



**CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Claymont City School District, Tuscarawas County, Ohio, (the District) as of and for the year ended June 30, 2000, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

As described in Note 4 to the general purpose financial statements, the District changed its method of accounting for compensated absences from the vesting method to the termination method for the year ended June 30, 2000.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Claymont City School District, Tuscarawas County, Ohio, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2000, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the District, taken as a whole. The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Jim Petro
Auditor of State

December 31, 2000

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Claymont City School District
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,433,028	\$354,188	\$175,485	\$12,198,914
Receivables:				
Taxes	3,338,577	0	430,777	65,590
Accounts	192	1,121	0	0
Accrued Interest	217	0	0	0
Intergovernmental	3,943	207,549	0	0
Interfund Receivable	186,475	0	0	0
Prepaid Items	7,367	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	209,254	0	0	0
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0	0
Other Debits				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	\$5,179,053	\$562,858	\$606,262	\$12,264,504

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		Trust and Agency	General Fixed Assets	
Enterprise				
\$10,783	\$44,167	\$0	\$0	\$14,216,565
0	0	0	0	3,834,944
60	0	0	0	1,373
0	0	0	0	217
27,388	0	0	0	238,880
0	0	0	0	186,475
0	0	0	0	7,367
11,879	0	0	0	11,879
1,757	0	0	0	1,757
0	0	0	0	209,254
32,012	0	29,061,948	0	29,093,960
0	0	0	277,449	277,449
0	0	0	5,824,961	5,824,961
<u>\$83,879</u>	<u>\$44,167</u>	<u>\$29,061,948</u>	<u>\$6,102,410</u>	<u>\$53,905,081</u>

(continued)

Claymont City School District
Combined Balance Sheet
All Fund Types and Account Groups (continued)
June 30, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities, Fund Equity and Other Credits				
Liabilities				
Accounts Payable	\$46,527	\$21,601	\$0	\$30,706
Contracts Payable	0	0	0	1,242,458
Accrued Wages and Benefits	1,287,206	131,330	0	0
Compensated Absences Payable	20,217	3,124	0	0
Retainage Payable	0	0	0	384,289
Interfund Payable	0	136,000	0	50,000
Intergovernmental Payable	248,843	26,216	0	0
Deferred Revenue	2,558,679	0	328,813	49,658
Due to Students	0	0	0	0
Capital Leases Payable	0	0	0	0
Energy Conservation Loan	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
<i>Total Liabilities</i>	<u>4,161,472</u>	<u>318,271</u>	<u>328,813</u>	<u>1,757,111</u>
Fund Equity and Other Credits				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	110,190	75,106	0	8,853,532
Reserved for Property Taxes	779,898	0	101,964	15,932
Reserved for Capital Improvement	59,889	0	0	0
Reserved for Budget Stabilization	149,365	0	0	0
Unreserved, Undesignated (Deficit)	(81,761)	169,481	175,485	1,637,929
<i>Total Fund Equity (Deficit) and Other Credits</i>	<u>1,017,581</u>	<u>244,587</u>	<u>277,449</u>	<u>10,507,393</u>
<i>Total Liabilities, Fund Equity and Other Credits</i>	<u>\$5,179,053</u>	<u>\$562,858</u>	<u>\$606,262</u>	<u>\$12,264,504</u>

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		Trust and Agency	General Fixed Assets	
Enterprise				
\$0	\$0	\$0	\$0	\$98,834
0	0	0	0	1,242,458
39,227	0	0	0	1,457,763
19,370	0	0	684,482	727,193
0	0	0	0	384,289
475	0	0	0	186,475
20,811	0	0	80,917	376,787
4,918	0	0	0	2,942,068
0	34,038	0	0	34,038
0	0	0	6,529	6,529
0	0	0	95,885	95,885
0	0	0	5,234,597	5,234,597
<u>84,801</u>	<u>34,038</u>	<u>0</u>	<u>6,102,410</u>	<u>12,786,916</u>
0	0	29,061,948	0	29,061,948
57,011	0	0	0	57,011
(57,933)	0	0	0	(57,933)
0	0	0	0	9,038,828
0	0	0	0	897,794
0	0	0	0	59,889
0	0	0	0	149,365
0	10,129	0	0	1,911,263
<u>(922)</u>	<u>10,129</u>	<u>29,061,948</u>	<u>0</u>	<u>41,118,165</u>
<u>\$83,879</u>	<u>\$44,167</u>	<u>\$29,061,948</u>	<u>\$6,102,410</u>	<u>\$53,905,081</u>

Claymont City School District
*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances*
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 2000

	Governmental	
	General	Special Revenue
Revenues		
Taxes	\$3,102,447	\$0
Intergovernmental	8,947,206	1,367,251
Interest	180,501	383
Tuition and Fees	46,467	1,787
Extracurricular Activities	3,055	235,864
Contributions and Donations	7,591	80,040
Rentals	556	0
Miscellaneous	26,486	16,163
	<u>12,314,309</u>	<u>1,701,488</u>
<i>Total Revenues</i>		
Expenditures		
Current:		
Instruction:		
Regular	5,895,794	558,026
Special	1,185,298	477,273
Vocational	251,613	0
Support Services:		
Pupils	484,201	25,217
Instructional Staff	614,057	191,353
Board of Education	23,298	0
Administration	1,158,111	75,141
Fiscal	242,643	0
Business	83,139	0
Operation and Maintenance of Plant	923,301	22,994
Pupil Transportation	583,683	4,235
Central	161,438	17,957
Operation of Non-Instructional Services	0	86,551
Extracurricular Activities	257,775	276,488
Capital Outlay	159,358	0
Debt Service:		
Principal Retirement	7,313	0
Interest and Fiscal Charges	880	0
	<u>12,031,902</u>	<u>1,735,235</u>
<i>Total Expenditures</i>		
<i>Excess of Revenues Over (Under) Expenditures</i>	282,407	(33,747)
Other Financing Sources		
Sale of Fixed Assets	1,846	0
	<u>1,846</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures</i>	284,253	(33,747)
<i>Fund Balances Beginning of Year</i>	745,520	278,334
Decrease in Reserve for Inventory	(12,192)	0
	<u>(12,192)</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$1,017,581</u>	<u>\$244,587</u>

