marine coverage. Nationwide Insurance provides coverage for fleet insurance and general liability coverage. Coverages under these policies are as follows:

Building and Contents (\$1,000 deductible)	\$63,429,493
Builders Risk Improvements/Upgrades (\$1,000 deductible)	2,915,000
Blanket Computer Coverage (\$500 deductible)	2,069,947
Audio/Visual Equipment Coverage (\$500 deductible)	57,000
Library Books/Valuable Papers	953,100
Musical Instruments (\$500 deductible)	245,905
Boiler Accident Coverage	10,000,000
Inland Marine Coverage (\$250 deductible)	2,135,256
Public Employee Dishonesty	2,500
Automobile Liability (\$100 deductible)	1,000,000
Uninsured Motorists	300,000
General Liability:	
Per occurrence	1,000,000
Total per year	5,000,000

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 Anthem Life Insurance Company.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 13 - RISK MANAGEMENT - (Continued)

C. Medical and Dental Insurance

The District participates in the Stark County 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 Council has selected Mutual Health Services to provide third party administrative services in claims processing. Employees may elect to choose from three Preferred Provider Organizations (PPO) to increase the co-insurance from 80% to 90%. The provider organizations are: Ohio health Choice, Aultcare and Super Blue Plus. 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 2001, the District paid \$458 for family or \$189 for individual coverage per month to the Stark County Board of Education who serves as 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 benefits, which are administered by the Health Benefits Plan. Mutual Health Services serves as the third party administrator to provide claims processing services for the dental plan. During fiscal year 2001, the premium for this coverage was \$59 monthly for family coverage and \$24 for individual coverage. The premium for this coverage is also paid into the insurance pool.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 13 - RISK MANAGEMENT - (Continued)

D. Workers' Compensation

For fiscal year 2001, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (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 will then either receive money from or be required to contribute to the "Equity Pooling Fund". This equity pooling arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 14 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains two enterprise funds to account for the operations of food service and school supplies. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the District as of and for the year ended June 30, 2001.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total</u>
Operating revenue	\$260,350	\$1,482	\$261,832
Operating expense before depreciation	607,901	---	607,901
Depreciation	11,235	---	11,235
Operating income (loss)	(358,786)	1,482	(357,304)
Operating grants	230,764	---	230,764
Federal donated commodities	26,900	---	26,900
Net income (loss)	(101,113)	1,482	(99,631)
Net working capital	(113,069)	1,067	(112,002)
Fixed asset additions	148,278	---	148,278
Total assets	249,593	1,067	250,660
Total liabilities	214,940	---	214,940
Contributed capital	193,284	---	193,284
Total equity	34,653	1,067	35,720
Encumbrances Outstanding at June 30	9,548	---	9,548

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 15 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability 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. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634, or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute 14% for 2001; 4.2% was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by the School Employees Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions to SERS for the fiscal years ended June 30, 2001, 2000 and 1999 were \$71,216, \$88,602, and \$106,611, respectively; 43.06% has been contributed for fiscal year 2001 and 100% for the fiscal years 2000 and 1999. \$40,553, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%; 9.5% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's required contributions to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$688,731, \$425,694, and \$401,724, respectively; 83.12% has been contributed for fiscal year 2001 and 100% for the fiscal years 2000 and 1999. \$116,247, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

NOTE 16 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through STRS, and to retired non-certified employees and their dependents through SERS. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by STRS and SERS based on authority granted by State statute. Both STRS and SERS are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For this fiscal year, the Board allocated employer contributions equal to 8% of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$346,063 during fiscal 2001.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.419 billion at June 30, 2000 (the latest information available). For the year ended June 30, 2000 (the latest information available), net health care costs paid by STRS were \$283.137 million and STRS had 99,011 eligible benefit recipients.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 16 - POSTEMPLOYMENT BENEFITS - (Continued)

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

For this fiscal year, employer contributions to fund health care benefits were 8.45% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$326,241. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2000 (the latest information available), were \$140.7 million and the target level was \$211.0 million. At June 30, 2000 (the latest information available), SERS had net assets available for payment of health care benefits of \$252.3 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$165,672 during the 2001 fiscal year.

