

**TIPP CITY EXEMPTED VILLAGE  
SCHOOL DISTRICT**

**Basic Financial Statements**

**June 30, 2006**

**with**

**Independent Auditors' Report**





# Mary Taylor, CPA

Auditor of State

Board of Education  
Tipp City Exempted Village School District  
90 South Tippecanoe Drive  
Tipp City, Ohio 45371

We have reviewed the *Independent Auditor's Report* of the Tipp City Exempted Village School District, Miami County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2005 through June 30, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

## **Finding For Recovery Repaid under Audit**

An expenditure was made in conjunction with a golf outing held in June 2006 to raise funds for the athletic department at the High School. The expenditure was recorded in the district managed student activities fund (fund 300) which is reported as a special revenue fund by the District. The entry fees received for this event were also recorded in the same fund. The payment to a local golf course for the event totaled \$3,674 of which \$639 was for alcoholic beverages consumed during the event. Once the payment of the entry fees were made to the District, the expenditure of these funds then became expenditure of public funds. Auditor of State Audit Bulletin 2003-005 states, "The Auditor of State's Office does not view the expenditure of public funds for alcoholic beverages as a proper public purpose and will issue a finding for recovery for such expenditures as manifestly arbitrary and incorrect."

A finding for recovery is issued against Joseph E. Smith, Treasurer, Tipp City Exempted Village School District, and the Tippecanoe Athletic Boosters, Inc., jointly and severally, in the amount of six hundred thirty-nine dollars (\$639) in favor of the Tipp City Exempted Village School District, fund 300 (district managed activities).

The Tippecanoe Athletic Boosters, Inc. reimbursed Tipp City Exempted Village School District \$639 on June 7, 2007, on check number 1017, and the District deposited the funds on June 11, 2007.

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

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

Mary Taylor, CPA  
Auditor of State

June 14, 2007

# TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

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**Clark, Schaefer, Hackett & Co.**  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS  
[www.cshco.com](http://www.cshco.com)

Independent Auditor's Report

Board of Education  
Tipp City Exempted Village School District  
90 South Tippecanoe Drive  
Tipp City, Ohio 45371

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tipp City Exempted Village School District (the District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Tipp City Exempted Village School District, as of June 30, 2006, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2007, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 10, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, and is also not a required part of the basic financial statements of the District. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Clark, Schaefer, Hachett & Co.*

Springfield, Ohio  
April 12, 2007



# **TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

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***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006***

***Unaudited***

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The discussion and analysis of Tipp City Exempted Village School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2006. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

## **FINANCIAL HIGHLIGHTS**

**Key financial highlights for 2006 are as follows:**

- In total, net assets decreased \$561,960, which represents a 14% decrease from 2005.
- General revenues accounted for \$19,033,013 in revenue or 90% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,125,215 or 10% of total revenues of \$21,158,228.
- The District had \$21,720,188 in expenses related to governmental activities; only \$2,125,215 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$19,033,013 were not adequate to provide for these programs.
- Among major funds, the general fund had \$16,672,521 in revenues and \$17,322,981 in expenditures. The general fund's fund balance decreased \$649,186 to a deficit of \$404,234. This change in fund balance was consistent with the previous year, as expenditures continued to exceed revenues.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of two parts – *management's discussion and analysis* and the *basic financial statements*. The basic financial statements include two kinds of statements that present different views of the District:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the District's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

# **TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

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***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006***

***Unaudited***

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## **Government-wide Statements**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net-assets (the difference between the District's assets and liabilities) is one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the District you need to consider additional nonfinancial factors such as the property tax base, current property tax laws, student enrollment growth and facility conditions.

The government-wide financial statements of the District reflect the following category for its activities:

- ***Governmental Activities*** – Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

***Governmental Funds*** – Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

***Fiduciary Funds*** – The District is the trustee, or fiduciary, for various student managed activity programs. All of the District's fiduciary activities are reported in the Statement of Fiduciary Net Assets. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

## **TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006*

*Unaudited*

### **FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE**

The following table provides a summary of the District's net assets for 2006 compared to 2005.

	Governmental Activities		Increase (Decrease)
	2006	Restated 2005	
Current and other assets	\$12,472,546	\$12,966,300	(\$493,754)
Capital assets, Net	<u>25,264,714</u>	<u>26,063,023</u>	<u>(798,309)</u>
Total assets	<u>37,737,260</u>	<u>39,029,323</u>	<u>(1,292,063)</u>
Long-term debt outstanding	23,226,767	21,452,437	1,774,330
Other liabilities	<u>11,134,576</u>	<u>13,639,009</u>	<u>(2,504,433)</u>
Total liabilities	<u>34,361,343</u>	<u>35,091,446</u>	<u>(730,103)</u>
Net assets			
Invested in capital assets, net of related debt	4,904,909	5,045,493	(140,584)
Restricted	1,222,708	522,458	700,250
Unrestricted	<u>(2,751,700)</u>	<u>(1,630,074)</u>	<u>(1,121,626)</u>
Total net assets	<u><u>\$3,375,917</u></u>	<u><u>\$3,937,877</u></u>	<u><u>(\$561,960)</u></u>

Total assets of the District's governmental activities decreased 3% compared to the prior year. Decreases in property taxes receivable contributed to the decrease in current assets, while depreciation expense contributed to the decrease in net capital assets. Total liabilities decreased 2% compared to the prior year. Decreases in deferred tax revenue and general obligation notes payable were partially offset by an increase in general obligation bonds payable.