See accompanying notes to the general purpose financial statements

Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
\$455,400	\$62,868	\$0	\$3,620,715
45,048	15,269,748	0	25,629,253
0	428,786	571	610,241
0	0	0	48,254
0	0	0	238,919
0	0	0	87,631
0	0	0	556
0	8,700	0	51,349
<u>500,448</u>	<u>15,770,102</u>	<u>571</u>	<u>30,286,918</u>
0	0	0	6,453,820
0	0	0	1,662,571
0	0	0	251,613
0	0	0	509,418
0	0	0	805,410
0	0	0	23,298
0	0	0	1,233,252
9,606	0	0	252,249
0	0	0	83,139
0	0	0	946,295
0	0	0	587,918
0	0	0	179,395
0	0	750	87,301
0	0	0	534,263
0	14,693,129	0	14,852,487
143,153	0	0	150,466
295,417	0	0	296,297
<u>448,176</u>	<u>14,693,129</u>	<u>750</u>	<u>28,909,192</u>
52,272	1,076,973	(179)	1,377,726
<u>0</u>	<u>0</u>	<u>0</u>	<u>1,846</u>
52,272	1,076,973	(179)	1,379,572
225,177	9,430,420	10,308	10,689,759
<u>0</u>	<u>0</u>	<u>0</u>	<u>(12,192)</u>
<u>\$277,449</u>	<u>\$10,507,393</u>	<u>\$10,129</u>	<u>\$12,057,139</u>

Claymont City School District
*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 2000*

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$2,815,000	\$2,806,641	(\$8,359)
Intergovernmental	8,631,017	8,949,461	318,444
Interest	150,000	180,284	30,284
Tuition and Fees	43,000	46,467	3,467
Extracurricular Activities	4,000	3,055	(945)
Contributions and Donations	0	7,591	7,591
Charges for Services	9,000	0	(9,000)
Rentals	1,000	556	(444)
Miscellaneous	5,000	26,294	21,294
<i>Total Revenues</i>	<u>11,658,017</u>	<u>12,020,349</u>	<u>362,332</u>
Expenditures			
Current:			
Instruction:			
Regular	6,005,986	5,904,390	101,596
Special	1,166,723	1,157,446	9,277
Vocational	293,189	270,281	22,908
Support Services:			
Pupils	490,291	483,938	6,353
Instructional Staff	626,487	616,454	10,033
Board of Education	25,800	22,782	3,018
Administration	1,139,464	1,189,826	(50,362)
Fiscal	252,917	250,804	2,113
Business	97,240	85,872	11,368
Operation and Maintenance of Plant	978,560	958,379	20,181
Pupil Transportation	641,865	613,426	28,439
Central	218,717	173,242	45,475
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	274,548	258,444	16,104
Capital Outlay	160,200	159,358	842
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>12,371,987</u>	<u>12,144,642</u>	<u>227,345</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(713,970)</u>	<u>(124,293)</u>	<u>589,677</u>
Other Financing Sources (Uses)			
Sale of Fixed Assets	1,000	1,846	846
Advances In	0	0	0
Advances Out	(126,000)	(136,000)	(10,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(125,000)</u>	<u>(134,154)</u>	<u>(9,154)</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(838,970)</u>	<u>(258,447)</u>	<u>580,523</u>
<i>Fund Balances Beginning of Year</i>	1,644,204	1,644,204	0
Prior Year Encumbrances Appropriated	165,387	165,387	0
<i>Fund Balances End of Year</i>	<u>\$970,621</u>	<u>\$1,551,144</u>	<u>\$580,523</u>

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$456,908	\$414,625	(\$42,283)
1,453,611	1,250,020	(203,591)	2,765	45,048	42,283
340	383	43	0	0	0
300	1,787	1,487	0	0	0
260,925	235,931	(24,994)	0	0	0
65,591	80,040	14,449	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
5,800	16,795	10,995	0	0	0
<u>1,786,567</u>	<u>1,584,956</u>	<u>(201,611)</u>	<u>459,673</u>	<u>459,673</u>	<u>0</u>
596,482	564,539	31,943	0	0	0
580,047	478,223	101,824	0	0	0
0	0	0	0	0	0
30,426	24,618	5,808	0	0	0
217,840	201,741	16,099	0	0	0
0	0	0	0	0	0
86,999	75,566	11,433	0	0	0
0	0	0	12,000	9,606	2,394
0	0	0	0	0	0
27,833	29,065	(1,232)	0	0	0
5,695	4,249	1,446	0	0	0
30,343	17,957	12,386	0	0	0
160,873	114,169	46,704	0	0	0
300,412	308,421	(8,009)	0	0	0
0	0	0	0	0	0
0	0	0	143,153	143,153	0
0	0	0	295,417	295,417	0
<u>2,036,950</u>	<u>1,818,548</u>	<u>218,402</u>	<u>450,570</u>	<u>448,176</u>	<u>2,394</u>
<u>(250,383)</u>	<u>(233,592)</u>	<u>16,791</u>	<u>9,103</u>	<u>11,497</u>	<u>2,394</u>
0	0	0	0	0	0
0	136,000	136,000	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>136,000</u>	<u>136,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
(250,383)	(97,592)	152,791	9,103	11,497	2,394
291,944	291,944	0	163,988	163,988	0
62,250	62,250	0	0	0	0
<u>\$103,811</u>	<u>\$256,602</u>	<u>\$152,791</u>	<u>\$173,091</u>	<u>\$175,485</u>	<u>\$2,394</u>

(continued)

Claymont City School District
*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types and Expendable Trust Fund (continued)
For the Fiscal Year Ended June 30, 2000*

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$58,456	\$56,618	(\$1,838)
Intergovernmental	13,634,214	15,269,748	1,635,534
Interest	410,400	425,279	14,879
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Contributions and Donations	0	0	0
Charges for Services	0	0	0
Rentals	0	0	0
Miscellaneous	0	8,700	8,700
<i>Total Revenues</i>	<u>14,103,070</u>	<u>15,760,345</u>	<u>1,657,275</u>
Expenditures			
Current:			
Instruction:			
Regular	0	0	0
Special	0	0	0
Vocational	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Business	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	24,227,695	24,253,256	(25,561)
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>24,227,695</u>	<u>24,253,256</u>	<u>(25,561)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(10,124,625)</u>	<u>(8,492,911)</u>	<u>1,631,714</u>
Other Financing Sources (Uses)			
Sale of Fixed Assets	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(10,124,625)</u>	<u>(8,492,911)</u>	<u>1,631,714</u>
<i>Fund Balances Beginning of Year</i>	8,567,438	8,567,438	0
Prior Year Encumbrances Appropriated	1,568,054	1,568,054	0
<i>Fund Balances End of Year</i>	<u>\$10,867</u>	<u>\$1,642,581</u>	<u>\$1,631,714</u>