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

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

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual Comparison (NonGAAP Budgetary Basis) - All Governmental Fund Types 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 are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the governmental funds are as follows:

	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget basis	\$(430,717)	\$ (87,153)	\$ 17,724	\$(11,565,909)
Net adjustment for revenue accruals	(178,395)	(74,591)	(23,256)	(7,141)
Net adjustment for expenditure accruals	7,248	(21,098)	---	233,705
Net adjustment for other financing sources (uses)	(105,169)	97,858	---	---
Encumbrances (budget basis)	<u>618,497</u>	<u>118,647</u>	<u>---</u>	<u>2,424,395</u>
GAAP basis	<u>\$ (88,536)</u>	<u>\$ 33,663</u>	<u>\$ (5,532)</u>	<u>\$ (8,914,950)</u>

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 18 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2001.

B. Litigation

This District is a party to legal proceedings; however, in the opinion of District management, the impact of these proceedings, if any, would not have a material effect on the financial statements.

C. State School Funding Decision

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 18 - CONTINGENCIES - (Continued)

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of January 11, 2002, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may reexamine and redetermine any issue upon such reconsideration.

As of the date of these financial statements, the District is unable to determine the effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

NOTE 19 - 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, 2001, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside cash balance as of June 30, 2000	\$(232,677)	\$ 59,889	\$ 149,365
Current year set-aside requirement	243,401	243,401	---
Elimination of budget stabilization reserve	---	---	(149,365)
Current year offsets	---	(69,361)	---
Qualifying disbursements	<u>(269,879)</u>	<u>(71,314)</u>	<u>---</u>
Total	<u>\$(259,155)</u>	<u>\$162,615</u>	<u>\$ 0</u>
Cash balance carried forward to FY 2002	<u>\$(259,155)</u>	<u>\$162,615</u>	<u>\$ 0</u>

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

NOTE 19 - STATUTORY RESERVES - (Continued)

Effective April 10, 2001, Am. Sub. Senate Bill 345 amended ORC Section 5705.29 effectively eliminating the requirement for the District to establish and maintain a budget stabilization reserve. As of June 30, 2001, the School Board has not taken action to designate these funds for a specific use. Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and reserved fund balance in the general fund since allowable expenditures are restricted by State statute. All remaining monies previously reported in the budget stabilization reserve are now reported as unreserved and undesignated fund balance in the general fund. The District is still required by state law to maintain the textbook reserve and capital acquisition reserve.

A schedule of the restricted assets at June 30, 2001 follows:

Amount restricted for BWC refunds	\$ 68,019
Amount restricted for capital acquisition	<u>162,615</u>
Total restricted assets	<u>\$230,634</u>

NOTE 20 - CONTRACTUAL COMMITMENTS

As of June 30, 2001, the District had the following contractual purchase commitments outstanding:

Contractor	Purpose	Amount
Fanning/Howey and Associates	Architectural and Engineering	\$ 75,533
Knoch Corporation	Construction for High School	479,488
S.A. Communal Company	Fire Protection for High School	32,126
Universal Custom Millwork	Educational Casework for High School	34,405
Wood Electric, Inc.	Electrical for High School	138,536
Soehnlem Piping Company	Plumbing for High School	100,954
Canton Elevator Service	Elevator for High School	4,560
Stanley Miller	Renovations to Existing High School and Middle School	304,600
Hilscher Clarke	Electrical to Existing Elementary School High School, and Middle School	30,449

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 20 - CONTRACTUAL COMMITMENTS - (Continued)

