



Rea & associates *a brighter way*

Claymont City School District

Tuscarawas County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2013



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Claymont City School District, Tuscarawas County, prepared by Rea & Associates, Inc., for the audit period July 1, 2012 through June 30, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

January 13, 2014

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

JUNE 30, 2013

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

JUNE 30, 2013

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December 3, 2013

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

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Claymont City School District, Tuscarawas County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2013, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 3 to the financial statements, during fiscal year 2013, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*", and GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*"; and as a result restated their June 30, 2012 net position of governmental activities due to a reclassification of debt issuance costs as an expense in the period incurred rather than amortizing over the life of the debt. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the accompanying *Management's Discussion and Analysis* on pages 4-14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Hea & Associates, Inc.

New Philadelphia, Ohio

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

The management's discussion and analysis of the Claymont City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2013 are as follows:

- In total, net position of governmental activities decreased \$215,389, which represents a 1.12% decrease from restated net position at June 30, 2012.
- General revenues accounted for \$15,655,840 in revenue or 73.96% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5,513,063 or 26.04% of total revenues of \$21,168,903.
- The District had \$21,384,292 in expenses related to governmental activities; only \$5,513,063 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$15,655,840 covered all but 1.01% of governmental activities' net expenses.
- The District's only major governmental fund is the general fund. The general fund had \$18,087,983 in revenues and other financing sources and \$17,909,768 in expenditures. During fiscal year 2013, the general fund's fund balance increased \$178,215, from a beginning fund balance of \$1,833,646 to \$2,011,861.

Using these Basic Financial Statements

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

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did the District perform financially during 2013?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses, regardless of when cash is received or paid.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

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

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

The District's statement of net position and statement of activities can be found on pages 15-16 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's governmental funds begins on page 10. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the District's most significant funds. The District's only major governmental fund is the general fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The differences between the government as a whole, as reported in the statement of net position and the statement of activities, and the governmental funds are reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 17-21 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in the statements of fiduciary net position and changes in fiduciary net position on pages 22 and 23. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 24-54 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

The District as a Whole

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

The table below provides a summary of the District's net position for 2013 and 2012. In accordance with GASB Statement No. 65, balances at June 30, 2012 have been restated to exclude unamortized bond issuance costs of \$30,012 from assets and the District's net investment in capital assets as previously reported, to reclassify deferred charges from the refunding of debt from a reduction of long-term liabilities to be presented as a deferred outflow of resources, and to reclassify property taxes levied for the subsequent year from a current liability to a deferred inflow of resources. Further, to conform to current year presentation, net position at June 30, 2012 has been restated to reclassify the effect on net position of \$415,948 in accreted interest on the District's capital appreciation bonds from unrestricted net position to restricted net position.

	Net Position	
	Governmental Activities 2013	Restated Governmental Activities 2012
<u>Assets</u>		
Current and other assets	\$ 8,990,109	\$ 8,719,583
Capital assets, net	<u>19,193,107</u>	<u>20,080,220</u>
Total assets	<u>28,183,216</u>	<u>28,799,803</u>
<u>Deferred Outflows of Resources</u>	<u>227,075</u>	<u>254,054</u>
<u>Liabilities</u>		
Current liabilities	1,920,354	1,994,875
Long-term liabilities	<u>4,543,569</u>	<u>4,749,756</u>
Total liabilities	<u>6,463,923</u>	<u>6,744,631</u>
<u>Deferred Inflows of Resources</u>	<u>2,881,363</u>	<u>3,028,832</u>
<u>Net Position</u>		
Net investment in capital assets	16,772,345	17,378,125
Restricted	873,364	740,957
Unrestricted	<u>1,419,296</u>	<u>1,161,312</u>
Total net position	<u>\$ 19,065,005</u>	<u>\$ 19,280,394</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2013, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$19,065,005. Of this total, \$873,364 is restricted in use.

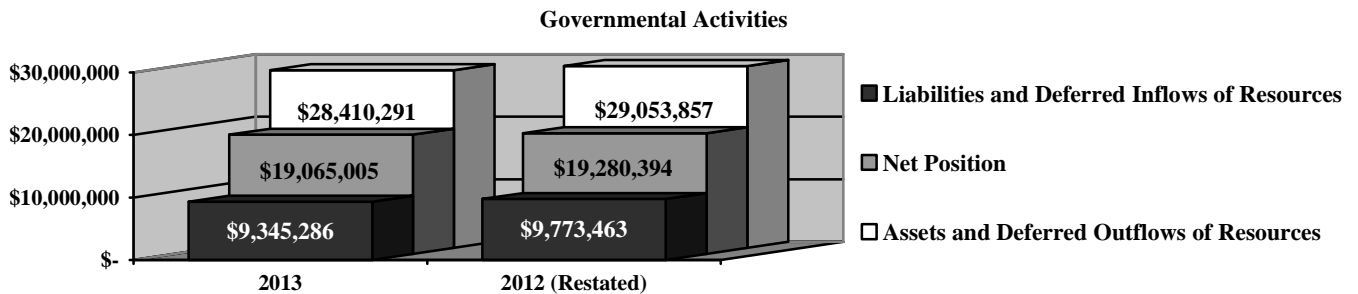
**CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

At year-end, capital assets represented 68.10% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. The District's net investment in capital assets at June 30, 2013 was \$16,772,345. Capital assets are used to provide services to the students and are not available for future spending. Although the District's net investment in capital assets is reported net of related debt, the resources to repay the debt must be provided from other sources since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$873,364, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$1,419,296 may be used to meet the District's ongoing obligations to students and creditors.

The graph below shows the District's governmental activities assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position as of June 30, 2013 and 2012. In accordance with GASB Statement No. 65, balances for fiscal year 2012 have been restated to exclude unamortized bond issuance costs from assets and net position at June 30, 2012, and to reclassify unamortized deferred charges on the District's debt refunding from a reduction of liabilities to a deferred outflow of resources.



Governmental Activities

Net position of the District's governmental activities decreased \$215,389 from restated net position at June 30, 2012. Total governmental expenses of \$21,384,292 were offset by program revenues of \$5,513,063 and general revenues of \$15,655,840. Program revenues supported 25.78% of total governmental activities' expenses.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These revenue sources represent 73.67% of total governmental revenue. Earnings on investments decreased 86.52% from 2012 due to a net decrease in the fair market value of the investments held by the District as of June 30, 2013, while miscellaneous general revenues increased \$41,723 due to higher private, unrestricted contributions made to the District during the year.

Expenses during fiscal year 2013 decreased 3.17%. The largest component of this decrease occurred among the District's support services expenses and is related to a reduction in expenses for employee salaries and benefits during the year; this decrease offset a 2.02% increase in expenses for instructional programs. Instructional programs are the largest expense of the District. During fiscal year 2013, instruction expenses totaled \$13,350,837, or 62.43% of total governmental activities' expenses.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

The table below shows the change in net position for fiscal years 2013 and 2012. In accordance with GASB Statement No. 65, net position as previously reported and interest and fiscal charges for 2012 have been restated to exclude the capitalization and amortization of bond issuance costs.