See accompanying notes to the general purpose financial statements

Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$3,330,364	\$3,277,884	(\$52,480)
0	0	0	23,721,607	25,514,277	1,792,670
500	571	71	561,240	606,517	45,277
0	0	0	43,300	48,254	4,954
0	0	0	264,925	238,986	(25,939)
0	0	0	65,591	87,631	22,040
0	0	0	9,000	0	(9,000)
0	0	0	1,000	556	(444)
0	0	0	10,800	51,789	40,989
500	571	71	28,007,827	29,825,894	1,818,067
0	0	0	6,602,468	6,468,929	133,539
0	0	0	1,746,770	1,635,669	111,101
0	0	0	293,189	270,281	22,908
0	0	0	520,717	508,556	12,161
0	0	0	844,327	818,195	26,132
0	0	0	25,800	22,782	3,018
0	0	0	1,226,463	1,265,392	(38,929)
0	0	0	264,917	260,410	4,507
0	0	0	97,240	85,872	11,368
0	0	0	1,006,393	987,444	18,949
0	0	0	647,560	617,675	29,885
0	0	0	249,060	191,199	57,861
1,500	1,500	0	162,373	115,669	46,704
0	0	0	574,960	566,865	8,095
0	0	0	24,387,895	24,412,614	(24,719)
0	0	0	143,153	143,153	0
0	0	0	295,417	295,417	0
1,500	1,500	0	39,088,702	38,666,122	422,580
(1,000)	(929)	71	(11,080,875)	(8,840,228)	2,240,647
0	0	0	1,000	1,846	846
0	0	0	0	136,000	136,000
0	0	0	(126,000)	(136,000)	(10,000)
0	0	0	(125,000)	1,846	126,846
(1,000)	(929)	71	(11,205,875)	(8,838,382)	2,367,493
10,308	10,308	0	10,677,882	10,677,882	0
0	0	0	1,795,691	1,795,691	0
\$9,308	\$9,379	\$71	\$1,267,698	\$3,635,191	\$2,367,493

Claymont City School District
*Combined Statement of Revenues, Expenses and
Change in Fund Equity
Proprietary Fund Type
For the Fiscal Year Ended June 30, 2000*

	<u>Enterprise</u>
Operating Revenues	
Sales	\$201,387
Other	60
	<u>201,447</u>
<i>Total Operating Revenues</i>	<u>201,447</u>
Operating Expenses	
Salaries and Wages	188,892
Fringe Benefits	98,899
Purchased Services	3,792
Materials and Supplies	23,195
Cost of Sales	165,813
Other	798
Depreciation	6,025
	<u>487,414</u>
<i>Total Operating Expenses</i>	<u>487,414</u>
<i>Operating Loss</i>	<u>(285,967)</u>
Non-Operating Revenues	
Donated Commodities	27,241
Operating Grants	225,894
Interest	191
	<u>253,326</u>
<i>Total Non-Operating Revenues</i>	<u>253,326</u>
<i>Net Loss</i>	(32,641)
<i>Retained Earnings (Deficit) Beginning of Year</i>	<u>(25,292)</u>
<i>Retained Earnings (Deficit) End of Year</i>	<u>(57,933)</u>
<i>Contributed Capital Beginning of Year</i>	54,871
Current Contributions:	
Contributions from Other Funds	<u>2,140</u>
<i>Contributed Capital End of Year</i>	<u>57,011</u>
<i>Fund Equity (Deficit) End of Year</i>	<u>(\$922)</u>

See accompanying notes to the general purpose financial statements

Claymont City School District
*Combined Statement of Revenues, Expenses
and Change in Fund Equity - Budget (Non-GAAP Basis) and Actual
Proprietary Fund Type
For the Fiscal Year Ended June 30, 2000*

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Sales	\$202,300	\$201,327	(\$973)
Operating Grants	238,500	231,730	(6,770)
Interest	500	191	(309)
Other	0	60	60
<i>Total Revenues</i>	<u>441,300</u>	<u>433,308</u>	<u>(7,992)</u>
Expenses			
Salaries and Wages	185,000	183,274	1,726
Fringe Benefits	103,000	102,412	588
Purchased Services	6,150	3,867	2,283
Materials and Supplies	172,843	163,262	9,581
Capital Outlay	10,000	9,176	824
Other	2,000	798	1,202
<i>Total Expenses</i>	<u>478,993</u>	<u>462,789</u>	<u>16,204</u>
<i>Excess of Revenues Under Expenses</i>	(37,693)	(29,481)	8,212
<i>Fund Equity Beginning of Year</i>	37,065	37,065	0
Prior Year Encumbrances Appropriated	<u>644</u>	<u>644</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$16</u>	<u>\$8,228</u>	<u>\$8,212</u>

See accompanying notes to the general purpose financial statements

Claymont City School District
Combined Statement of Cash Flows
Proprietary Fund Type
For the Fiscal Year Ended June 30, 2000

<i>Increase (Decrease) in Cash and Cash Equivalents</i>	<u>Enterprise</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$201,327
Cash Received from Other Operating Sources	60
Cash Payments for Goods and Services	(165,049)
Cash Payments to Employees for Services	(183,274)
Cash Payments for Employee Benefits	(102,412)
Cash Payments for Other Operating Expenses	<u>(798)</u>
<i>Net Cash Used for Operating Activities</i>	<u>(250,146)</u>
Cash Flows from Noncapital Financing Activities	
Operating Grants Received	231,730
Short Term Loans from Other Funds	<u>475</u>
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>232,205</u>
Cash Flows from Capital and Related Financing Activities	
Payments for Capital Acquisitions	<u>(9,176)</u>
Cash Flows from Investing Activities	
Interest on Investments	<u>191</u>
<i>Net Decrease in Cash and Cash Equivalents</i>	(26,926)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>37,709</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$10,783</u>
	(continued)

Claymont City School District
Combined Statement of Cash Flows
Proprietary Fund Type (continued)
For the Fiscal Year Ended June 30, 2000

	<u>Enterprise</u>
<i>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</i>	
<i>Operating Loss</i>	<u>(\$285,967)</u>
Adjustments:	
Depreciation	6,025
Donated Commodities Used During Year	27,241
Increase/(Decrease) in Assets:	
Accounts Receivable	(60)
Inventory Held for Resale	(62)
Materials and Supplies Inventory	803
Increase/(Decrease) in Liabilities:	
Accounts Payable	(231)
Accrued Wages and Benefits	2,066
Compensated Absences Payable	(3,513)
Intergovernmental Payable	<u>3,552</u>
<i>Total Adjustments</i>	<u>35,821</u>
<i>Net Cash Used for Operating Activities</i>	<u><u>(\$250,146)</u></u>

Noncash Activities

The enterprise funds received donated fixed assets from other funds in the amount of \$2,140.

See accompanying notes to the general purpose financial statements

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Claymont City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Note 1 - Description of the School District and Reporting Entity

The Claymont City School District (the “School District”) operates under a locally-elected Board form of government consisting of five members. The School District provides educational services as authorized by State statute and/or federal guidelines. The Board controls the School District’s six instructional facilities and one support facility staffed by 177 certified personnel, 82 classified personnel and 11 administrators. The School District is located within the City of Uhrichsville and the Village of Dennison, Ohio. The current enrollment for the School District is 2,357. The School District operates three elementary schools, a fifth grade complex, a middle school which house’s grades 6-8, one 9-12 high school and one garage.

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The Claymont City School District does not have any component units.

The following activities are included within the reporting entity:

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

The following entities which perform activities with the School District’s boundaries for the benefit of its residents are excluded from the general purpose financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School 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 School District relationships, and administer the provision of traditional city services. Council acts as the taxing and budgeting authority for the City and for the Village.