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## **TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006**

**Unaudited**

**Changes in Net Assets** – The following table shows the changes in net assets for the fiscal year 2006 compared with fiscal year 2005:

	Governmental Activities		Increase (Decrease)
	2006	Restated 2005	
Revenues			
Program revenues:			
Charges for Services and Sales	\$1,210,903	\$1,196,764	\$14,139
Operating Grants and Contributions	914,312	971,979	(57,667)
Capital Grants and Contributions	0	30,757	(30,757)
General revenues:			
Property Taxes	10,394,810	10,844,392	(449,582)
Grants and Entitlements	8,365,840	7,619,437	746,403
Other	272,363	292,859	(20,496)
Total revenues	21,158,228	20,956,188	202,040
 Program Expenses			
Instruction	12,464,191	12,469,917	(5,726)
Support Services:			
Pupils	855,618	781,297	74,321
Instructional Staff	820,866	809,148	11,718
Board of Education	32,539	77,792	(45,253)
Administration	1,409,302	1,422,212	(12,910)
Fiscal Services	471,816	472,518	(702)
Business	0	546	(546)
Operation and Maintenance of Plant	1,858,193	1,776,928	81,265
Pupil Transportation	847,850	801,420	46,430
Central	497,506	562,573	(65,067)
Community Services	10,458	0	10,458
Operation of Non-Instructional Services	788,463	826,466	(38,003)
Extracurricular Activities	864,666	879,209	(14,543)
Interest and Fiscal Charges	798,720	979,491	(180,771)
Total expenses	21,720,188	21,859,517	(139,329)
Total Change in Net Assets	(561,960)	(903,329)	341,369
Beginning Net Assets	3,937,877	4,841,206	(903,329)
Ending Net Assets	\$3,375,917	\$3,937,877	(\$561,960)

## **TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006**

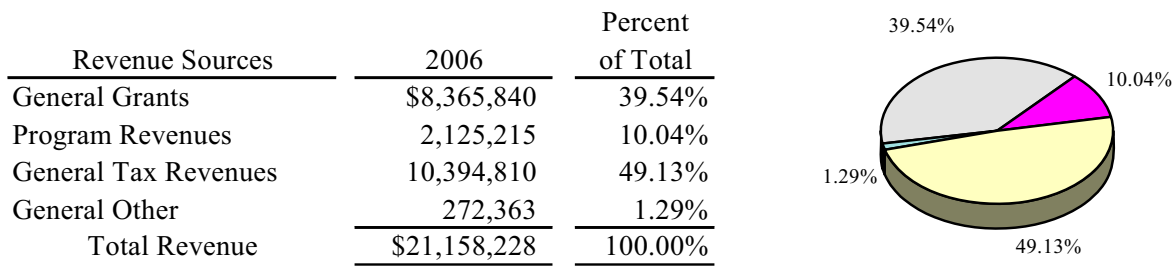
**Unaudited**

### **Governmental Activities**

Net assets of the District's governmental activities decreased \$561,960. A decrease in the amount of tax revenue available for advance to the District contributed to a decrease in property taxes. Grants and entitlements increased due to increases in state foundation monies received. Interest and fiscal charges decreased due to the refinancing of the District's general obligation bonds.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. In general, the overall revenue generated by the levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Property taxes made up 49% of revenues for governmental activities for the District in fiscal year 2006. The District's reliance upon tax revenues is demonstrated by the following graph:



### **FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS**

The District's governmental funds reported a combined fund balance of \$1,031,824, which is above last year's deficit of \$657,969. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2006 and 2005.

	Fund Balance June 30, 2006	Fund Balance June 30, 2005	Increase (Decrease)
General	(\$404,234)	\$244,952	(\$649,186)
Debt Service	814,138	570,878	243,260
Other Governmental	621,920	(1,473,799)	2,095,719
Total	<u>\$1,031,824</u>	<u>(\$657,969)</u>	<u>\$1,689,793</u>

## **TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006**

**Unaudited**

*General Fund* – The District's General Fund balance decrease is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2006 Revenues	2005 Revenues	Increase (Decrease)
Taxes	\$8,288,568	\$8,841,607	(\$553,039)
Tuition and Fees	34,513	22,572	11,941
Investment Earnings	120,943	54,987	65,956
Intergovernmental - State	8,156,376	7,429,252	727,124
Intergovernmental - Federal	0	7,787	(7,787)
All Other Revenue	72,121	85,419	(13,298)
Total	\$16,672,521	\$16,441,624	\$230,897

General Fund revenues in 2006 increased less than 2% compared to revenues in fiscal year 2005. A decrease in the amount of tax revenue available for advance to the District contributed to a decrease in tax revenue, while increases in state foundation monies resulted in the increase in state intergovernmental revenues.

	2006 Expenditures	2005 Expenditures	Increase (Decrease)
Instruction	\$10,706,000	\$10,135,100	\$570,900
Supporting Services:			
Pupils	650,339	615,788	34,551
Instructional Staff	801,715	818,369	(16,654)
Board of Education	32,537	28,807	3,730
Administration	1,335,528	1,401,750	(66,222)
Fiscal Services	470,400	464,284	6,116
Business	0	2,946	(2,946)
Operation & Maintenance of Plant	1,843,578	1,776,457	67,121
Pupil Transportation	789,213	769,634	19,579
Central	379,976	384,373	(4,397)
Community Services	10,458	0	10,458
Extracurricular Activities	303,237	368,223	(64,986)
Total	\$17,322,981	\$16,765,731	\$557,250

The expenditures increased \$557,250 or 3% compared to the prior year mostly due to an increase in instruction. This increase in instruction can mostly be attributed to increases in salaries.

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

During the course of fiscal year 2006 the District amended its General Fund budget several times, none significant.

## **TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006**

**Unaudited**

For the General Fund, budget basis revenue was \$16.8 million, above original budget estimates of \$16.3 million. The General Fund had an adequate fund balance to cover expenditures.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

At the end of fiscal 2006 the District had \$25,264,714 net of accumulated depreciation invested in land, improvements, buildings, equipment and vehicles. The following table shows fiscal year 2006 and 2005 balances:

	Governmental Activities		Increase (Decrease)
	2006	2005	
Land	\$1,928,313	\$1,928,313	\$0
Land Improvements	3,346,639	3,346,639	0
Buildings and Improvements	26,383,111	26,383,111	0
Machinery and Equipment	4,044,239	3,899,205	145,034
Less: Accumulated Depreciation	(10,437,588)	(9,494,245)	(943,343)
Totals	\$25,264,714	\$26,063,023	(\$798,309)

The primary change occurred in machinery and equipment, which represents the purchase of computer equipment and a bus.

Additional information on the District's capital assets can be found in Note 10.