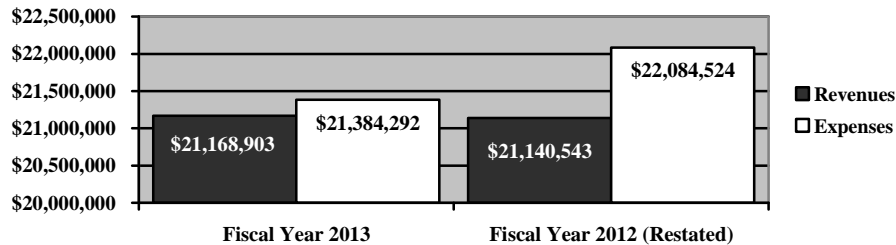
	Changes in Net Position	
	Governmental Activities 2013	Restated Governmental Activities 2012
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,523,967	\$ 1,548,612
Operating grants and contributions	3,989,096	4,168,819
General revenues:		
Property taxes	3,701,687	3,600,851
Revenue in lieu of taxes	10,000	10,000
Grants and entitlements	11,894,425	11,801,587
Investment earnings	416	3,085
Other	49,312	7,589
Total revenues	<u>21,168,903</u>	<u>21,140,543</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	10,155,398	10,131,269
Special	3,011,664	2,832,759
Vocational	92,021	91,824
Other	91,754	30,611
Support services:		
Pupil	947,688	1,005,180
Instructional staff	876,926	1,525,913
Board of education	47,712	22,178
Administration	1,320,636	1,488,081
Fiscal	358,319	389,684
Business	66,198	71,230
Operations and maintenance	2,020,016	1,967,395
Pupil transportation	707,489	765,432
Central	23,739	54,197
Operations of non-instructional services:		
Food service operations	815,865	857,112
Other non-instructional services	80,765	92,640
Extracurricular activities	584,931	581,149
Interest and fiscal charges	183,171	177,870
Total expenses	<u>21,384,292</u>	<u>22,084,524</u>
Change in net position	(215,389)	(943,981)
Net position at beginning of year (restated)	<u>19,280,394</u>	<u>20,224,375</u>
Net position at end of year	<u>\$ 19,065,005</u>	<u>\$ 19,280,394</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

The graph below presents the District's governmental activities revenues and expenses for fiscal year 2013 and 2012. Expenses for fiscal year 2012 have been restated to exclude the amortization of \$3,187 in bond issuance costs in accordance with GASB Statement No. 65.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of services supported by tax revenue and unrestricted State grants and entitlements. The total and net cost of interest and fiscal charges for 2012 have been restated to exclude the amortization of \$3,187 in bond issuance costs in accordance with GASB Statement No. 65.

Governmental Activities

	Total Cost of Services 2013	Net Cost of Services 2013	Restated Total Cost of Services 2012	Restated Net Cost of Services 2012
Program expenses				
Instruction:				
Regular	\$ 10,155,398	\$ 8,833,225	\$ 10,131,269	\$ 8,716,064
Special	3,011,664	250,717	2,832,759	170,615
Vocational	92,021	30,832	91,824	30,635
Other	91,754	91,754	30,611	30,611
Support services:				
Pupil	947,688	909,704	1,005,180	857,466
Instructional staff	876,926	773,769	1,525,913	1,388,061
Board of education	47,712	47,712	22,178	22,178
Administration	1,320,636	1,230,643	1,488,081	1,401,728
Fiscal	358,319	358,319	389,684	389,684
Business	66,198	66,198	71,230	71,230
Operations and maintenance	2,020,016	2,016,139	1,967,395	1,955,078
Pupil transportation	707,489	680,485	765,432	738,858
Central	23,739	23,622	54,197	53,727
Operations of non-instructional services:				
Food service operations	815,865	(43,077)	857,112	(28,448)
Other non-instructional services	80,765	2,021	92,640	23,738
Extracurricular activities	584,931	415,995	581,149	367,998
Interest and fiscal charges	183,171	183,171	177,870	177,870
Total expenses	<u>\$ 21,384,292</u>	<u>\$ 15,871,229</u>	<u>\$ 22,084,524</u>	<u>\$ 16,367,093</u>

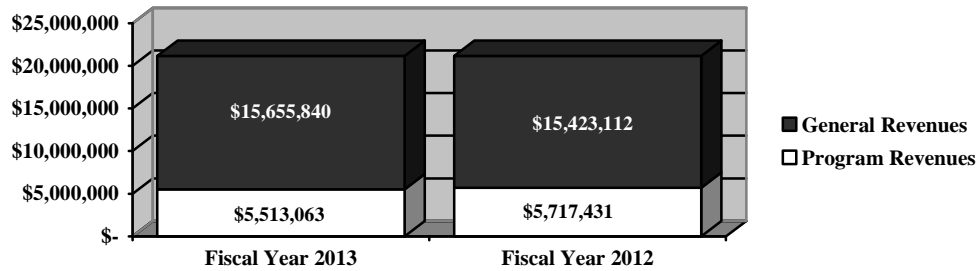
**CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

The dependence upon tax and other general revenues for governmental activities is apparent, as 68.96% of instruction activities are supported through taxes, grants and entitlements and other general revenues. For all governmental activities, general revenue support is 74.22%. The District's taxpayers and unrestricted grants and entitlements from the state of Ohio, as a whole, are the primary support for the District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2013 and 2012.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$3,317,220, which is 15.65% higher than fund balances at June 30, 2012, which totaled \$2,868,422. The schedule below indicates the fund balances as of June 30, 2013 and June 30, 2012 and the net changes during fiscal year 2013.

<u>Fund</u>	<u>Fund Balance June 30, 2013</u>	<u>Fund Balance June 30, 2012</u>	<u>Increase</u>
General	\$ 2,011,861	\$ 1,833,646	\$ 178,215
Nonmajor governmental	<u>1,305,359</u>	<u>1,034,776</u>	<u>270,583</u>
Total	<u>\$ 3,317,220</u>	<u>\$ 2,868,422</u>	<u>\$ 448,798</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

General Fund

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

	2013 Amount	2012 Amount	Increase (Decrease)	Percentage Change
<u>Revenues</u>				
Taxes	\$ 3,237,490	\$ 3,136,569	\$ 100,921	3.22 %
Revenue in lieu of taxes	10,000	10,000	-	-
Tuition	1,150,491	1,112,709	37,782	3.40 %
Earnings on investments	416	3,085	(2,669)	(86.52) %
Intergovernmental	13,357,451	13,279,910	77,541	0.58 %
Other revenues	<u>130,531</u>	<u>142,561</u>	<u>(12,030)</u>	<u>(8.44) %</u>
Total	<u>\$ 17,886,379</u>	<u>\$ 17,684,834</u>	<u>\$ 201,545</u>	<u>1.14 %</u>
<u>Expenditures</u>				
Instruction	\$ 11,341,913	\$ 10,027,543	\$ 1,314,370	13.11 %
Support services	5,881,876	6,762,178	(880,302)	(13.02) %
Extracurricular activities	443,411	456,830	(13,419)	(2.94) %
Capital outlay	201,604	-	201,604	100.00 %
Debt service	<u>40,964</u>	<u>37,432</u>	<u>3,532</u>	<u>9.44 %</u>
Total	<u>\$ 17,909,768</u>	<u>\$ 17,283,983</u>	<u>\$ 625,785</u>	<u>3.62 %</u>

In total, general fund revenues increased 1.14% over the prior fiscal year. General fund tax revenues increased 3.22% due to higher collections during 2013 and advances available from the Tuscarawas County Auditor at June 30, 2013; these factors may fluctuate year to year due to the timing of property tax collections. Tuition increased by 3.40% due to increases in revenue from services performed for other Districts, tuition for special education, and open enrollment revenues of \$6,349, \$6,727, and \$24,706, respectively. Revenue in lieu of taxes related to tax abatements received by the District from Aleris International, Inc. remained the same as in fiscal year 2012, while earnings on investments decreased 86.52% due to a net decrease in the fair market value of the District's investments in federal agency securities as of June 30, 2013. Intergovernmental revenue in the general fund increased 0.58%; during the year the District began its participation in the Medicaid School Program, which entitles the District to federal reimbursement for costs incurred by the District for eligible services provided to students, and began to receive an allocation of casino earnings from the State of Ohio. These new sources of intergovernmental revenue and an increase in career and technical funding from the State of Ohio offset reduced revenues through the state foundation program and other entitlements, including homestead and rollback and tangible personal property tax loss reimbursement, and further contributed to a \$77,541 increase in intergovernmental revenues. The net decrease in other revenues of the general fund resulted from a reduction in extracurricular charges to students supporting athletic and academic-related student activities, decreases in fees assessed for classroom supplies and rental income, and lower miscellaneous refunds and receipts recognized by the District during fiscal year 2013.