Claymont City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

The School District is associated with certain organizations which are defined as jointly governed organizations, public entity risk pools and a related organization. These organizations include the Ohio Mid-Eastern Regional Educational Service Agency, the Buckeye Career Center, the Tuscarawas County Tax Incentive Review Council, the Ohio School Boards Association Workers' Compensation Group Rating Program, the Stark County Council of Governments Health Benefit Plan and the Claymont Public Library. These organizations are presented in Notes 17, 18 and 19 to the general purpose financial statements.

Note 2 - Summary of Significant Accounting Policies

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

A. Basis Of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

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

Claymont City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

General Fund The general fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

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

Proprietary Fund Type Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following is the School District's proprietary fund type:

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

Fiduciary Fund Types Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include expendable trust and agency funds. The expendable trust fund is accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

General Fixed Assets Account Group This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary funds or the expendable trust fund.

General Long-Term Obligations Account Group This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary funds or the expendable trust fund.

Claymont City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

B. Measurement Focus and Basis of Accounting

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

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The proprietary operating statement presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is 60 days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, tuition, grants and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

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 the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

Claymont City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control has been established by the Board of Education at the function and object level within the general fund and fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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

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

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

Estimated Resources Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the School 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 School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000.

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 is legally enacted by the Board of Education at the fund, function, and object level of expenditures for the general fund and at the fund level of all other funds, which are the legal levels of budgetary control. Prior to the passage of the Annual Appropriation Measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The Appropriation Resolution, by fund, 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 of any level of control. Any revisions at the legal level of control, must be approved by the Board of Education. The Treasurer maintains budgetary information at the object level and has the authority to allocate appropriations for all funds except general fund, at the function and object level without resolution by the Board of Education.

Claymont City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

The Board 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. During the fiscal year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

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

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

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

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet. The general fund made an advance to the classroom facilities capital projects fund and uniform school supply enterprise fund to eliminate the funds' negative cash balances. The capital projects fund and enterprise fund have interfund payables for the amount of the advance received from the general fund and the general fund has an interfund receivable including these amounts on the combined balance sheet.

During fiscal year 2000, investments were limited to STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2000.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$180,501 which includes \$111,007 assigned from other School District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

Claymont City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

E. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food and school supplies held for resale and are expensed when used. The governmental funds did not have any significant inventory on hand at June 30, 2000.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

G. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for amounts required by statute to be set-aside by the School District for the acquisition or construction of capital assets and the creation of a reserve for budget stabilization. See Note 24 for additional information regarding set-asides.

H. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$500. The School District does not have any infrastructure.

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 capitalized. Improvements are capitalized and depreciated over the useful lives of the related fund fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture, fixtures and equipment, and vehicles in the proprietary fund types are computed using the straight-line method over an estimated useful life of 12 years.

Claymont City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

I. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

State Foundation Program
School Bus Purchase Reimbursement
Ohio School Facilities Program

Special Revenue Funds

Disadvantaged Pupil Impact Aid

Non-Reimbursable Grants

Special Revenue Funds

Auxiliary Services
Venture Capital
Disadvantaged Pupil Program
Education Management Information Systems
Title VIB
Title I
Title VI
Drug-Free Schools
Professional Development Block Grant
Eisenhower Grant
Community Services Block Grant
School Conflict
Raising the Bar Grant
Network Connectivity Grant
Schoolnet Professional Development
Ohio Reads
Continuous Improvement Grant

Capital Projects Funds

Technology Equity
School Net
School Net Plus
Emergency Repairs Grant

Claymont City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Reimbursable Grants

Special Revenue Fund

Title XIX
FCC - E-Rate

Proprietary Funds

National School Lunch Program
National School Breakfast Program
Government Donated Commodities

Grants and entitlements amounted to 85 percent of the School District's governmental fund revenue during the 2000 fiscal year.

J. Interfund Assets and Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables."

K. Compensated Absences

GASB No. 16 "Accounting for Compensated Absences," specifies the method used to accrue liabilities for leave benefits. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School 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 it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

L. Contributed Capital

Contributed capital represents resources provided by other funds, other governments and private sources to the enterprise funds and is not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at fiscal year end.

Claymont City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

M. Accrued Liabilities and Long-Term Obligations

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

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

N. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

O. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriations or expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, property taxes, capital improvements and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

P. Estimates

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

Claymont City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Q. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 3 - Accountability and Compliance

A. Fund Deficits

Fund balances at June 30, 2000 included the following individual fund deficits/retained earnings:

Special Revenue Funds	
Disadvantage Pupil Impact Aid	\$14,161
Miscellaneous State Grants	12,129
Job Training Partnership	780
Capital Project Fund	
Emergency School Building Repair	50,000
Enterprise Funds	
Food Service	507
Uniform School Supply	415

The above deficits in the special revenue and capital projects funds resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides transfers when cash is needed not when accruals occur.

The food service and uniform school supply enterprise funds had deficit retained earnings of \$507 and \$415, respectively, at June 30, 2000. Management is currently analyzing their operations to determine appropriate steps to alleviate the deficits.

B. Legal Compliance

Contrary to Section 5705.41(B), Ohio Revised Code, the following accounts had expenditures plus encumbrances in excess of appropriations at June 30, 2000:

Claymont City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Fund/Function	Appropriations	Expenditures Plus Encumbrances	Excess
<i>General Fund</i>			
Regular Instruction			
Materials and Supplies	\$422,623	\$425,034	(\$2,411)
Special Instruction			
Fringe Benefits	260,100	262,122	(2,022)
Support Services - Pupils			
Capital Outlay	700	1,419	(719)
Support Services - Instructional Staff			
Salaries	371,500	378,307	(6,807)
Purchased Services	20,115	22,255	(2,140)
Support Services - Administration			
Salaries	708,500	759,422	(50,922)
Other	80,479	92,376	(11,897)
Support Services - Fiscal			
Salaries	104,400	106,306	(1,906)
Support Services - Business			
Salaries	46,800	47,076	(276)
Support Services - Operation and Maintenance of Plant			
Salaries	402,300	408,608	(6,308)
Materials and Supplies	81,781	83,259	(1,478)
Other	3,200	3,814	(614)
Support Services - Pupil Transportation			
Salaries	286,200	288,719	(2,519)
Support Services - Central			
Salaries	77,500	77,519	(19)
<i>Special Revenue Funds</i>			
Public School Support	139,545	151,384	(11,839)
Management Information System	6,002	7,438	(1,436)
Job Training Partnership	13,238	15,635	(2,397)
Miscellaneous Federal Grants	384,238	400,208	(15,970)
<i>Capital Projects Fund</i>			
Classroom Facilities	23,530,832	23,627,383	(96,551)
School Net	65,719	127,395	(61,676)
<i>Enterprise Fund</i>			
Uniform School Supply	4,649	5,157	(508)

Claymont City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Note 4 - Change in Accounting Principle and Restatement of Prior Year Balance

The School District changed its method of accounting for compensated absences from the vesting method to the termination method for fiscal year 2000, in order to present a more accurate estimate of the outstanding liability. The general long-term obligations account group liabilities decreased by \$547,353, from \$6,777,300 to \$6,229,947 as of 6/30/99; due to the restatement of compensated absences.