#### **Debt**

At June 30, 2006, the District had \$20.8 million in bonds outstanding, \$750,000 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2006 compared with 2005:

	2006	Restated 2005
Governmental Activities:		
General Obligation Bond:		
School Improvement	\$2,841,060	\$18,915,854
Multi-Purpose	17,987,850	0
Capital Leases Payable	249,820	307,530
Compensated Absences	2,148,037	2,229,053
Totals	\$23,226,767	\$21,452,437

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total assessed value of real and personal property. At June 30, 2006, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 13.

## ***TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT***

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***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006***

***Unaudited***

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### **ECONOMIC FACTORS**

The City of Tipp City is located eight miles north of the I75/I70 interchange, along the I75 corridor. There is also railway access as well; the Dayton International Airport is located within 15 miles of the City. With all these factors the school has an excellent commercial base and has experienced very good growth in residential base over the last few years.

Tipp City Exempted Village Schools are dependent on Real Estate Taxes as well as the State Foundation. The mix in receipts is around 60% Local and 40% State. This is a reversal from 10 years ago, thus drawing further attention to State funding.

In November 2001 the voters approved a \$22,600,000 Bond Issue for the purpose of constructing a new high school. As of June 30, 2006 there was \$20,109,985 outstanding in bonds. Voters originally approved millage of 4.7 mills with an amortization of 28 years. However due to the lower interest rates at the time the bonds were sold the district was able to shorten the amortization by 3 years and only collect 4.1 mills to service the debt.

The new high school has been completed with move-in spring break in 2004. The new high school is a 1000 student high school. The old high school could accommodate 800 students and is now a grades 6 through 8 middle school. The district has experienced a growth in enrollment over the past few years thus the need for the new high school.

The district currently has a 2 mill Permanent Improvement Levy in place which was renewed in the November 2003 elections. The school district passed a 7.57 mill Emergency Levy on May 2, 2006 for a 3 year period which will generate approximately \$2.7 million a year. This was the first increase in taxes since 1992. The school district is currently at the 20 mill floor.

The greatest unknown at this time is the future of State Funding. At this point the district does not know what effect, if any, the latest Supreme Court decision will have on the State funding issue. There has been a gradual elimination of the Tangible Personal Valuations over the next 3 years. The State says that schools will be held harmless in the loss of taxes collected on Personal Tangible Personal Property through 2012. Currently the Tipp City Exempted Village School District collects approximately \$2,400,000 in Personal Tangible Property Tax.

In conclusion, the Tipp City Exempted Village School District has committed itself to financial excellence for many years.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Joseph E. Smith, Treasurer of Tipp City Exempted Village School District.



***TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT***

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## **TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

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### **Statement of Net Assets** **June 30, 2006**

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	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 2,030,345
Receivables:	
Taxes	9,904,465
Accounts	10,052
Intergovernmental	102,569
Interest	850
Inventory of Supplies at Cost	11,598
Prepaid Items	80,171
Restricted Assets:	
Cash and Cash Equivalents	59,743
Cash with Fiscal Agent	7,422
Unamortized Bond Issuance Cost	265,331
Non-Depreciable Capital Assets	1,928,313
Depreciable Capital Assets, Net	23,336,401
<b>Total Assets</b>	<b><u>37,737,260</u></b>
<b>Liabilities:</b>	
Accounts Payable	46,619
Accrued Wages and Benefits	1,636,424
Intergovernmental Payable	637,144
Unearned Revenue - Taxes	8,604,349
Accrued Interest Payable	71,829
Liabilities Payable from Restricted Assets:	
Matured Bonds & Interest Payable	66,703
Compensated Absences Payable	71,508
Long Term Liabilities:	
Due Within One Year	917,264
Due in More Than One Year	22,309,503
<b>Total Liabilities</b>	<b><u>34,361,343</u></b>
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	4,904,909
Restricted For:	
Capital Projects	354,514
Debt Service	754,783
Other Purposes	113,411
Unrestricted (Deficit)	(2,751,700)
<b>Total Net Assets</b>	<b><u>\$ 3,375,917</u></b>

See accompanying notes to the basic financial statements

**TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2006**

		Program Revenues		Net (Expense)
		Charges for	Operating Grants	Revenue and
		Services and	and	and Changes in
	Expenses	Sales	Contributions	Net Assets
				Governmental
				Activities
<b>Governmental Activities:</b>				
Instruction	\$ 12,464,191	\$ 130,832	\$ 487,874	\$ (11,845,485)
Support Services:				
Pupils	855,618	0	181,579	(674,039)
Instructional Staff	820,866	0	5,683	(815,183)
Board of Education	32,539	0	0	(32,539)
Administration	1,409,302	0	224	(1,409,078)
Fiscal Services	471,816	0	0	(471,816)
Operation and Maintenance of Plant	1,858,193	0	0	(1,858,193)
Pupil Transportation	847,850	0	26,921	(820,929)
Central	497,506	0	23,966	(473,540)
Community Services	10,458	0	0	(10,458)
Operation of Non-Instructional Services	788,463	578,076	188,065	(22,322)
Extracurricular Activities	864,666	501,995	0	(362,671)
Interest and Fiscal Charges	798,720	0	0	(798,720)
<b>Total Governmental Activities</b>	<u>\$ 21,720,188</u>	<u>\$ 1,210,903</u>	<u>\$ 914,312</u>	<u>(19,594,973)</u>
 <b>General Revenues</b>				
Property Taxes Levied for:				
				8,263,213
				1,513,521
				618,076
				8,365,840
				124,827
				147,536
				<u>19,033,013</u>
				Change in Net Assets (561,960)
				Net Assets Beginning of Year - Restated 3,937,877
				<u>\$ 3,375,917</u>