During 2013 the general fund assumed expenditures previously recognized among the nonmajor governmental funds, causing an increase in spending for instructional programs of 13.11%; meanwhile, a 13.02% decrease in support services disbursements from the prior year was achieved through lower salaries and benefits paid during the year to employees supporting these programs. Capital outlay was recognized during 2013 for the acquisition of leased printer and copier equipment, replacing equipment acquired through leases in prior years; this new lease agreement resulted in higher principal and interest payments recognized as debt service expenditures of the general fund. Extracurricular activities expenditures of the general fund remained consistent with the prior year.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

General Fund Budgeting Highlights

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

For the general fund in fiscal year 2013, both original and final budgeted revenues and other financing sources were \$17,526,000. Actual revenues and other financing sources of \$17,773,587 were \$247,587 higher than budgeted revenues and other financing sources. Most of this variance is based on higher than anticipated property taxes, tuition, contributions and donations, and intergovernmental revenues during the year.

General fund final appropriations (appropriated expenditures plus other financing uses) were \$18,486,850, representing a budget increase of \$800,000 in regular instruction and operations and maintenance expenditures over original budgeted expenditures and other financing uses of \$17,686,850. The actual budget basis expenditures and other financing uses for fiscal year 2013 totaled \$17,922,704 and were \$564,146 lower than final budgeted appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2013, the District had \$19,193,107 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in the District's governmental activities.

The following table shows fiscal year 2013 balances compared to 2012:

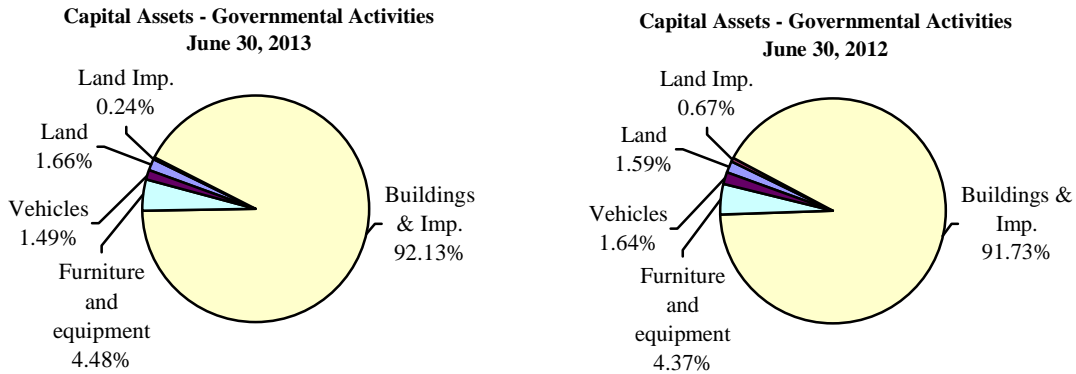
	Capital Assets at June 30	
	(Net of Depreciation)	
	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Land	\$ 318,293	\$ 318,293
Land improvements	45,320	135,314
Building and improvements	17,683,918	18,420,493
Furniture and equipment	859,928	876,520
Vehicles	<u>285,648</u>	<u>329,600</u>
Total	<u>\$ 19,193,107</u>	<u>\$ 20,080,220</u>

The District's capital assets, net of accumulated depreciation, decreased by \$887,113 due to depreciation expense of \$1,010,178 and disposals with a net book value of \$143,564 exceeding total capital outlays during fiscal year 2013 of \$266,629.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

The graphs below present the District's capital assets, net of accumulated depreciation, at the end of fiscal year 2013 compared to 2012.



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

Debt Administration

At June 30, 2013 the District had \$2,647,368 in general obligation bonds (the issue is comprised of current interest bonds and capital appreciation bonds) and \$190,715 in capital lease obligations outstanding. Of this total, \$390,808 is due within one year and \$2,447,275 is due in greater than one year.

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

Outstanding Debt, at Year End

	Governmental Activities 2013	Governmental Activities 2012
Current interest bonds	\$ 1,920,000	\$ 2,265,000
Capital appreciation bonds (including accreted interest)	727,368	620,536
Capital lease obligations	<u>190,715</u>	<u>116,284</u>
Total	<u>\$ 2,838,083</u>	<u>\$ 3,001,820</u>

At June 30, 2013 the District's overall legal debt margin was \$11,953,544 (including available funds of \$519,347) and an unvoted debt margin of \$150,653.

See Note 11 to the basic financial statements for detail regarding the District's debt administration.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

Current Financial Related Activities

Due to the commitment of the Board of Education and administration, the District has carefully managed its general fund budget in order to optimally utilize the dollars available to educate the students it serves while minimizing the need for additional property tax millage. The unencumbered budgetary basis balance of the general fund was \$2,825,006 at June 30, 2013.

In 2013 school districts were guaranteed State foundation funding equal to that which was received in fiscal year 2011, excluding State Fiscal Stabilization funds. One concern for the future is the lack of economic growth in the State of Ohio, causing the state to administer budget reductions. Another concern is that of the economic status of the United States as a whole and the outlook and parameters concerning the long-term availability of intergovernmental aid. In 2012, the District received funds from the federal government through the Ohio Department of Education to be used for education jobs. This money was reported in the District's governmental activities and, per guidance from the Ohio Department of Education, remaining restricted revenues associated with this program had to be spent before September 30, 2012. The loss of such revenues affected the District's budgeting and spending in fiscal year 2013; overall, elimination of these funds resulted in a 3.2% reduction in state funding during 2013.

The District began receiving an allocation of casino earnings from the State of Ohio during fiscal year 2013. The first payment was received in January 2013 in the amount of \$44,742. Beginning with fiscal year 2014, the District will receive payments twice a year in August and January. Based on current casino revenue collection data, it is anticipated that the District will receive approximately \$50 per pupil.

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

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mrs. Lori Statler, Treasurer/CFO, Claymont City School District, 201 N. 3rd Street, Dennison, Ohio 44621-1278.

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

STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 4,542,833
Receivables:	
Property taxes	4,131,922
Accrued interest	458
Intergovernmental	293,034
Prepayments	11,948
Materials and supplies inventory	9,914
Capital assets:	
Nondepreciable capital assets	318,293
Depreciable capital assets, net.	18,874,814
Capital assets, net.	<u>19,193,107</u>
Total assets.	<u>28,183,216</u>
 Deferred outflows of resources:	
Unamortized deferred charges on debt refunding.	227,075
Total deferred outflows of resources	<u>227,075</u>
 Liabilities:	
Accounts payable	20,906
Accrued wages and benefits payable.	1,407,942
Pension obligation payable.	400,527
Intergovernmental payable.	85,235
Accrued interest payable.	5,744
Long-term liabilities:	
Due within one year	593,222
Due in more than one year	3,950,347
Total liabilities.	<u>6,463,923</u>
 Deferred inflows of resources:	
Property taxes levied for the next fiscal year.	2,881,363
Total deferred inflows of resources	<u>2,881,363</u>
 Net position:	
Net investment in capital assets	16,772,345
Restricted for:	
Capital projects.	65,967
Classroom facilities maintenance.	429,957
Debt service	58,038
Locally funded programs	26,354
State funded programs	1,539
Federally funded programs	66,636
Student activities	100,210
Other purposes	124,663
Unrestricted	1,419,296
Total net position.	<u>\$ 19,065,005</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 10,155,398	\$ 1,037,286	\$ 284,887	\$ (8,833,225)
Special	3,011,664	158,658	2,602,289	(250,717)
Vocational	92,021	-	61,189	(30,832)
Other	91,754	-	-	(91,754)
Support services:				
Pupil	947,688	-	37,984	(909,704)
Instructional staff	876,926	-	103,157	(773,769)
Board of education	47,712	-	-	(47,712)
Administration	1,320,636	-	89,993	(1,230,643)
Fiscal	358,319	-	-	(358,319)
Business	66,198	-	-	(66,198)
Operations and maintenance	2,020,016	1,575	2,302	(2,016,139)
Pupil transportation	707,489	-	27,004	(680,485)
Central	23,739	-	117	(23,622)
Operation of non-instructional services:				
Food service operations	815,865	157,512	701,430	43,077
Other non-instructional services	80,765	-	78,744	(2,021)
Extracurricular activities	584,931	168,936	-	(415,995)
Interest and fiscal charges	183,171	-	-	(183,171)
Total governmental activities	\$ 21,384,292	\$ 1,523,967	\$ 3,989,096	(15,871,229)