Note 5 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balances/retained earnings 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, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual-All Governmental Fund Types and Expendable Trust Fund and the Combined Statement of Revenues, Expenses and Change in Fund Equity - Budget (Non-GAAP Basis) and Actual - Proprietary Fund Type are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Claymont City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types and Expendable Trust Fund

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$284,253	(\$33,747)	\$52,272	\$1,076,973	(\$179)
Adjustment for Revenue Accruals	(293,960)	(116,532)	(40,775)	(6,250)	0
Advance In	0	136,000	0	0	0
Unrecorded Cash	0	0	0	(3,507)	0
Adjustment for Expenditure Accruals	28,873	14,273	0	942,699	0
Advance Out	(136,000)	0	0	0	0
Adjustment for Encumbrances	(141,613)	(97,586)	0	(10,502,826)	(750)
Budget Basis	<u>(\$258,447)</u>	<u>(\$97,592)</u>	<u>\$11,497</u>	<u>(\$8,492,911)</u>	<u>(\$929)</u>

Net Loss/Excess of
Revenues Under Expenses
Proprietary Fund Type

	Enterprise
GAAP Basis	(\$32,641)
Adjustment for Revenue Accruals	5,776
Adjustment for Expense Accruals	2,615
Capital Outlay	(9,176)
Depreciation Expense	6,025
Adjustment for Encumbrances	(2,080)
Budget Basis	<u>(\$29,481)</u>

Note 6 - Deposits and Investments

State statutes classify monies held by the School 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 School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two 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.

Claymont City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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.

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

Interim monies may be 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 30 days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain Banker's acceptance and commercial paper notes for a period not to exceed 180 days from the purchase date in an amount not to exceed 25 percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Claymont City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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 School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

Cash on Hand At fiscal year end, the School District had \$3,507 in undeposited cash on hand which is included on the Combined Balance Sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits At fiscal year end, the carrying amount of the School District's deposits was (\$862,673) and the bank balance was \$1,862,136. Of the bank balance:

- a. \$101,077 was covered by federal depository insurance; and
- b. \$1,761,059 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Investments The School District's investments are required to be categorized to give an indication of the level of custodial credit risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District's investments in STAROhio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are not evidenced by securities that exist in physical or book entry form. At June 30, 2000, the School District's investments in STAROhio had a carrying amount and a fair value of \$15,284,985.

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9 "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." A reconciliation between the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

Claymont City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement 9	\$14,425,819	\$0
Cash on Hand	(3,507)	0
Investment in State Treasurer's Investment Pool	(15,284,985)	15,284,985
GASB Statement 3	(\$862,673)	\$15,284,985

Note 7 - Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School 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, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2000 for real and public utility property taxes represents collections of calendar 1999 taxes. Property tax payments received during calendar 2000 for tangible personal property (other than public utility property) is for calendar 2000 taxes.

2000 real property taxes are levied after April 1, 2000, on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at 35 percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after April 1, 2000 and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are 25 percent of true value.

The assessed values upon which the fiscal year 2000 taxes were collected are:

	1999 First- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$69,170,580	65.43%	\$93,235,259	72.98%
Public Utility Personal	12,035,500	11.38	11,428,370	8.95
Tangible Personal Property	24,518,090	23.19	23,089,160	18.07
Total	\$105,724,170	100.00%	\$127,752,789	100.00%
Tax rate per \$1,000 of assessed valuation	\$35.00		\$35.00	

Claymont City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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 later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Tuscarawas County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, tangible personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available to the School District as an advance at June 30, 2000, was \$779,898 in the general fund, \$101,964 in the bond retirement and \$15,932 in the permanent improvements capital projects fund.

Note 8 - Receivables

Receivables at June 30, 2000, consisted of property taxes, accounts (rent, billings for user charged services, and student fees) and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	Amount
General Fund:	
CAFS	\$3,393
Driver Education	550
Total General Fund	3,943
Special Revenue Funds:	
Title I	178,000
Title VI-B	18,270
Title VI	8,771
Drug Free Schools	2,508
Total Special Revenue Funds	207,549
Food Service Enterprise Fund	27,388
Total - All Funds	\$238,880

Claymont City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Note 9 - Fixed Assets

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

Furniture, Fixtures and Equipment	\$74,722
Vehicles	11,499
Less Accumulated Depreciation	(54,209)
Net Fixed Assets	\$32,012

A summary of the changes in general fixed assets during fiscal year 2000 follows:

Asset Category	Balance at 7/1/99	Additions	Deletions	Balance at 6/30/00
Land and Improvements	\$518,674	\$132,360	\$0	\$651,034
Buildings and Improvements	10,465,365	4,338,268	0	14,803,633
Furniture, Fixtures and Equipment	1,846,827	569,195	64,212	2,351,810
Vehicles	916,964	98,912	33,068	982,808
Construction in Progress	679,614	9,593,049	0	10,272,663
Totals	\$14,427,444	\$14,731,784	\$97,280	\$29,061,948

Note 10 - Risk Management

The School 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 2000, the School District contracted with Westfield Insurance Company for property insurance, boiler and machinery and inland marine coverage. Nationwide Insurance provides coverage for fleet insurance and general liability coverage. Coverages under these policies are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$37,022,800
Builders Coverage	24,405,000
Inland Marine Coverage (\$250 deductible)	2,135,256
Public Employee Dishonesty	2,500
Automobile Liability (\$100 deductible)	1,000,000
Uninsured Motorists	300,000
General Liability:	
Per occurrence	1,000,000
Total per year	5,000,000

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

Claymont City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Note 11 - Defined Benefit Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 5.50 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1999, 7.7 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS's Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$88,602, \$106,611, and \$121,958; respectively; 48.43 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$45,691 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

Claymont City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The Claymont City School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$425,694, \$401,724, and \$683,154, respectively; 82.42 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$74,836 represents the unpaid contribution for fiscal year 2000 and is recorded as a liability within the respective funds.

Note 12 - Postemployment Benefits

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$567,592 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999 (the latest information available) the balance in the Fund was \$2,783 million. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

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

Claymont City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.50 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$136,930.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1999, (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

Note 13 - Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified and twelve month administrative employees earn 10 to 20 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers and other administrators do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 245 days for all employees. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum of 168 days, and one-tenth of accumulated sick leave beyond 168 days, up to a maximum of 50 days, to classified employees. Certified employees receive one-fourth of their total sick leave accumulation, up to a maximum of 50 days.