See accompanying notes to the basic financial statements

## **TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2006**

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 753,991	\$ 660,374	\$ 615,980	\$ 2,030,345
Receivables:				
Taxes	7,821,997	1,483,016	599,452	9,904,465
Accounts	10,052	0	0	10,052
Intergovernmental	0	0	102,569	102,569
Interest	782	0	68	850
Interfund Loan Receivable	300	0	0	300
Inventory of Supplies at Cost	0	0	11,598	11,598
Prepaid Items	73,460	0	6,711	80,171
Restricted Assets:				
Cash and Cash Equivalents	0	59,281	462	59,743
Cash with Fiscal Agent	0	7,422	0	7,422
<b>Total Assets</b>	<b>\$ 8,660,582</b>	<b>\$ 2,210,093</b>	<b>\$ 1,336,840</b>	<b>\$ 12,207,515</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 15,666	\$ 0	\$ 30,953	\$ 46,619
Accrued Wages and Benefits	1,580,913	0	55,511	1,636,424
Intergovernmental Payable	545,393	0	91,751	637,144
Matured Bonds and Interest Payable	0	66,703	0	66,703
Interfund Loans Payable	0	0	300	300
Deferred Revenue - Taxes	6,851,336	1,329,252	535,230	8,715,818
Deferred Revenue	0	0	1,175	1,175
Compensated Absences Payable	71,508	0	0	71,508
<b>Total Liabilities</b>	<b>9,064,816</b>	<b>1,395,955</b>	<b>714,920</b>	<b>11,175,691</b>
<b>Fund Balance:</b>				
Reserved for Encumbrances	5,870	0	174,094	179,964
Reserved for Prepaid Items	73,460	0	6,711	80,171
Reserved for Supplies Inventory	0	0	11,598	11,598
Reserved for Debt Service	0	668,026	0	668,026
Reserved for Property Taxes	934,011	146,112	61,241	1,141,364
Unreserved, Undesignated in:				
General Fund (Deficit)	(1,417,575)	0	0	(1,417,575)
Special Revenue Funds	0	0	235,951	235,951
Capital Projects Funds	0	0	132,325	132,325
<b>Total Fund Balances</b>	<b>(404,234)</b>	<b>814,138</b>	<b>621,920</b>	<b>1,031,824</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 8,660,582</b>	<b>\$ 2,210,093</b>	<b>\$ 1,336,840</b>	<b>\$ 12,207,515</b>

See accompanying notes to the basic financial statements

**TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

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***Reconciliation Of Total Governmental Fund Balances  
To Net Assets Of Governmental Activities  
June 30,2006***

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<b>Total Governmental Fund Balances</b>		\$ 1,031,824
<b><i>Amounts reported for governmental activities in the statement of net assets are different because</i></b>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		25,264,714
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes Receivable	111,469	
Deferred Grant Monies Receivable	<u>1,175</u>	112,644
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds	(20,109,985)	
Interest Accretion	(1,317,468)	
Unamortized Bond Issuance Cost	265,331	
Bond Premium	(281,961)	
Deferred Loss on Early Retirement of Debt	880,504	
Capital Leases	(249,820)	
Compensated Absences	(2,148,037)	
Accrued Interest Payable	<u>(71,829)</u>	<u>(23,033,265)</u>
<b><i>Net Assets of Governmental Activities</i></b>		<b><u>\$ 3,375,917</u></b>

See accompanying notes to the basic financial statements

## **TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2006**

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Local Sources:				
Taxes	\$ 8,288,568	\$ 1,518,517	\$ 619,063	\$ 10,426,148
Tuition and Fees	34,513	0	96,319	130,832
Investment Earnings	120,943	0	3,446	124,389
Extracurricular Activities	0	0	501,995	501,995
Food Services	0	0	578,076	578,076
Intergovernmental - State	8,156,376	173,415	101,037	8,430,828
Intergovernmental - Federal	0	0	895,930	895,930
All Other Revenue	72,121	0	74,739	146,860
<b>Total Revenue</b>	<b>16,672,521</b>	<b>1,691,932</b>	<b>2,870,605</b>	<b>21,235,058</b>
<b>Expenditures:</b>				
Current:				
Instruction	10,706,000	0	864,875	11,570,875
Supporting Services:				
Pupils	650,339	0	175,871	826,210
Instructional Staff	801,715	0	5,966	807,681
Board of Education	32,537	0	0	32,537
Administration	1,335,528	0	133	1,335,661
Fiscal Services	470,400	0	0	470,400
Operation and Maintenance of Plant	1,843,578	0	0	1,843,578
Pupil Transportation	789,213	0	39,589	828,802
Central	379,976	0	90,790	470,766
Community Services	10,458	0	0	10,458
Operation of Non-Instructional Services	0	0	780,517	780,517
Extracurricular Activities	303,237	0	542,960	846,197
Capital Outlay	0	0	436,221	436,221
Debt Service:				
Principal Retirement	0	460,000	0	460,000
Interest & Fiscal Charges	0	1,074,083	34,694	1,108,777
<b>Total Expenditures</b>	<b>17,322,981</b>	<b>1,534,083</b>	<b>2,971,616</b>	<b>21,828,680</b>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(650,460)	157,849	(101,011)	(593,622)

(Continued)

**TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

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	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Other Financing Sources (Uses):</b>				
Proceeds from the Sale of Capital Assets	160	0	0	160
Multi-purpose Bonds Issued	0	17,634,985	0	17,634,985
Premium on Sale of Bonds	0	1,232,695	0	1,232,695
Transfers In	0	0	2,198,872	2,198,872
Transfers Out	0	(2,198,872)	0	(2,198,872)
Refund of Prior Year Expenditures	1,114	0	0	1,114
Payment to Refunded Bond Escrow Agent	0	(16,583,397)	0	(16,583,397)
<b>Total Other Financing Sources (Uses)</b>	<u>1,274</u>	<u>85,411</u>	<u>2,198,872</u>	<u>2,285,557</u>
Net Change in Fund Balance	(649,186)	243,260	2,097,861	1,691,935
<b>Fund Balance (Deficit) at Beginning of Year</b>	244,952	570,878	(1,473,799)	(657,969)
Decrease in Inventory Reserve	0	0	(2,142)	(2,142)
<b>Fund Balance (Deficit) End of Year</b>	<u>\$ (404,234)</u>	<u>\$ 814,138</u>	<u>\$ 621,920</u>	<u>\$ 1,031,824</u>

See accompanying notes to the basic financial statements

## **TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

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***Reconciliation Of The Statement Of Revenues, Expenditures  
And Changes In Fund Balances Of Governmental Funds  
To The Statement Of Activities  
For The Fiscal Year Ended June 30,2006***

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**Net Change in Fund Balances - Total Governmental Funds** \$ 1,691,935

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital Outlay	159,127	
Depreciation Expense	<u>(952,580)</u>	(793,453)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received. (4,856)

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

Decrease in Delinquent Property Taxes Receivable	(31,338)	
Decrease in Deferred Grants Receivable	(46,606)	
Decrease in Inventory	<u>(2,142)</u>	(80,086)

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net assets. In addition, repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

General Obligation Bond Principal Payment	460,000	
General Obligation Bonds Refunded	16,583,397	
Multi-purpose General Obligation Bonds Issued	(18,867,680)	
Interest Accretion on Capital Appreciation Bonds	(976,614)	
Unamortized Bond Issuance Cost	265,331	
Bond Premium Amortization	950,734	
Deferred Loss on Early Retirement of Debt	(62,893)	
Capital Lease Principal Payment	<u>57,710</u>	(1,590,015)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 133,499

Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in the in the governmental funds.