General revenues:	
Property taxes levied for:	
General purposes	3,278,201
Debt service	377,079
Classroom facilities maintenance	46,407
Revenue in lieu of taxes	10,000
Grants and entitlements not restricted to specific programs	11,894,425
Investment earnings	416
Miscellaneous	49,312
Total general revenues	15,655,840
Change in net position	(215,389)
Net position at beginning of year (restated)	19,280,394
Net position at end of year	\$ 19,065,005

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and investments.	\$ 3,179,958	\$ 1,362,875	\$ 4,542,833
Receivables:			
Property taxes.	3,649,423	482,499	4,131,922
Accrued interest	458	-	458
Interfund loans	60,577	-	60,577
Intergovernmental.	34,595	258,439	293,034
Prepayments.	11,948	-	11,948
Materials and supplies inventory.	-	9,914	9,914
Due from other funds	962	-	962
Total assets	<u>\$ 6,937,921</u>	<u>\$ 2,113,727</u>	<u>\$ 9,051,648</u>
Liabilities:			
Accounts payable	\$ 9,252	\$ 11,654	\$ 20,906
Accrued wages and benefits payable	1,241,575	166,367	1,407,942
Compensated absences payable	98,308	-	98,308
Interfund loans payable.	-	60,577	60,577
Intergovernmental payable	75,441	9,794	85,235
Pension obligation payable	358,073	42,454	400,527
Due to other funds	-	962	962
Total liabilities.	<u>1,782,649</u>	<u>291,808</u>	<u>2,074,457</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year. . .	2,543,988	337,375	2,881,363
Delinquent property tax revenue not available. .	599,423	77,499	676,922
Intergovernmental revenue not available. . . .	-	101,686	101,686
Total deferred inflows of resources	<u>3,143,411</u>	<u>516,560</u>	<u>3,659,971</u>
Fund balances:			
Nonspendable:			
Materials and supplies inventory.	-	9,914	9,914
Prepayments.	11,948	-	11,948
Restricted:			
Debt service	-	519,347	519,347
Capital improvements	-	65,967	65,967
Classroom facilities maintenance	-	419,673	419,673
Food service operations	-	135,062	135,062
Non-public schools	-	1,539	1,539
Special education	-	6,522	6,522
Targeted academic assistance	-	33,375	33,375
Extracurricular activities	-	100,210	100,210
Other purposes.	-	30,093	30,093
Assigned:			
Student instruction	112,404	-	112,404
Student and staff support.	165,598	-	165,598
School supplies.	8,464	-	8,464
Extracurricular activities	62,006	-	62,006
Subsequent year's appropriations	207,812	-	207,812
Unassigned (deficit)	1,443,629	(16,343)	1,427,286
Total fund balances	<u>2,011,861</u>	<u>1,305,359</u>	<u>3,317,220</u>
Total liabilities, deferred inflows of resources, and fund balances.	<u>\$ 6,937,921</u>	<u>\$ 2,113,727</u>	<u>\$ 9,051,648</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2013

Total governmental fund balances		\$ 3,317,220
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		19,193,107
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows of resources in the funds.		
Property taxes receivable	\$ 676,922	
Intergovernmental receivable	<u>101,686</u>	
Total		778,608
Unamortized premiums on bonds issued are not recognized in the funds.		(332,534)
Unamortized deferred amounts on refundings are not recognized in the funds.		227,075
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(5,744)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(2,647,368)	
Capital lease obligations	(190,715)	
Compensated absences	<u>(1,274,644)</u>	
Total		<u>(4,112,727)</u>
Net position of governmental activities		<u>\$ 19,065,005</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Property taxes	\$ 3,237,490	\$ 427,688	\$ 3,665,178
Revenue in lieu of taxes	10,000	-	10,000
Tuition	1,150,491	-	1,150,491
Earnings on investments	416	3	419
Charges for services	-	158,029	158,029
Extracurricular	40,218	128,718	168,936
Classroom materials and fees	39,943	-	39,943
Rental income	1,058	5,510	6,568
Contributions and donations	40,491	39,114	79,605
Other local revenues	8,821	-	8,821
Intergovernmental - state	13,302,935	363,230	13,666,165
Intergovernmental - federal	54,516	2,132,058	2,186,574
Total revenues	<u>17,886,379</u>	<u>3,254,350</u>	<u>21,140,729</u>
Expenditures:			
Current:			
Instruction:			
Regular	9,236,067	264,450	9,500,517
Special	1,925,811	1,050,503	2,976,314
Vocational	88,281	-	88,281
Other	91,754	-	91,754
Support services:			
Pupil	910,953	37,984	948,937
Instructional staff	823,677	108,201	931,878
Board of education	47,712	-	47,712
Administration	1,237,330	87,135	1,324,465
Fiscal	349,049	10,945	359,994
Business	11,522	-	11,522
Operations and maintenance	1,856,485	47,992	1,904,477
Pupil transportation	644,547	-	644,547
Central	601	113	714
Operation of non-instructional services:			
Food service operations	-	764,282	764,282
Other non-instructional services	-	79,317	79,317
Extracurricular activities	443,411	110,172	553,583
Capital outlay	201,604	-	201,604
Debt service:			
Principal retirement	30,088	345,000	375,088
Interest and fiscal charges	10,876	78,188	89,064
Total expenditures	<u>17,909,768</u>	<u>2,984,282</u>	<u>20,894,050</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(23,389)</u>	<u>270,068</u>	<u>246,679</u>
Other financing sources:			
Proceeds from capital lease transaction	201,604	-	201,604
Total other financing sources	<u>201,604</u>	<u>-</u>	<u>201,604</u>
Net change in fund balances	178,215	270,068	448,283
Fund balances at beginning of year	1,833,646	1,034,776	2,868,422
Increase in reserve for inventory	-	515	515
Fund balances at end of year	<u>\$ 2,011,861</u>	<u>\$ 1,305,359</u>	<u>\$ 3,317,220</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds	\$	448,283
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 266,629	
Current year depreciation	<u>(1,010,178)</u>	
Total		(743,549)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(143,564)
Governmental funds report expenditures for inventory when purchased; however, in the statement of activities, they are reported as an expense when consumed.		
		515
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	36,509	
Intergovernmental	<u>(8,335)</u>	
Total		28,174
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
Bonds	345,000	
Capital leases	<u>30,088</u>	
Total		375,088
The balances of capital lease obligations traded in during the year are not reported in the governmental funds, but the forgiveness of outstanding balances reduces liabilities on the statement of net position.		
		97,085
Issuances of capital leases are recorded as an other financing source in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
		(201,604)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	195	
Accreted interest on capital appreciation bonds	(106,832)	
Amortization of bond premiums	39,509	
Amortization of deferred charges	<u>(26,979)</u>	
Total		(94,107)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
		<u>18,290</u>
Change in net position of governmental activities	\$	<u>(215,389)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 3,050,000	\$ 3,050,000	\$ 3,094,195	\$ 44,195
Revenue in lieu of taxes	7,500	7,500	10,000	2,500
Tuition	1,090,000	1,090,000	1,150,491	60,491
Earnings on investments	2,500	2,500	3,712	1,212
Classroom materials and fees	33,700	33,700	38,309	4,609
Rental income	4,000	4,000	1,058	(2,942)
Contributions and donations	3,000	3,000	21,500	18,500
Other local revenues	4,300	4,300	3,584	(716)
Intergovernmental - state	13,260,000	13,260,000	13,302,935	42,935
Intergovernmental - federal	16,000	16,000	54,516	38,516
Total revenues	<u>17,471,000</u>	<u>17,471,000</u>	<u>17,680,300</u>	<u>209,300</u>
Expenditures:				
Current:				
Instruction:				
Regular	8,476,710	9,273,741	9,073,936	199,805
Special	1,964,653	1,964,653	1,999,025	(34,372)
Vocational	75,225	75,225	89,290	(14,065)
Other	30,000	30,000	91,754	(61,754)
Support services:				
Pupil	930,709	930,709	910,574	20,135
Instructional staff	961,514	961,514	950,302	11,212
Board of education	40,559	40,559	52,798	(12,239)
Administration	1,386,098	1,386,098	1,249,900	136,198
Fiscal	378,373	378,373	357,943	20,430
Business	79,900	79,900	46,880	33,020
Operations and maintenance	2,064,244	2,067,213	2,003,898	63,315
Pupil transportation	802,086	802,086	734,580	67,506
Central	13,198	13,198	530	12,668
Extracurricular activities	383,581	383,581	359,936	23,645
Total expenditures	<u>17,586,850</u>	<u>18,386,850</u>	<u>17,921,346</u>	<u>465,504</u>
Excess of expenditures over revenues	(115,850)	(915,850)	(241,046)	674,804
Other financing sources (uses):				
Refund of prior year's expenditures	5,000	5,000	-	(5,000)
Refund of prior year's receipts	-	-	(100)	(100)
Advances in	50,000	50,000	92,082	42,082
Advances (out)	(100,000)	(100,000)	(1,258)	98,742
Sale of capital assets	-	-	1,205	1,205
Total other financing sources (uses)	<u>(45,000)</u>	<u>(45,000)</u>	<u>91,929</u>	<u>136,929</u>
Net change in fund balance	(160,850)	(960,850)	(149,117)	811,733
Fund balance at beginning of year	2,646,032	2,646,032	2,646,032	-
Prior year encumbrances appropriated	328,091	328,091	328,091	-
Fund balance at end of year	<u>\$ 2,813,273</u>	<u>\$ 2,013,273</u>	<u>\$ 2,825,006</u>	<u>\$ 811,733</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and investments.	\$ 5,895	\$ 31,087
Total assets.	5,895	\$ 31,087
Liabilities:		
Accounts payable	-	\$ 3,513
Due to students	-	27,574
Total liabilities.	-	\$ 31,087
Net position:		
Held in trust for scholarships	5,895	
Total net position	\$ 5,895	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 2
Deductions:	
Scholarships awarded	750
Change in net position	(748)
Net position at beginning of year	6,643
Net position at end of year	\$ 5,895