B. Life Insurance

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

C. Medical and Dental Insurance

The School District participates in the Stark County Council of Governments Health Benefit Plan (Note 18), 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 percent of usual, customary and reasonable charges with yearly maximum out-of-pocket expenses of \$500 per individual or \$1,000 for two or more family members. The Stark County Council of Governments has selected Mutual Health Services to provide third party administrative services in claims processing. Employees may elect to choose from three Preferred Provider Organizations (PPO) to increase the co-insurance from 80 percent to 90 percent. The provider organizations are: Ohio Health Choice, Aultcare and Super Blue Plus. A preferred provider drug program is also included in the insurance program. The employee pays a 20 percent co-payment to the provider and the remaining 80 percent is directly billed to the insurance company. Caremark serves as the

Claymont City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

preferred provider for the drug program. During fiscal year 2000, the School District paid \$458 for family or \$189 for individual coverage per month to the Stark County Board of Education who serves as fiscal agent for the Health Benefits Plan. The premium is paid by the fund that pays the salary for the employee and is based on a rate determined by an actuary for the Health Benefits Plan.

The School District also provides dental benefits which are administered by the Health Benefit Plan. Mutual Health Services serves as the third party administrator to provide claims processing services for the dental plan. During fiscal year 2000, the premium for this coverage was \$59 monthly for family coverage and \$24 for individual coverage. The premium for this coverage is also paid into the insurance pool.

Note 14 - Capital Leases - Lessee Disclosure

In prior years, the School District entered into capitalized leases for furniture, fixtures and equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets consisting of furniture, fixtures and equipment have been capitalized in the general fixed assets account group in the amount of \$50,076. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments during fiscal year 2000 totaled \$7,313 in the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2000.

Fiscal Year Ending June 30,	GLTOAG
2001	\$5,880
2002	980
Total	6,860
Less: Amount Representing Interest	(331)
Present Value of Net Minimum Lease Payments	\$6,529

Claymont City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Note 15 - Long-Term Obligations

The changes in the School District's long-term obligations during fiscal year 2000 were as follows:

	Outstanding 6/30/99	Additions	Deductions	Outstanding 6/30/00
Compensated Absences	\$660,029	\$83,659	\$59,206	\$684,482
Intergovernmental Payable	82,441	80,917	82,441	80,917
Capital Leases	13,842	0	7,313	6,529
Energy Conservation Loan 1992 7.1%	139,038	0	43,153	95,885
General Obligation Bonds:				
School Improvement Bonds 1997 4.5%	5,334,597	0	100,000	5,234,597
Total General Long-Term Obligations	<u>\$6,229,947</u>	<u>\$164,576</u>	<u>\$292,113</u>	<u>\$6,102,410</u>

Compensated absences will be paid from the fund from which the employee is paid. The intergovernmental payable represents contractually required pension contributions made outside the available period and will be paid from the fund from which the employee is paid. The capital leases are being paid from the general fund.

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

On April 1, 1997, the School District issued \$5,409,597 in voted school improvement general obligation bonds for the purpose of improvements to the various school buildings. The bonds were issued for a 24 year period with final maturity during fiscal year 2022. The bonds are being retired from the debt service fund.

The School District's overall legal debt margin was \$6,540,603 with an unvoted debt margin of \$127,753 at June 30, 2000. Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2000, are as follows:

Fiscal Year Ending June 30,	School Improvement Bonds	Energy Conservation Loan	Total
2001	\$391,490	\$52,272	\$443,762
2002	400,932	52,271	453,203
2003	409,502	0	409,502
2004	417,197	0	417,197
2005	424,030	0	424,030
2006-2010	2,190,834	0	2,190,834
2011-2015	2,242,323	0	2,242,323
2016-2020	2,225,330	0	2,225,330
2021-2022	883,307	0	883,307
Total Principal and Interest	9,584,945	104,543	9,689,488
Less: Interest	(4,350,348)	(8,658)	(4,359,006)
Total Principal	<u>\$5,234,597</u>	<u>\$95,885</u>	<u>\$5,330,482</u>

Claymont City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Note 16 - Segment Information for Enterprise Funds

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Claymont City School District as of and for the fiscal year ended June 30, 2000.

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$199,054	\$2,393	\$201,447
Depreciation Expense	6,025	0	6,025
Operating Loss	(283,203)	(2,764)	(285,967)
Donated Commodities	27,241	0	27,241
Operating Grants	225,894	0	225,894
Net Income (Loss)	(29,877)	(2,764)	(32,641)
Net Working Capital	(13,149)	(415)	(13,564)
Fixed Asset Additions	9,176	0	9,176
Total Assets	83,819	60	83,879
Long-Term Compensated Absences	19,370	0	19,370
Total Equity	(507)	(415)	(922)
Encumbrances Outstanding at June 30, 2000	2,080	0	2,080

Note 17 - Jointly Governed Organizations

A. Ohio Mid-Eastern Regional Educational Service Agency

Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) is a jointly governed organization created as a regional council of governments pursuant to State statutes. OME-RESA provides financial accounting services, an educational management information system, cooperative purchase services and legal services to member districts. OME-RESA has 11 participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble, and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school districts. The Jefferson County Educational Service Center office serves as the fiscal agent and receives funding from the State Department of Education. The continued existence of OME-RESA is not dependent on the School District's continued participation and no equity interest exists. OME-RESA has no outstanding debt. Claymont City School District paid \$41,675 to OME-RESA during fiscal year 2000 for services. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency, Steubenville, Ohio 43952.

Claymont City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

B. Buckeye Career Center

The Buckeye Career Center is a jointly governed organization established by the Ohio Revised Code. The Board of Education of each of the eleven member districts appoints one member to the Board to serve a two year term. The Buckeye Career Center's Board is responsible for approving its own budget, appointing personnel, and accounting and financing related activities. The students of the Claymont City School District may attend the vocational school. The continued existence of the Buckeye Career Center is not dependent upon the School District's continued participation and no measurable equity interest exists.

C. Tuscarawas County Tax Incentive Review Council

Tuscarawas County Tax Incentive Review Council (TCTIRC) is a jointly governed organization, created as a regional council of governments pursuant to State statutes. TCTIRC has 22 members, consisting of three members appointed by the County Commissioners, four members appointed by municipal corporations, six members appointed by township trustees, one member from the county auditor's office and eight members appointed by boards of education located within the county. The TCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the council can make written recommendations to the legislative authority that approved the agreement. There is no cost associated with being a member of this Council. The continued existence of the TCTIRC is not dependent upon the School District's continued participation and no measurable equity interest exists.

Note 18 - Public Entity Risk Pools

A. Insurance Purchasing Pool

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

B. Public Entity Risk Pool

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

Claymont City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Note 19 - Related Organization

The Claymont Public Library is a related organization to Claymont City School 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 Claymont City School District. Although the School District does serve as the taxing authority and may issue tax 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 School District must place the levy on the ballot. The Library may issue debt and determines its own budget. Financial information can be obtained from the Claymont Public Library, 215 E. 3rd St., Uhrichsville, Ohio 44683.