Decrease in Compensated Absences Liability	<u>81,016</u>	
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***Change in Net Assets of Governmental Activities*** \$ (561,960)

See accompanying notes to the basic financial statements



## **TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Fiscal Year Ended June 30, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Local Sources:				
Taxes	\$ 8,340,287	\$ 8,420,275	\$ 8,420,275	\$ 0
Tuition	25,021	34,513	34,513	0
Investment Earnings	79,431	120,719	120,719	0
Intergovernmental - State	7,754,481	8,156,376	8,156,376	0
Intergovernmental - Federal	99	0	0	0
All Other Revenues	94,821	62,069	62,069	0
Total Revenues	<u>16,294,140</u>	<u>16,793,952</u>	<u>16,793,952</u>	<u>0</u>
<b>Expenditures:</b>				
Current:				
Instruction	10,695,890	10,644,293	10,599,544	44,749
Support Services:				
Pupils	624,606	647,296	629,326	17,970
Instructional Staff	805,577	813,169	780,711	32,458
Board of Education	39,300	36,245	33,675	2,570
Administration	1,395,480	1,405,798	1,356,986	48,812
Fiscal Services	481,210	485,350	481,627	3,723
Operation and Maintenance of Plant	1,911,810	1,907,145	1,831,710	75,435
Pupil Transportation	805,139	792,899	780,813	12,086
Central	395,620	416,282	390,480	25,802
Community Services	5,000	10,472	10,458	14
Extracurricular Activities	393,855	394,538	312,166	82,372
Total Expenditures	<u>17,553,487</u>	<u>17,553,487</u>	<u>17,207,496</u>	<u>345,991</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,259,347)	(759,535)	(413,544)	345,991
<b>Other Financing Sources (Uses):</b>				
Proceeds from the Sale of Capital Assets	1,000	160	160	0
Transfers Out	(5,000)	(5,000)	0	5,000
Advances In	1,800	0	0	0
Advances Out	(10,000)	(10,000)	0	10,000
Refund of Prior Year's Expenditures	500	1,114	1,114	0
Total Other Financing Sources (Uses):	<u>(11,700)</u>	<u>(13,726)</u>	<u>1,274</u>	<u>15,000</u>
Net Change in Fund Balance	(1,271,047)	(773,261)	(412,270)	360,991
Fund Balance at Beginning of Year	1,067,587	1,067,587	1,067,587	0
Prior Year Encumbrances	41,987	41,987	41,987	0
Fund Balance at End of Year	<u>\$ (161,473)</u>	<u>\$ 336,313</u>	<u>\$ 697,304</u>	<u>\$ 360,991</u>

See accompanying notes to the basic financial statements

**TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

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***Statement of Net Assets***  
***Fiduciary Fund***  
***June 30, 2006***

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	Student Activity Fund
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 51,426
<b>Total Assets</b>	<u>51,426</u>
<b>Liabilities:</b>	
Due to Students	<u>51,426</u>
<b>Total Liabilities</b>	<u>51,426</u>
<b>Total Net Assets</b>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

# **TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Reporting Entity**

Tipp City Exempted Village School District, Ohio (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is governed by a locally elected five member Board of Education (the Board) which provides educational services.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, functions, and component units for which the District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either the District's ability to impose its will over the organization or the possibility that the organization will provide a financial benefit to, or impose a financial burden on, the District. There were no potential component units that met the criteria imposed by GASB Statement No. 14 to be included in the District's reporting entity. Based on the foregoing, the reporting entity of the District includes the following services: instructional (regular, special education, vocational), student guidance, extracurricular activities, food service, pupil transportation, and care and upkeep of grounds and buildings.

The District is associated with organizations which are defined as an insurance purchasing pool, jointly governed organizations, and a related organization. These organizations are presented in Notes 15, 17 and 18 to the basic financial statements.

The accounting policies and financial reporting practices of the District conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies.

#### **B. Basis of Presentation - Fund Accounting**

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses. The various funds are grouped into the categories of governmental and fiduciary.

***Governmental Funds*** - These are funds through which most governmental functions typically are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the District's major governmental funds:

## **TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **B. Basis of Presentation - Fund Accounting** (Continued)

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

Debt Service Fund - This fund is used for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

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

##### **C. Basis of Presentation and Measurement Focus – Financial Statements**

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

The government-wide statements are prepared using the economic resources measurement focus. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

## **TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **C. Basis of Presentation and Measurement Focus – Financial Statements (Continued)**

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Fiduciary funds are reported using the economic resources measurement focus.

##### **D. Basis of Accounting**

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus. The modified accrual basis of accounting is followed by the governmental funds.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the District is considered to be 60 days after fiscal year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Revenue considered susceptible to accrual at fiscal year end includes property taxes, tuition, grants and entitlements, student fees, and interest on investments.

Property taxes measurable as of June 30, 2006, but which are not intended to finance fiscal year 2006 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 6.

The accrual basis of accounting is utilized for reporting purposes by the government-wide financial statements and fiduciary funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

# **TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **D. Basis of Accounting (Continued)**

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

#### **E. 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 appropriation resolution are subject to amendment throughout the year.

All funds other than the agency fund are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control is at the function level for the General Fund and fund level for all other funds. Budgetary modifications may only be made by resolution of the Board of Education.

##### **1. Tax Budget**

By January 15, the Superintendent and Treasurer submit an annual operating budget for the following fiscal year to the Board of Education for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the period July 1 to June 30 of the following fiscal year.