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

Claymont City School District (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District is located within the City of Uhrichsville and the Village of Dennison, Ohio. It operates under a locally-elected five-member Board and provides educational services as authorized and mandated by State and federal agencies. The Board controls the District's seven instructional support facilities staffed by 90 classified employees, 161 certified teaching personnel and 15 administrators, who provide services to approximately 2,151 students. The District operates one preschool, three elementary schools, a 5th - 6th grade intermediate school, a 7th - 8th grade junior high, one 9th - 12th high school and one garage.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "*The Financial Reporting Entity*" as amended by GASB Statement No. 39, "*Determining Whether Certain Organizations Are Component Units*" and GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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

City of Uhrichsville and the Village of Dennison

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

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

JOINTLY GOVERNED ORGANIZATIONS

Buckeye Joint Vocational School District (JVSD)

The JVSD is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational and special education needs of the students. The JVSD's Board of Education is comprised of representatives from the Board of each participating school district. The JVSD's Board is responsible for approving its own budgets, appointing personnel and accounting and finance related activities. The District's students may attend the JVSD. Each school district's control is limited to its representation on the JVSD's Board. During fiscal year 2013, no monies were paid to the JVSD by the District.

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

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

The OME-RESA is one of 23 regional service organizations serving over 600 public school districts in the State of Ohio that make up the Ohio Educational Computer Network (OECN). These service organizations are known as Data Acquisition Sites. The OECN is a collective group of Data Acquisition Sites, authorized pursuant to Section 3301.075 of the Ohio Revised Code and their member school districts. Such sites, in conjunction with the Ohio Department of Education (ODE), comprise a statewide delivery system to provide comprehensive, cost-efficient accounting and other administrative and instructional computer services for participating Ohio school districts.

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

The OME-RESA is owned and operated by 47 member school districts in 11 different Ohio counties. The member school districts are comprised of public school districts and educational service centers. Each member district pays an annual fee for services provided by OME-RESA. OME-RESA is governed by a Board of Directors, which is selected by the member districts. Each member has one vote in all matters and each member's control over budgeting and financing of OME-RESA is limited to its voting authority and any representation it may have on the Board of Directors. During fiscal year 2013, the District paid \$63,369 to OME-RESA for services.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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

Tuscarawas County Tax Incentive Review Council (TCTIRC)

The TCTIRC is a jointly governed organization, created as a regional council of governments pursuant to state statutes. TCTIRC has 22 members, consisting of 3 members appointed by the County Commissioners, 4 members appointed by municipal corporations, 6 members appointed by township trustees, 1 member from the County Auditor's office and 8 members appointed by school districts located within the County. TCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the council can make written recommendations to the legislative authority that approved the agreement. There is no cost associated with being a member of this council. During fiscal year 2013, no monies were paid to the TCTIRC by the District. The continued existence of the TCTIRC is not dependent on the District's continued participation and no equity interest exists.

PUBLIC ENTITY RISK POOLS

Stark County Schools Council of Governments

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

RELATED ORGANIZATION

Claymont Public Library

The Claymont Public Library is a related organization to the District. The School Board members are responsible for appointing the trustees of the Public Library; however, the School Board cannot influence the Library's operation nor does the Library represent a potential financial benefit or burden to the District. Although the District does serve as the taxing authority and may issue tax relief related debt on behalf of the Library, its role is limited to a ministerial function. Once the Library determines to present a levy to voters, including the determination of the rate and duration, the District must place the levy on the ballot. The Library may issue debt and determines its own budget. During fiscal year 2013, no monies were paid to the Library by the District. Financial information can be obtained from the Claymont Public Library, 215 E. 3rd Street, Uhrichsville, Ohio 44683.

B. Fund Accounting

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The following is the District's major governmental fund:

General fund -The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for scholarship programs for students. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The District's agency fund accounts for student activity.

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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

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

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

Deferred Inflows of Resources and Deferred Outflows of Resources - A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows of resources. Revenue in lieu of taxes and grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2013, are recorded as deferred inflows of resources on the governmental fund financial statements.

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

On the government-wide financial statements, unamortized deferred charges on debt refunding (the difference between the reacquisition price and the carrying amount of the refunded obligation) are reported as a deferred outflow of resources.