<u>Contractor</u>	<u>Purpose</u>	<u>Amount</u>
Soehnlem Piping Company	Renovations to Existing Elementary School, High School, and Middle School	\$ 56,537
Peterman Plumbing	Renovations to Middle School	7,839
AAA Mechanical Services	Renovations to High School	412,613
Deetz Plumbing	Painting at Trenton	5,525
Bushong Restaurant Equipment	Food Service Equipment for High School	54,973
Capital Equipment	Media Center Casework for High School	7,578
Dalmation Fire, Inc.	Fire Protection for Middle School and Existing High School	67,284
Helblings Supply, Inc.	Renovations to Existing High School and Middle School	90,626
Waller-Duman, Inc.	Athletic Equipment	<u>3,000</u>
Total		<u>\$1,906,626</u>

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CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY

SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2001

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$0	\$27,342	\$0	\$26,900
National School Milk Program for Children	4377802PU	10.556	85	0	85	0
National School Lunch Program	43778LLP4	10.555	189,217	0	189,217	0
School Breakfast Program	4377805PU	10.553	30,661	0	30,661	0
Total U.S. Department of Agriculture - Child Nutrition Cluster			219,963	27,342	219,963	26,900
U.S. DEPARTMENT OF LABOR						
<i>Passed Through Ohio Job Training Partnership:</i>						
Job Training Partnership Act	F01-9471	17.250	14,578	0	16,730	0
	F00-9471		0	0	3,665	0
Total U.S. Department of Labor			14,578	0	20,395	0
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	0437786BSF01P	84.027	225,277	0	175,700	0
	0437786BSF00P		18,270	0	29,440	0
Total Special Education Cluster			243,547	0	205,140	0
Title I Grants to Local Educational Agencies	043778C1S101	84.010	387,745	0	369,677	0
	043778C1S100		149,199	0	38,827	0
	043778C1S100		42,434	0	42,434	0
	043778C1S199		0	0	22,322	0
Total Title I Grants to Local Educational Agencies			579,378	0	473,260	0
Eisenhower Professional Development State Grant	043778MSS101	84.281	12,536	0	9,825	0
	043778MSS100		4,939	0	2,672	0
	043778MSS199		0	0	1,429	0
Total Eisenhower Professional Development State Grant			17,475	0	13,926	0
Innovative Education Program Strategies Grant	043778C2S101	84.298	12,359	0	9,836	0
	043778C2S100		8,771	0	208	0
Total Innovative Education Program Strategies Grant			21,130	0	10,044	0
Safe and Drug-Free Schools and Communities State Grant	043778DRS101	84.186	5,836	0	2,671	0
	043778DRS100		5,000	0	5,000	0
	043778DRS199		2,508	0	3,790	0
Total Safe and Drug-Free Schools and Communities State Grant			13,344	0	11,461	0
Goals 2000 State and Local Education Systemic Improvement Grant	043778G2S201	84.276	14,000	0	0	0
	043778G2S200		0	0	20,401	0
Total Goals 2000 State and Local Education Systemic Improvement Grant			14,000	0	20,401	0
Technology Literacy Challenge Grant	043778TF3101	84.318	225,000	0	221,757	0
	043778TF3100		0	0	57,942	0
Total Technology Literacy Challenge Grant			225,000	0	279,699	0
Class Size Reduction Grant	043778CRS101	84.340	50,200	0	63,092	0
	043778CRS100		19,017	0	11,603	0
Total Class Size Reduction Grant			69,217	0	74,695	0
Total U.S. Department of Education			1,183,091	0	1,088,626	0
U.S. NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES						
<i>Passed Through the Ohio Institute of Museum and Library Services</i>						
State Library Program		45.310	15,000	0	15,000	0
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>						
Medicaid Assistance Program		93.778	17,567	0	17,567	0
Totals			\$1,450,199	\$27,342	\$1,361,551	\$26,900

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

**CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2001**

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) summarizes activity of the District's federal award programs. Except for the Job Training Partnership Act Grant CFDA No. 17.250, which is accounted for on the accrual basis, the Schedule has been prepared on the cash basis of accounting.

NOTE B--FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had food commodities totaling \$5,361 in inventory.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Board of Education:

We have audited the general purpose financial statements of the Claymont City School District, Tuscarawas County, Ohio, (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated January 11, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2001-11279-001 and 2001-11279-002.