##### **2. Estimated Resources**

Prior to March 15, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the fiscal year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2006.

# **TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **E. Budgetary Process (Continued)**

##### **3. Appropriations**

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each fiscal year for the period July 1 through September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 through June 30. The appropriation resolution establishes spending controls at the function level in the general fund and at the fund level in all other funds. The appropriation resolution may be amended during the fiscal year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the fiscal year with approval of the Board. During the fiscal year, several supplemental appropriations were necessary to budget the use of contingency funds. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

##### **4. 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 appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

##### **5. Budgetary Basis of Accounting**

The District's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on the cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

**TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**5. Budgetary Basis of Accounting (Continued)**

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund:

Net Change in Fund Balance	General Fund
GAAP Basis (as reported)	(\$649,186)
Increase (Decrease):	
Accrued Revenues at June 30, 2006, received during FY 2007	(981,795)
Accrued Revenues at June 30, 2005, received during FY 2006	1,103,226
Accrued Expenditures at June 30, 2006, paid during FY 2007	2,213,480
Accrued Expenditures at June 30, 2005, paid during FY 2006	(2,039,123)
FY 2006 Prepays for FY 2007	(73,460)
FY 2005 Prepays for FY 2006	71,275
Encumbrances Outstanding	<u>(56,687)</u>
Budget Basis	<u><u>(\$412,270)</u></u>

**F. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits and investments with original maturities of three months or less.

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each had maintained its own cash and investment account. See Note 4, "Cash, Cash Equivalents and Investments."



# **TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **G. Investments**

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the District reports its investments at fair value, except for nonparticipating investment contracts which are reported at cost. See Note 4, "Cash, Cash Equivalents and Investments."

#### **H. Inventory**

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost. 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.

#### **I. Capital Assets and Depreciation**

Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,500.

##### **1. Property, Plant and Equipment - Governmental Activities**

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements.

Contributed capital assets are recorded at fair market value at the date received. The District does not possess any infrastructure. Estimated historical costs for governmental activities capital asset values were initially determined in 1993 by identifying historical costs where such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

**TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Capital Assets and Depreciation (Continued)**

**2. Depreciation**

All capital assets are depreciated, excluding land and construction in progress. Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Governmental Activities Estimated Lives (in years)
Land Improvements	20
Buildings and Improvements	20 – 50
Machinery, Equipment, Vehicles, Furniture and Fixtures	5 - 20

**J. Long-Term Obligations**

Long-term liabilities are being repaid from the following funds:

Obligation	Fund
Compensated Absences	General Fund, Food Services Fund, Title I Fund
Capital Lease	Permanent Improvement Fund
G.O. Bond	Debt Service Fund

**K. Compensated Absences**

In accordance with GASB Statement No. 16, “*Accounting for Compensated Absences*”, vacation benefits are accrued as a liability when an employee’s right to receive compensation is attributable to services already rendered, and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Administrators and classified staff who work twelve month contracts are granted vacation leave based on length of service and position. Sick leave benefits are accrued as a liability using the vesting method. Employees may earn 15 days of sick leave per year up to a cumulative maximum of 210 days. Upon retirement, employees can receive a portion of the sick leave, between 27% to 39%, depending on the type of employment contract. In addition, Merit Service Retirement Award may be paid for sick leave balances in excess of the 210 days depending upon the type of employment contract. For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account “Compensated Absences Payable.” In the government wide statement of net assets, “Compensated Absences Payable” is recorded within the “Due within one year” account and the long-term portion of the liability is recorded within the “Due in more than one year” account.

# **TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **L. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

#### **M. Pensions**

The provision for pension cost is recorded when the related payroll is accrued and the obligation is incurred.

#### **N. Interfund Activity**

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

#### **O. Restricted Assets**

Restricted assets in the debt service fund represent cash and cash equivalents restricted in use for debt service payments.

#### **P. Reservations of Fund Balance**

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for debt service, prepaid items, supplies inventory, property taxes, and encumbered amounts which have not been accrued at fiscal year end. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles, but not available for appropriations under state statute.

## **TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **Q. 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 could differ from those estimates.

##### **R. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2006, 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/expense is reported in the year in which services are consumed.

##### **S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The District had no extraordinary or special items during fiscal year 2006.

#### **NOTE 2 – RESTATEMENT OF NET ASSETS**

Certain adjustments were necessary to the beginning net asset balance of the Governmental Activities to correct errors in accounting for the accretion of interest on the District's capital appreciation bonds. As a result of the restatement, the District's net assets at June 30, 2005 decreased \$340,854 to a restated amount of \$3,937,877.

#### **NOTE 3 - COMPLIANCE AND ACCOUNTABILITY**

*Fund Deficits* - The fund deficits at June 30, 2006 of \$404,234 in the General Fund, \$41,696 in the Food Service Fund, and \$2,549 in the Chapter I Fund (special revenue) arose from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. A deficit does not exist under the budgetary basis of accounting. The General Fund provides transfers when cash is required, not when accruals occur. The General Fund deficit should be addressed in the near-term with the approval of the 7.57 mill, 3-year emergency levy in May 2006. This levy will generate approximately \$2.7 million per year with collections starting in calendar year 2007.

## ***TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments.

Statutes require the classification of funds held by the District into three categories. Category 1 consists of “active” funds - those funds required to be kept in a “cash” or “near cash” status for immediate use by the District. Such funds must be maintained either as cash in the District Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of “inactive” funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Category 3 consists of “interim” funds - those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- 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;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets 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, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

## **TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

##### **A. Deposits**

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of District cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the District's deposits was \$2,079,941 and the bank balance was \$2,169,377. Federal depository insurance covered \$300,000 of the bank balance and \$1,869,377 was uninsured. Of the remaining uninsured bank balance, the District was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the District's name	<u>\$1,869,377</u>
Total Balance	<u><u>\$1,869,377</u></u>

##### **B. Cash with Fiscal Agents**

In addition to deposits, the District had cash with fiscal agents in the amount of \$67,165, the entire amount was insured by the FDIC.

##### **C. Cash on Hand**

At fiscal year end, the District had \$1,830 in undeposited cash on hand, which is included as part of "Equity in Pooled Cash and Cash Equivalents."