Note 20 - Interfund Transactions

Interfund balances at June 30, 2000, consist of the following:

Fund	Interfund Receivable	Interfund Payable
General	\$186,475	\$0
Special Revenue		
Miscellaneous State Grants	0	10,000
Title I	0	115,000
Title VI	0	8,000
Miscellaneous Federal Grants	0	3,000
	0	136,000
Capital Projects		
Energy School Building Repair	0	50,000
Enterprise		
Uniform School Supply	0	475
Total	\$186,475	\$186,475

Note 21 - Contingencies

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2000.

Claymont City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

B. Litigation

The School District is party to legal proceedings. The School District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

Note 22 - State School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$8,406,485 of school foundation support for its general fund.

In addition, the Court declared the classroom facilities program unconstitutional because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided grant money to build schools and furnish classrooms. As of June 30, 2000, the School District will be receiving approximately \$28,800,000 under this program.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under these programs and on its financial operations.

Claymont City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Note 23 - Contractual Commitments

As of June 30, 2000, the School District had the following contractual purchase commitments outstanding:

Contractor	Purpose	Amount
Gor-Con Construction	Cement Work at Eastport	\$20,205
Fanning/Howey and Associates	Architectural and Engineering	269,845
Knoch Corporation	Construction for High School	4,253,570
S.A. Communal Company	Fire Protection for High School	102,367
Universal Custom Millwork	Educational Casework for High School	422,578
Wood Electric, Inc.	Electrical for High School	654,926
Soehnlem Piping Company	Plumbing for High School	303,057
CCM Corporation	Retainage	35,000
Canton Elevator Service	Elevator for High School	31,919
Thomas Ruff	Loose Furnishings - All Buildings	99,965
Columbus Irrigation	Traveling Watering Machine	6,400
Stanley Miller	Renovations to Existing High School and Middle School	36,667
Hilscher Clarke	Electrical to Existing Elementary School, High School, and Middle School	151,715
Soehnlem Piping Company	Renovations to Existing Elementary School, High School, and Middle School	80,854
Peterman Plumbing	Renovations to Middle School	54,598
AAA Mechanical Services	Renovations to High School	1,092,732
Deetz Painting	Painting at Trenton	23,050
H.C. Nutting Company	Testing Services	15,997
Bushong Restaurant Equipment	Food Service Equipment for High School	271,625
Capital Equipment	Media Center Casework for High School	40,879
Capital Fire Equipment	Fire Protection	32,398
Dalmatian Fire, Inc.	Fire Protection for Middle School and Exiting High School	173,173
Helblings Supply, Inc.	Renovations to Existing High School and Middle School	140,698
Waller-Duman, Inc.	Athletic Equipment	323,000
Total		\$8,637,218

Claymont City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Note 24 - Set-Asides

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budget stabilization.

The following cash basis information describes the changes in the amounts set-aside for textbooks, capital acquisition and budget stabilization. Disclosure of this information is required by State statute.

	Textbook/ Instructional Materials Reserve	Capital Improvements Reserve	Budget Stabilization Reserve
Set-aside Reserve Balance as of June 30, 1999	\$0	\$0	\$149,365
Current Year			
Set-aside Requirement	228,553	228,553	0
Qualifying Disbursements	(461,230)	(63,657)	0
Current Year Offsets	0	(105,007)	0
Totals	<u>(232,677)</u>	<u>59,889</u>	<u>149,365</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$232,677)</u>	<u>\$59,889</u>	<u>\$149,365</u>
Set-aside Reserve Balance as of June 30, 2000	<u>\$0</u>	<u>\$59,889</u>	<u>\$149,365</u>

The School District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. The extra amount may be used to reduce the set-aside requirements of future fiscal years. The total reserve balance for the three set-sides at the end of the fiscal year was \$209,254.

**CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2000**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$0	\$27,241	\$0	\$27,241
National School Milk Program for Children	N/A	10.556	668	0	668	0
National School Lunch Program	N/A	10.555	213,518	0	213,518	0
School Breakfast Program	N/A	10.553	17,544	0	17,544	0
Total U.S. Department of Agriculture - Child Nutrition Cluster			231,730	27,241	231,730	27,241
U.S. DEPARTMENT OF LABOR						
<i>Passed Through Ohio Job Training Partnership:</i>						
Job Training Partnership Act	F00-9471 F99-9471	17.250	10,501 3,851	0 0	13,239 1,964	0 0
Total U.S. Department of Labor			14,352	0	15,203	0
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	0437786BSF00P 0437786BSF99P	84.027	149,258 17,586	0 0	138,088 24,287	0 0
Total Special Education Cluster			166,844	0	162,375	0
Title I Grants to Local Educational Agencies	043778C1S199 043778C1S100 043778C1S198C	84.010	52,973 301,739 22,387	0 0 0	88,938 412,111 0	0 0 0
Total Title I Grants to Local Educational Agencies			377,099	0	501,049	0
Eisenhower Professional Development Grant	043778MSS100 043778MSS199	84.164	7,992 0	0 0	5,071 6,428	0 0
Total Eisenhower Professional Development Grant			7,992	0	11,499	0
Innovative Education Program Strategies Grant	043778C2S100 043778C2S199	84.298	3,759 1,618	0 0	8,155 0	0 0
Total Innovative Education Program Strategies Grant			5,377	0	8,155	0
Safe and Drug-Free Schools and Communities State Grant	043778DRS198 043778DRS199 043778DRS100	84.186	0 3,993 8,504	0 0 0	546 0 3,991	0 0 0
Total Safe and Drug-Free Schools and Communities State Grant			12,497	0	4,537	0
Goals 2000 State and Local Education Systemic Improvement Grant	043778G2S297C	84.276	21,000	0	0	0
Technology Literacy Challenge Grant	043778TF31009	84.318	225,000	0	317,058	0
Class Size Reduction Grant	043778CRS100	84.340	52,721	0	60,135	0
Total U.S. Department of Education			868,530	0	1,064,808	0
Totals			\$1,114,612	\$27,241	\$1,311,741	\$27,241

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

**CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
JUNE 30, 2000**

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B--FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had food commodities totaling \$4,918 in inventory.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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

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

To the Board of Education:

We have audited the general purpose financial statements of the Claymont City School District, Tuscarawas County, Ohio, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated December 31, 2000, in which we noted the District changed its method of accounting for compensated absences from the vesting method to the termination method. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2000-11279-001.

We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 31, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Claymont City School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 2000-11279-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 31, 2000.