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

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

E. Budgets

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

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

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

TAX BUDGET

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

ESTIMATED RESOURCES

The Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District. The amounts reported in the budgetary statements reflect the amounts in the original and final amended certificate of estimated resources issued during fiscal year 2013.

APPROPRIATIONS

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation resolution, the Board of Education may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at the fund level. Any revisions that alter the appropriations at the legal level of control must be approved by the Board of Education. The District Treasurer maintains budgetary information at the function and object level and has the authority to allocate appropriations at the function and object level in all funds without resolution by the Board of Education.

The Board of Education may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. Supplemental appropriations were legally enacted by the Board during fiscal year 2013.

The budget figures, which appear in the statement of budgetary comparisons, represent the original and final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

LAPSING OF APPROPRIATIONS

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

F. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

During fiscal year 2013, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), U.S. government money market mutual funds, and federal agency securities. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price at which the investment could be sold on June 30, 2013. The District also had deposited funds in the STAR Ohio Plus program. The STAR Ohio Plus program allows Ohio's political subdivisions to deposit monies in a network of FDIC-insured banks via a single account.

Under existing Ohio statutes, the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2013 amounted to \$416, which includes \$118 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at year end is provided in Note 4.

G. Inventory

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

Inventory consists of donated food and purchased food.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

H. Capital Assets

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

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

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

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

I. Interfund Balances

On fund financial statements, receivables and payables resulting from interfund loans and cash deficits among the governmental activities are classified as "interfund loans receivable/payable" and "due to/from other funds", respectively. These amounts are eliminated in the governmental activities column on the statement of net position.

J. Compensated Absences

GASB Statement No. 16, "Accounting for Compensated Absences", specifies the method used to accrue liabilities for leave benefits. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2013, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

K. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

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

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

On the government-wide financial statements, bond premiums and discounts are amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds and bond discounts are presented as a reduction to the face amount of the bonds. On the governmental fund financial statements, bond premiums and discounts are recognized in the period in which these items are incurred. The reconciliation between the face value of bonds and the amount reported on the statement of net position is presented in Note 11.A.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable in the general fund.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriation in the subsequent year’s appropriated budget.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

N. Net Position

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

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

O. Prepayments

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

P. Estimates

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

Q. Interfund Activity

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

R. Parochial and Private Schools

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2013.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2013, the District has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", and GASB Statement No. 66, "Technical Corrections - 2012".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the District.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the District.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 Financial Accounting Standards Board and American Institute of Certified Public Accountants pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the District.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the District's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

**CLAYMONT CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The implementation of GASB Statement No. 65 affected the District's financial statements to present certain items that were previously reported as liabilities as deferred outflows of resources or deferred inflows of resources and had the following effect on net position at July 1, 2012:

	Governmental Activities
Net assets as previously reported	\$ 19,310,406
Removal of unamortized bond issuance costs	(30,012)
Net position at July 1, 2012	\$ 19,280,394

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2013 included the following individual fund deficits:

Nonmajor governmental funds	Deficit
Management information systems	\$ 1,785
Public school preschool	5,822
Miscellaneous state grants	6,736
WIA	2,000

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

**CLAYMONT CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

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

**CLAYMONT CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Cash on Hand

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

B. Deposits with Financial Institutions

At June 30, 2013, the carrying amount of all District deposits was \$2,389,445. Based on the criteria described in GASB Statement No. 40, “*Deposits and Investment Risk Disclosures*”, as of June 30, 2013, \$1,075,909 of the District’s bank balance of \$2,576,483 was exposed to custodial risk as discussed below, while \$1,500,574 was covered by the FDIC.

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

C. Investments

As of June 30, 2013, the District had the following investments and maturities:

Investment type	Fair Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
STAR Ohio	\$ 1,692,363	\$ 1,692,363	\$ -	\$ -	\$ -	\$ -
FHLB	158,110	-	-	-	-	158,110
FHLMC	99,341	-	-	-	49,914	49,427
FNMA	233,515	-	-	-	-	233,515
U.S. government money market	5,041	5,041	-	-	-	-
Total	<u>\$ 2,188,370</u>	<u>\$ 1,697,404</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,914</u>	<u>\$ 441,052</u>

**CLAYMONT CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent, but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirements of State statute.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2013:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 1,692,363	77.33
FHLB	158,110	7.23
FHLMC	99,341	4.54
FNMA	233,515	10.67
U.S. government money market	5,041	0.23
Total	<u>\$ 2,188,370</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2013:

<u>Cash and investments per footnote</u>	
Carrying amount of deposits	\$ 2,389,445
Investments	2,188,370
Cash on hand	<u>2,000</u>
Total	<u>\$ 4,579,815</u>

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 4,542,833
Private-purpose trust fund	5,895
Agency fund	<u>31,087</u>
Total	<u>\$ 4,579,815</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2013, as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 60,577

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

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

- B. Interfund balances at June 30, 2013, as reported on the fund statements, include the following amounts due to and due from other funds:

<u>Due to</u>	<u>Due from</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 962

The purpose of amounts due to/from other funds is to cover negative cash balances in the nonmajor governmental funds. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

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

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Public utility real and personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 6 - PROPERTY TAXES - (Continued)

The District receives property taxes from Tuscarawas County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available as an advance at June 30, 2013 was \$506,012 in the general fund and \$59,084 in the bond retirement debt service fund (a nonmajor governmental fund), and \$8,541 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2012 was \$362,717 in the general fund, \$42,366 in the bond retirement debt service fund (a nonmajor governmental fund), and \$6,085 in the classroom facilities maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2013 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 138,598,140	92.76	\$ 139,215,980	92.41
Public utility personal	<u>10,818,390</u>	<u>7.24</u>	<u>11,437,190</u>	<u>7.59</u>
Total	<u>\$ 149,416,530</u>	<u>100.00</u>	<u>\$ 150,653,170</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$30.90		\$30.90	

NOTE 7 – REVENUE IN LIEU OF TAXES

The District has entered into tax incremental financing agreements with a local company. This company was granted reductions or exemptions from property tax obligations from the District, Tuscarawas County, Mill Township and the Buckeye Career Center through an Enterprise Zone Agreement in order to encourage economic development in the area; however, as part of these agreements, the company makes payments in lieu of taxes to compensate the District for approximately twenty-five percent of the reduction in property tax revenues. Payments from the current Enterprise Zone Agreement are scheduled to end in fiscal year 2015. On the governmental fund financial statements, revenue in lieu of taxes totaled \$10,000 in the general fund during fiscal year 2013.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 8 - RECEIVABLES

Receivables at June 30, 2013 consisted of property taxes, accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

Property taxes	\$ 4,131,922
Accrued interest	458
Intergovernmental	<u>293,034</u>
Total	<u>\$ 4,425,414</u>

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

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance at 6/30/12	Additions	Deductions	Balance at 6/30/13
<i>Capital assets, not being depreciated:</i>				
Land	\$ 318,293	\$ -	\$ -	\$ 318,293
Total capital assets, not being depreciated	<u>318,293</u>	<u>-</u>	<u>-</u>	<u>318,293</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	511,109	-	(72,899)	438,210
Buildings and improvements	30,592,061	-	-	30,592,061
Furniture and equipment	4,018,020	255,045	(156,282)	4,116,783
Vehicles	<u>1,321,797</u>	<u>11,584</u>	<u>-</u>	<u>1,333,381</u>
Total capital assets, being depreciated	<u>36,442,987</u>	<u>266,629</u>	<u>(229,181)</u>	<u>36,480,435</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(375,795)	(17,095)	-	(392,890)
Buildings and improvements	(12,171,568)	(736,575)	-	(12,908,143)
Furniture and equipment	(3,141,500)	(200,972)	85,617	(3,256,855)
Vehicles	<u>(992,197)</u>	<u>(55,536)</u>	<u>-</u>	<u>(1,047,733)</u>
Total accumulated depreciation	<u>(16,681,060)</u>	<u>(1,010,178)</u>	<u>85,617</u>	<u>(17,605,621)</u>
Governmental activities capital assets, net	<u>\$ 20,080,220</u>	<u>\$ (743,549)</u>	<u>\$ (143,564)</u>	<u>\$ 19,193,107</u>

**CLAYMONT CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 644,210
Special	45,278
Vocational	17,451
<u>Support services:</u>	
Pupil	6,596
Instructional staff	31,627
Administration	8,802
Business	18,011
Operations and maintenance	65,158
Pupil transportation	60,051
Central	23,025
Extracurricular activities	35,859
Operation of non-instructional services:	
Food service operations	52,694
Other non-instructional services	<u>1,416</u>
Total depreciation expense	<u>\$ 1,010,178</u>

NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE

During fiscal year 2013 the District entered into capitalized leases for printer and copier equipment. These lease agreements meet the criteria of capital leases. A capital lease generally is one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statement.