## **TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

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### **Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006**

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#### **NOTE 5 – STATUTORY RESERVES**

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2006, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Acquisition Reserve	Total
Set-aside Cash Balance as of June 30, 2005	(\$171,470)	\$0	(\$171,470)
Current Year Set-Aside Requirement	382,327	382,327	764,654
Current Year Off-Set	0	0	0
Qualifying Disbursements	(356,418)	(397,341)	(753,759)
Total	<u>(\$145,561)</u>	<u>(\$15,014)</u>	<u>(\$160,575)</u>
Cash Balance Carried Forward to FY 2007	<u>(\$145,561)</u>	<u>\$0</u>	<u>(\$145,561)</u>

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, the extra amount for capital acquisition may not be used to reduce the set-aside requirements of future years. Negative amounts for capital acquisition are therefore not presented as being carried forward to the next fiscal year.

#### **NOTE 6 - PROPERTY TAXES**

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the District. Real property taxes (other than public utility) collected during 2006 were levied after October 1, 2005 on assessed values as of January 1, 2005, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last reappraisal was completed in 2001. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually, the first payment is due April 30; with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

**TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006**

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**NOTE 6 - PROPERTY TAXES (Continued)**

The County Treasurer collects property taxes on behalf of all taxing districts in the County including Tipp City Exempted Village School District. The County Auditor periodically remits to the District its portion of the taxes collected. The assessed value upon which the fiscal year 2006 receipts were based are:

	2005 Second Half Collections	2006 First Half Collections
Agricultural/Residential and Other Real Estate	\$311,097,070	\$320,334,890
Public Utility Personal	8,481,820	8,414,870
Tangible Personal Property	57,028,100	55,560,850
Total Assessed Value	<u>\$376,606,990</u>	<u>\$384,310,610</u>
Tax rate per \$1,000 of assessed valuation	\$49.88	\$50.48

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2006 consisted of taxes, accounts, interest, and intergovernmental receivables.

**NOTE 8 - TRANSFERS**

Following is a summary of transfers in and out for all funds for the fiscal year 2006:

Fund	Transfer In	Transfer Out
Debt Service Fund	\$0	\$2,198,872
Other Governmental Funds	2,198,872	0
Total All Funds	<u>\$2,198,872</u>	<u>\$2,198,872</u>

The above transfer was made to reclass bond proceeds and retirement from the Debt Service Fund into the Capital Projects Fund. This transfer was made on a GAAP basis only.

**NOTE 9 - INTERFUND RECEIVABLES AND PAYABLES**

Following is a summary of interfund receivables and payables for all funds at June 30, 2006:

Fund	Interfund Loan Receivables	Interfund Loan Payables
General Fund	\$300	\$0
Other Governmental Funds	0	300
Total All Funds	<u>\$300</u>	<u>\$300</u>

These Interfund Loans are short-term loans to cover a temporary cash deficit.



**TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

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**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2006**

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**NOTE 10 - CAPITAL ASSETS**

Summary by category of changes in governmental activities capital assets at June 30, 2006:

**Historical Cost:**

Class	June 30, 2005	Additions	Deletions	June 30, 2006
<b>Capital assets not being depreciated:</b>				
Land	\$1,928,313	\$0	\$0	\$1,928,313
<b>Capital assets being depreciated:</b>				
Land Improvements	3,346,639	0	0	3,346,639
Buildings and Improvements	26,383,111	0	0	26,383,111
Machinery and Equipment	3,899,205	159,127	(14,093)	4,044,239
Total Cost	<u>\$35,557,268</u>	<u>\$159,127</u>	<u>(\$14,093)</u>	<u>\$35,702,302</u>
<b>Accumulated Depreciation:</b>				
Class	June 30, 2005	Additions	Deletions	June 30, 2006
Land Improvements	(\$864,252)	(\$195,629)	\$0	(\$1,059,881)
Buildings and Improvements	(6,346,589)	(514,135)	0	(6,860,724)
Machinery and Equipment	(2,283,404)	(242,816)	9,237	(2,516,983)
Total Depreciation	<u>(\$9,494,245)</u>	<u>(\$952,580) *</u>	<u>\$9,237</u>	<u>(\$10,437,588)</u>
<b>Net Value:</b>	<u>\$26,063,023</u>			<u>\$25,264,714</u>

\* Depreciation expenses were charged to governmental functions as follows:

Instruction	\$754,379
Support Services:	
Pupils	500
Instructional Staff	1,070
Administration	13,906
Operations & Maintenance of Plant	5,635
Pupil Transportation	81,662
Central	63,426
Operation of Non-Instructional Services	27,297
Extracurricular Activities	4,705
Total Depreciation Expense	<u>\$952,580</u>

## ***TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 11- DEFINED BENEFIT PENSION PLANS**

All of the District's full-time employees participate in one of two separate retirement systems which are cost-sharing, multiple-employer defined benefit pension plans.

##### **A. School Employees Retirement System of Ohio (SERS of Ohio)**

All non-certified employees of the District, with minor exceptions, performing duties that do not require a certificate issued by the Ohio Department of Education are eligible to participate in the School Employees Retirement System of Ohio, a cost-sharing, multiple-employer public employee retirement system.

The SERS of Ohio 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 state statute per Chapter 3309 of the Ohio Revised Code. The SERS of Ohio issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for the SERS of Ohio. Interested parties may obtain a copy by making a written request to SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website, [www.ohsers.org](http://www.ohsers.org), under Forms and Publications.

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 10% respectively. The contribution rates are determined actuarially, and are established and may be amended, up to statutory amounts, by the School Employees Retirement Board (Retirement Board) within the rates allowed by State statute. The required employer contribution rate is allocated to basic retirement benefits and health care by the Retirement Board. At June 30, 2006, 10.58% was allocated to fund the pension benefit and 3.42% to fund health care. The District's contributions to the SERS of Ohio for the years ending June 30, 2006, 2005, and 2004 were \$387,168, \$364,920, and \$350,280, respectively, which were equal to the required contributions for each year.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status. The portion of the 2006 employer contribution rate that was used to fund health care for the year 2006 was 3.42%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, prorated for partial service credit. For fiscal year 2006, the minimum pay has been established as \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. The amount contributed to fund health care benefits, including the surcharge amounted to \$142,557.