We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated January 11, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 11, 2002.

This report is intended for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

January 11, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Claymont City School District
Tuscarawas County
115 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 are applicable to each of its major federal programs for the year ended June 30, 2001. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. 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 contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with 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 have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 11, 2002.

This report is intended for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

January 11, 2002

**CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2001**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster CFDA #10.550, #10.553, #10.555, & #10.556 Technology Literacy Challenge Grant CFDA #84.318
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

FINDING NUMBER 2001-11279-001

Noncompliance Citation

Ohio Rev. Code Section 135.18 provides that the fiscal officer shall require the institution designated as a public depository to pledge and deposit eligible securities of aggregate market value equal to the excess of deposits over and above those covered by the Federal Deposit and Insurance Corporation (FDIC).

Throughout fiscal year 2001, the First National Bank of Dennison (the Bank) held specific collateral for the District totaling \$550,000; however, bank deposits ranging from approximately \$197,000 to \$1,100,000 were not adequately secured by either FDIC coverage or specific collateral. As a result, sufficient pledged collateral did not exist to secure the District's bank deposits in excess of FDIC coverage. The District should contact the Bank to ensure sufficient collateral is pledged to secure the District's bank deposits. Also, the District should periodically obtain confirmation from the Bank about the collateral pledged, and determine whether the amount meets the terms of the District's deposit agreement with the Bank.

FINDING NUMBER 2001-11279-002

Noncompliance Citation

Ohio Rev. Code Section 5705.40 provides that any appropriation measure may be amended or supplemented provided that such amendment or supplement complies with all provisions of law governing the tax authority in making the original appropriation.

Certain fund appropriations were amended without the approval of the Board of Education. As a result, amendments totaling \$200,000 to the Special Revenue Raising the Bar Fund (Fund No. 599-9001) in the District's Permanent Appropriation Measure adopted by the Board of Education on December 7, 2000 were not legally valid. As the District's legislative authority, the Board of Education should approve all supplemental appropriations at the legal level of budgetary control prior to the Treasurer amending the District's appropriations. This will ensure that all amendments to the District's Appropriation Measure are valid. The Special Revenue Raising the Bar Fund's appropriations were subsequently adjusted on the financial statements.

3. FINDINGS FOR FEDERAL AWARDS

None.

**CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2001**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer</u> Valid; Explain:</u>
2000-11279-001	A Finding for Recovery of public monies collected but unaccounted for was issued against the Claymont High School Junior Class Advisor in the amount of \$760 in favor of the Claymont City School District Junior Class of 2001 Agency Fund.	Partially	The matter was referred to the Tuscarawas County Prosecutor and the Ohio Office of the Attorney General. As of June 30, 2001, the District collected \$402 of the \$760. The Tuscarawas County Prosecutor's Office continues to monitor the situation.
2000-11279-002	Estimated Sales Project Potential Reports and Final Sales Project Reports for student activities were not properly signed or approved by the required officials for certain fundraisers.	Yes	During fiscal year 2001, all Estimated Sales Project Potential Reports and Final Sales Project Reports for student activities were properly signed and approved by the required officials.
2000-11279-003	During fiscal year 2000, certain Individualized Educational Plans (IEP) for handicapped children were found to be missing the five requirements outlined under 34 CFR 300.346-347. Certain students were also improperly categorized as receiving full and appropriate services on the Handicapped Student List by Program submitted by the District to the Ohio Department of Education on December 1, 1999.	Yes	<p>The District Superintendent distributed a memo to the officials responsible for administering and monitoring the handicapped student coding process. The Grant Coordinator also met with these individuals on several occasions to discuss the EMIS coding process.</p> <p>On June 19, 2001, the Ohio Department of Education responded to the District's June 30, 2000 Corrective Action Plan in a letter stating that the audit findings were sustained and upheld and that the corrective action plan has been approved. The Ohio Department of Education adjusted the District's funding for fiscal year 2002 according to the audit findings.</p>



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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
FEBRUARY 5, 2002**