Capital assets consisting of printer and copier equipment have been capitalized in the amount of \$201,604; this amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2013 was \$13,440, leaving a current book value of \$188,164. A corresponding liability was recorded in the government-wide financial statements. Principal payments in fiscal year 2013 totaled \$30,088 and were paid by the general fund. In addition to the amount of principal retired, the District also traded in capital leases with principal balances totaling \$97,085.

**CLAYMONT CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

The following is a schedule of the future long-term minimum lease payments required under the capital lease obligations and the present value of the future minimum lease payments as of June 30, 2013:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 48,024
2015	48,024
2016	48,024
2017	48,024
2018	<u>32,015</u>
Total minimum lease payments	224,111
Less: amount representing interest	<u>(33,396)</u>
Total	<u>\$ 190,715</u>

NOTE 11 - LONG-TERM OBLIGATIONS

A. The District's long-term obligations activity during fiscal year 2013 consisted of the following:

	Balance Outstanding 6/30/12	Additions	Reductions	Balance Outstanding 6/30/13	Amounts Due in One Year
Capital lease obligation	\$ 116,284	\$ 201,604	\$ (127,173)	\$ 190,715	\$ 35,808
General obligation refunding bonds	2,885,536	106,832	(345,000)	2,647,368	355,000
Compensated absences	<u>1,375,893</u>	<u>205,942</u>	<u>(208,883)</u>	<u>1,372,952</u>	<u>202,414</u>
Total governmental activities	<u>\$ 4,377,713</u>	<u>\$ 514,378</u>	<u>\$ (681,056)</u>	4,211,035	<u>\$ 593,222</u>
Add: unamortized premium				<u>332,534</u>	
Total on statement of net position				<u>\$ 4,543,569</u>	

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

Compensated absences will be paid from the general fund, food service fund (a nonmajor governmental fund), the public school preschool fund (a nonmajor governmental fund), Title VI-B fund (a nonmajor governmental fund), Title I fund (a nonmajor governmental fund), and the improving teacher quality fund (a nonmajor governmental fund). See Note 12 for more information regarding compensated absences.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

- B.** On July 6, 2005, the District issued Series 2006 general obligation refunding bonds to advance refund the Series 1997 current interest and capital appreciation bonds. The issuance proceeds of \$4,534,588 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

This issue is comprised of both current interest bonds, par value \$4,330,000, and capital appreciation bonds, par value \$204,588. The interest rates on the current interest bonds range from 2.75% to 3.60% with a final stated maturity on December 1, 2021. The capital appreciation bonds mature on December 1, 2016 (effective interest 4.20%), December 1, 2017 (effective interest 4.30%), December 1, 2018 (effective interest 4.40%) and December 1, 2019 (effective interest 4.50%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for each capital appreciation bond is \$1,585,000. A total of \$522,780 in accreted interest on the capital appreciation bonds has been included in the statement of net position at June 30, 2013.

The following is a schedule of activity for fiscal year 2013 of the Series 2006 general obligation refunding bonds:

	Balance 6/30/12	Additions	Reductions	Balance 6/30/13
Current interest bonds	\$ 2,265,000	\$ -	\$ (345,000)	\$ 1,920,000
Capital appreciation bonds	204,588	-	-	204,588
Accreted interest on capital appreciation bonds	415,948	106,832	-	522,780
Total general obligation refunding bonds	\$ 2,885,536	\$ 106,832	\$ (345,000)	\$ 2,647,368

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

Fiscal Year Year Ending June 30,	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 355,000	\$ 66,460	\$ 421,460	\$ -	\$ -	\$ -
2015	370,000	53,950	423,950	-	-	-
2016	385,000	40,545	425,545	-	-	-
2017	-	33,615	33,615	63,800	331,200	395,000
2018	-	33,615	33,615	54,372	340,628	395,000
2019 - 2022	810,000	101,260	911,260	86,416	708,584	795,000
Total	\$ 1,920,000	\$ 329,445	\$ 2,249,445	\$ 204,588	\$ 1,380,412	\$ 1,585,000

**CLAYMONT CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2013, are a voted debt margin of \$11,953,544 (including available funds of \$519,347) and an unvoted debt margin of \$150,653.

NOTE 12 - EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified, eleven and twelve-month administrative employees earn 10 to 20 days of vacation per fiscal year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and other administrators do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 260 days for all employees. Upon retirement, classified and certified employees receive one-fourth of their total sick leave accumulation, up to a maximum of 50 days. Compensated absences will be paid from the fund from which the employee is paid.

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 2013, the District contracted with Donald Kennedy, agent for Indiana Insurance Company, with coverages provided by The Netherlands Insurance Company and Mid American Fire & Casualty for property insurance, boiler and machinery, inland marine coverage, fleet insurance and general liability coverage. Coverages under these policies are as follows:

Building and Contents (\$2,500 deductible)	\$88,989,050
Blanket Computer Coverage (\$500 deductible)	3,012,135
Audio/Visual Equipment Coverage (\$500 deductible)	1,134,573
Musical Instruments (\$500 deductible)	245,905
Automobile Liability (\$100 deductible-comprehensive) (\$500 deductible-collision)	1,000,000
School Leaders Errors and Omissions Liability (\$2,500 deductible):	
Wrongful act	1,000,000
Aggregate limit	3,000,000

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 13 - RISK MANAGEMENT - (Continued)

Sexual Misconduct and Molestation Liability:	
Each loss	\$1,000,000
Aggregate limit	3,000,000
General Liability:	
Per occurrence	1,000,000
Aggregate per year	3,000,000
Employee Benefits Liability (\$1,000 deductible)	
Each loss	1,000,000
Aggregate limit	3,000,000
Employers Stop Gap Liability	
Each Accident	1,000,000
Aggregate limit	3,000,000
Law Enforcement Professional Liability (\$2,500 deductible)	
Each wrongful act	1,000,000
Aggregate limit	3,000,000
Public Employee Dishonesty - Westfield co. (Romig Ins.)	2,500

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

B. Life Insurance

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

C. Medical, Dental and Vision Insurance

The District participates in the Stark County Schools Council of Governments Health Benefit Plan, a risk sharing pool to provide medical/surgical benefits for employees. The plan provides a medical/surgical plan with a \$200 family and \$100 single deductible. Co-insurance pays 80% of usual, customary and reasonable charges with yearly maximum out-of-pocket expenses of \$500 per individual or \$1,000 for two or more family members. The Stark County Schools Council has selected Mutual Health Services to provide third party administrative services in claims processing. Employees may elect to choose from two Preferred Provider Organizations (PPO) to increase the co-insurance from 80% to 90%. The provider organizations are Aultcare and Super Med. A preferred provider drug program is also included in the insurance program. The employee pays a 20% co-payment to the provider and the remaining 80% is directly billed to the insurance company. Caremark serves as the preferred provider for the drug program. During fiscal year 2013, the District paid \$1,276 for certified and \$1,301 for classified family plans or \$516 for certified and \$528 for classified individual coverage per month to the Stark County Educational Service Center who serves as the fiscal agent for the Health Benefits Plan. The premium is paid by the fund that pays the salary for the employee and is based on a rate determined by an actuary for the Health Benefits Plan.