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

Jim Petro
Auditor of State

December 31, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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

To the Board of Education:

Compliance

We have audited the compliance of the Claymont City School District, Tuscarawas County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2000. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings as item 2000-11279-003.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the District's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying Schedule of Findings as item 2000-11279-003.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

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

Jim Petro
Auditor of State

December 31, 2000

**CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

1. SUMMARY OF AUDITOR'S RESULTS
--

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	Special Education Cluster CFDA #84.027 Technology Literacy Challenge Grant CFDA #84.318
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

FINDING NUMBER 2000-11279-001

Finding for Recovery

During the testing of certain fiscal year 2000 student activity fundraisers, we noted the Claymont High School Junior Class of 2001 purchased pizzas and candy for subsequent resale at specified sales prices. However, we noted the quantity of pizzas and candy sold extended by the specified sales prices did not reconcile to the balance recorded within the District's receipts ledger as follows:

Under the supervision of Larry Ford, Claymont High School Junior Class of 2001 Advisor, the Claymont High School Junior Class of 2001 purchased 348 boxes of pizzas and 3,720 bags of candy for subsequent resale @ \$11 and \$.50 each, respectively. Therefore, combined sales should have totaled \$5,688; however, we noted \$22 was uncollectable. As a result, the adjusted combined total sales should have been \$5,666. Only \$4,906 was recorded in the Claymont City School District Junior Class of 2001 Agency Fund within the District's receipts ledger; therefore, \$760 remains unaccounted for. There were no unsold pizzas or bags of candy remaining in inventory and no explanation was provided by the Advisor for the difference between the amount deposited and pizzas and bags of candy purchased and subsequently sold. Consequently, \$760 remains unaccounted for.

Pursuant to Ohio Revised Code Section 117.01, any money received, collected by, or due a public official under the color of office, as well as any money collected by any individual on behalf of a public office or as a purported representative or agent of the public office constitutes public money that should be deposited with the District.

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery of public monies collected but unaccounted for is hereby issued against Larry Ford, Claymont High School Junior Class of 2001 Advisor, in the amount of \$760, and in favor of the Claymont City School District Junior Class of 2001 Agency Fund (Fund No. 200-4670-901A).

This matter will be referred to the Tuscarawas County Prosecutor and the Ohio Office of the Attorney General for whatever action is deemed appropriate.

FINDING NUMBER 2000-11279-002

Reportable Condition

Monitoring of Student Activity Fundraisers

Estimated Sales Project Potential Reports and Final Sales Project Reports were not properly signed or approved by the required officials for the following fundraisers:

- Claymont Wrestling's Sale of T-Shirts
- Vocal Music's Candy Sales

As a result, errors or irregularities relative to items sold, items purchased, monies collected and subsequently deposited, and items remaining in inventory may not be detected in a timely manner.

Student activity advisors are required by Policy No. 6610, adopted by the Board of Education, to prepare and sign a Fund Raising Request Form to be approved by the Building Principal and Superintendent at the beginning of each year. Prior to the fundraiser beginning and after completion, the student activity advisors are required to prepare and sign Estimated Sales Project Potential Reports and Final Sales Project Reports to be approved by the Building Principal and Superintendent. The Treasurer should review all student activity fundraiser reports for proper signatures. This will help ensure items sold, items purchased, monies collected and subsequently deposited, and items remaining in inventory have been reviewed for propriety.

3. FINDINGS FOR FEDERAL AWARDS

FINDING NUMBER 2000-11279-003

Federal Noncompliance/Reportable Condition

Major Federal Program:	Title VI-B, Special Education Cluster
Catalog of Federal Domestic Assistance No.	#84.027
Federal Oversight Agency:	U.S. Department of Education
State Pass Through Agency:	Ohio Department of Education
Citation:	34 CFR 300.346-347 and Section 4.1.1.12 of the fiscal year 2001 EMIS Manual and the December Child Count Report Explanations

34 CFR 300.346-347 requires school districts to develop and implement an Individualized Educational Plan (IEP) for each of their handicapped children. An effective IEP should include the following for each child:

- Statement of the child's present level of educational achievement
- Statement of the annual goals
- Statement of the special education and related services to be provided
- The projected dates for initiation of the services and the anticipated durations of the services
- Appropriate objective criteria and evaluation procedures

In addition, **Section 4.1.1.12** of the fiscal year 2001 EMIS Manual and the December 2000 Child Count Report Explanations issued by the Ohio Department of Education Information Management Services provide a listing of the codes for reporting child count data and entitlements for Title VI-B Flow-Through Funds and Preschool Grants as determined by the child count taken on December 1 of each year. During testing of fiscal year 2000 IEP's for handicapped children, 2 out of 20 (10 percent) IEP's were found to be missing the five requirements documented above. Also, upon review of the Handicapped Student List by Program submitted December 1, 1999, both students were improperly included in Program Code 210003, used for Students Attending Regular Classes with Access to the Special Education Resource Room.

The intent of the Special Education Cluster Grant is to provide handicapped children with special education services necessary to mainstream disabled children into regular classes. Once the handicapped child begins regular classes, that child has access to the Special Education Resource Room to obtain special education services on an as-needed basis. These children are not required to attend the Resource Room. In addition, if the handicapped child did not attend the Resource Room between the inception of the school year and December 1, and an IEP was not properly completed for that child, then the child should be "excluded" from the count submitted to the Ohio Department of Education on December 1. These children should be assigned Primary Service Code 210042, IEP Review Process Incomplete. This Primary Service Code will automatically exclude the child from the count and the District will not receive Title VI-B Flow-Through funding for that child. Therefore, the 2 students documented above were improperly included in Program Code 210003 and should have been included in Primary Service Code 210042. Consequently, the District will receive funding for fiscal year 2002 for children with disabilities improperly reported as receiving full and appropriate services on December 1, 1999.

3. FINDINGS FOR FEDERAL AWARDS

FINDING NUMBER 2000-11279-003 (Continued)

Since our test results disclosed 2 students that were improperly coded, 100 percent of all students included in Program Code 210003 were reviewed to determine the total extent of incomplete IEP's (used for the December 1, 1999, child count). As a result, 4 additional students were identified as having IEP's that lacked the five requirements but were reported as receiving full and appropriate services as of December 1, 1999. Therefore, 6 out of 134 (4 percent) handicapped students were inaccurately coded. These errors appeared to have occurred because of the lack of an adequate system of internal control over monitoring of the codes applied to certain handicapped students.

Since the Ohio Department of Education has not established the per handicapped child award amount for fiscal year 2002, the questioned costs associated with these improper codings cannot be practically determined. Overfunding will occur when handicapped students are improperly coded.

To help ensure handicapped students are properly coded based on authorized IEP's, the Grant Coordinator should review the coding assigned to handicapped children by each respective building secretary as reported in the Model Policies and Procedures for the Education of Children with Disabilities prepared by the Ohio Department of Education Division of Early Childhood Education and Division of Special Education. These reviews should be documented as evidence of such verification.

**CLAYMONT CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY
June 30, 2000**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 § .315 (c)**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Persons
2000-11279-003	The Superintendent of the District distributed a memo to the officials responsible for administering and monitoring the handicapped student coding process. The Grant Coordinator will also meet with these individuals to discuss the coding process in the near future.	The memo was distributed on January 29, 2001	Jeff Walters, Treasurer John Neighbor, Superintendent William Cox, Grant Coordinator



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CLAYMONT CITY SCHOOL DISTRICT

TUSCARAWAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 20, 2001**