The District also provides dental and vision benefits, which are administered by the Health Benefits Plan. Mutual Health Services serves as the third party administrator to provide claims processing services these plans. During fiscal year 2013, the monthly premium for dental coverage was \$177.44 for family coverage and \$71.91 for individual coverage. During fiscal year 2013, the premium for vision coverage was \$37.67 for family coverage and \$15.17 for individual coverage. The premiums for these coverages are also paid into the insurance pool.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 13 - RISK MANAGEMENT - (Continued)

D. Workers' Compensation

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

NOTE 14 - PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2013, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012, and 2011 were \$303,639, \$299,278, and \$275,184, respectively; 66.22 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

B. State Teachers Retirement System of Ohio

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 14 - PENSION PLANS - (Continued)

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

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

Funding Policy - For fiscal year 2013, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$1,164,807, \$1,211,366, and \$1,179,120, respectively; 81.95 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$53,663 made by the District and \$38,331 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2013, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 15 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income, and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2013, 0.16 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the actuarially determined amount was \$20,525.

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2013, 2012, and 2011 were \$38,921, \$59,042, and \$67,330, respectively; 66.22 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$17,152, \$17,674, and \$17,709, respectively; 66.22 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$89,601, \$93,182, and \$90,702, respectively; 81.95 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

	<u>General fund</u>
Budget basis	\$ (149,117)
Net adjustment for revenue accruals	141,204
Net adjustment for expenditure accruals	(199,014)
Net adjustment for other sources/uses	109,675
Funds budgeted elsewhere	(13,658)
Adjustment for encumbrances	289,125
GAAP basis	\$ 178,215

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

NOTE 17 - CONTINGENCIES

A. Grants

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

B. Litigation

The District is involved in litigation as defendant. It is the opinion of management that losses resulting from litigation are not probable and would not have a material effect on the District's financial position at June 30, 2013.

NOTE 18 - SET-ASIDES

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 18 - SET-ASIDES - (Continued)

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2012	\$ -
Current year set-aside requirement	357,328
Current year qualifying expenditures	(223,582)
Current year offsets	(135,827)
Waiver granted by ODE	-
Prior year offset from bond proceeds	<u>-</u>
Total	<u>\$ (2,081)</u>
Balance carried forward to fiscal year 2014	<u>\$ -</u>
Set-aside balance June 30, 2013	<u>\$ -</u>

NOTE 19 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 283,128
Nonmajor governmental funds	<u>69,224</u>
Total	<u>\$ 352,352</u>

December 3, 2013

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Claymont City School District, Tuscarawas County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 3, 2013, wherein we noted the District implemented Governmental Accounting Standards Board (GASB) Statement No. 63, "*Financial Reporting or Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*", and GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*" and restated their June 30, 2012 net position of governmental activities.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Rea & Associates, Inc.

New Philadelphia, Ohio

December 3, 2013

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

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

Report on Compliance for Each Major Federal Program

We have audited Claymont City School District's, Tuscarawas County, Ohio (the District), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Rea & Associates, Inc.

New Philadelphia, Ohio

CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Grant Year	Federal Receipts	Federal Disbursements
U.S. Department of Education				
<i>Passed Through Ohio Department of Education:</i>				
Title I	84.010	2012	\$ 93,637	\$ 80,715
Title I	84.010	2013	657,326	630,933
Title I - Neglected	84.010	2012	2,630	2,210
Total Title I			<u>753,593</u>	<u>713,858</u>
<i>Special Education Cluster:</i>				
IDEA-B	84.027	2012	80,637	60,042
IDEA-B	84.027	2013	461,001	457,292
Total IDEA-B			<u>541,638</u>	<u>517,334</u>
Early Childhood Special Education	84.173	2012	3,330	0
Early Childhood Special Education	84.173	2013	14,051	13,961
Total Preschool Grants			<u>17,381</u>	<u>13,961</u>
Total Special Education Cluster			<u>559,019</u>	<u>531,295</u>
Rural Education	84.358	2013	37,984	37,984
Total Rural Education			<u>37,984</u>	<u>37,984</u>
Title II-D, Transforming Teaching and Learning	84.318	2012	0	422
Total Title II-D			<u>0</u>	<u>422</u>
Title II-A	84.367	2012	26,334	16,360
Title II-A	84.367	2013	125,282	128,884
Total Title II-A			<u>151,616</u>	<u>145,244</u>
Education Jobs	84.410	2012	112,533	72,372
Total Education Jobs			<u>112,533</u>	<u>72,372</u>
Total U.S. Department of Education			<u>1,614,745</u>	<u>1,501,175</u>
U.S. Department of Labor				
<i>Direct Awards:</i>				
Workforce Initiative	17.259	2012	577	577
Total Workforce Initiative			<u>577</u>	<u>577</u>
Total U.S. Department of Labor			<u>577</u>	<u>577</u>
U.S. Department of Agriculture				
<i>Passed Through Ohio Department of Education:</i>				
<i>Child Nutrition Cluster</i>				
School Breakfast Program	10.553	2013 (B)	\$ 178,115	\$ 178,115
Total National School Breakfast Program			178,115	178,115
<i>Cash Assistance:</i>				
National School Lunch Program	10.555	2013 (B)	475,671	475,671
Total Cash Assistance			<u>475,671</u>	<u>475,671</u>
<i>Non-Cash Assistance:</i>				
National School Lunch Program	10.555	2013 (C)	35,433	35,433
Total Non-Cash Assistance			<u>35,433</u>	<u>35,433</u>
Total National School Lunch Program			<u>511,104</u>	<u>511,104</u>
Total Child Nutrition Cluster			<u>689,219</u>	<u>689,219</u>
Total U.S. Department of Agriculture			<u>689,219</u>	<u>689,219</u>
Total Federal Financial Assistance			<u>\$ 2,304,541</u>	<u>\$ 2,190,971</u>

See notes to the schedule of expenditures of federal awards.

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

**NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

Note A – Basis of Accounting

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

Note B - Child Nutrition Cluster

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

Note C – Food Donation Program

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

Note D - Transfers

The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30 and spent by September 30). However, with Ohio Department of Education’s (ODE) approval, a district can transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. During fiscal year 2013, the ODE authorized the following transfers:

<u>CFDA #</u>	<u>Grant Title</u>	<u>Grant Year</u>	<u>Transfers Out</u>	<u>Transfers In</u>
84.027	IDEA Part B	2012	\$ 16,653	
84.027	IDEA Part B	2013		\$ 16,653
84.010	Title I	2012	\$ 3,285	
84.010	Title I	2013		\$ 3,285
84.367	Title II-A	2012	\$ 1,640	
84.367	Title II-A	2013		\$ 1,640

**CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 , SECTION .505
FOR THE YEAR ENDED JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

(d) (1) (i)	Type of Financial Statement Opinion	Unmodified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unmodified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Programs (list): Child Nutrition Cluster: National School Breakfast Program National School Lunch Program	CFDA # 10.553 CFDA # 10.555
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

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

None noted.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None noted.

December 3, 2013

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

Independent Accountant's Report on Applying Agreed-Upon Procedure

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on November 18, 2013 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act."

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

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

Rea & Associates, Inc.

New Philadelphia, Ohio



Dave Yost • Auditor of State

CLAYMONT CITY SCHOOL DISTRICT

TUSCARAWAS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 23, 2014**