## **TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 11- DEFINED BENEFIT PENSION PLANS (Continued)**

##### **A. School Employees Retirement System of Ohio (SERS of Ohio) (Continued)**

Health care benefits are financed on a pay-as-you-go basis. Net health care costs for the year ended June 30, 2006 were \$158,751,207. The target level for the health care reserve is 150% of the projected claims less premium contributions for the next fiscal year. As of June 30, 2006, the value of the health care fund was \$295.6 million, which is about 221% of next year's projected net health care costs. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150% of estimated annual net claim costs. The number of participants eligible to receive benefits is 59,492.

##### **B. State Teachers Retirement System of Ohio (STRS of Ohio)**

All certified employees of the District are eligible to participate in the State Teachers Retirement System of Ohio, a cost-sharing, multiple-employer public employee retirement system.

The STRS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and survivor benefits based on eligible service credit to plan members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. The STRS of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the STRS of Ohio. Interested parties may obtain a copy by making a written request to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, or by calling (614) 227-4090 or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

**TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006**

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**NOTE 11- DEFINED BENEFIT PENSION PLANS (Continued)**

**B. State Teachers Retirement System of Ohio (STRS of Ohio) (Continued)**

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 10%, respectively. The contribution requirements of plan members and the District are established and may be amended by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. At June 30, 2006, 13% was allocated to fund the pension benefit and 1% to fund health care. The District's contributions to the STRS of Ohio for the years ending June 30, 2006, 2005, and 2004 were \$1,306,104, \$1,322,352, and \$1,339,128, respectively, which were equal to the required contributions for each year.

STRS provides postemployment health care benefits to retirees who participated in the DB or Combined Plans and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care cost will be absorbed by STRS. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, health care benefits are not guaranteed.

Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions to the Health Care Stabilization Fund. For the fiscal year ended June 30, 2006, the board allocated employer contributions are equal to 1% of covered payroll to the Health Care Stabilization Fund, which amounted to \$93,293 for the District. The balance of the Health Care Stabilization Fund was \$3.5 billion at June 30, 2006. For the fiscal year ended June 30, 2006, the net health care costs paid by STRS were \$282,743,000. There were 119,184 eligible benefit recipients.

**NOTE 12 - NOTES PAYABLE**

Notes Payable activity of the District for the year ended June 30, 2006, was as follows:

Note Payable	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006
Bond Anticipation Note      3.00%	\$2,135,000	\$0	(\$2,135,000)	\$0
	<u>\$2,135,000</u>	<u>\$0</u>	<u>(\$2,135,000)</u>	<u>\$0</u>

These notes were issued in anticipation of the issuance of general obligation bonds for the purpose of school building improvements.

## **TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

### **Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006**

#### **NOTE 13 - LONG-TERM OBLIGATIONS**

Detail of the changes in the general obligation bonds, capital lease, and compensated absences of the District for the year ended June 30, 2006, is as follows:

		Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006	Amount Due Within One Year
<b>Governmental Activities:</b>						
General Obligation Bond:						
School Improvement	5.08%	\$18,575,000	\$0	(\$16,100,000)	\$2,475,000	\$475,000
Multi-Purpose Bonds	3.00-5.00%	0	17,634,985	0	17,634,985	275,000
Bond Premium		0	1,232,695	(950,734)	281,961	0
Deferred Loss on Early Retirement		0	(943,397)	62,893	(880,504)	0
		18,575,000	17,924,283	(16,987,841)	19,511,442	750,000
Interest Accretion		340,854	976,614	0	1,317,468	0
Total General Obligation Bonds		18,915,854	18,900,897	(16,987,841)	20,828,910	750,000
Capital Lease Payable		307,530	0	(57,710)	249,820	59,549
Compensated Absences Payable		2,229,053	2,148,037	(2,229,053)	2,148,037	107,715
Total Long-Term Obligations		\$21,452,437	\$21,048,934	(\$19,274,604)	\$23,226,767	\$917,264

#### **A. Principal and Interest Requirements**

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 2006 follows:

Years	General Obligation Bond	
	Principal	Interest
2007	\$750,000	\$786,733
2008	700,000	759,686
2009	845,000	730,270
2010	875,000	697,049
2011	415,000	1,171,105
2012-2016	4,724,991	3,561,865
2017-2021	5,479,994	2,804,591
2022-2026	6,320,000	542,134
Totals	\$20,109,985	\$11,053,433

## **TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 13 - LONG-TERM OBLIGATIONS (Continued)**

##### **B. Defeased Debt**

In fiscal 2006, the District defeased \$15,640,000 of General Obligation Bonds for School Building Improvements, dated November 7, 2000, through the issuance of \$15,634,985 of General Obligation Bonds. The net proceeds of the 2006 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$15,640,000 at June 30, 2006, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

The District reduced its aggregate debt service payments over the life of the refunded bonds by \$890,992 and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$633,237.

#### **NOTE 14 - CAPITALIZED LEASE**

The District is obligated under a lease accounted for as a capital lease. The cost of the leased asset is accounted for in the Governmental Activities Capital Assets and the related liability in the Governmental Activities Long-Term Obligations. The assets under capital lease had an original cost of \$430,966 and accumulated depreciation of \$53,870.

The following is a schedule of future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of June 30, 2006:

<u>Year Ending June 30,</u>	<u>Capital Lease</u>
2007	\$67,508
2008	67,508
2009	67,508
2010	<u>67,508</u>
Minimum Lease Payments	270,032
Less: Amount representing interest at the District's incremental borrowing rate of interest	<u>(20,212)</u>
Present Value of minimum lease payments	<u><u>\$249,820</u></u>

## **TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 15 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During fiscal year 2006 the District contracted with several different insurance providers for various insurance coverages, as follows:

<u>Insurance Provider</u>	<u>Coverage</u>	<u>Deductible</u>
Indiana Insurance Company	Fleet Insurance	\$500
Indiana Insurance Company	Buildings & Contents	\$500
Indiana Insurance Company	School District Liability	\$0
Cincinnati Insurance Company	Employee Bond	\$0

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

The District participates in the Southwestern Ohio Educational Purchasing Cooperative Group Rating Program (the GRP), an insurance purchasing pool. The group rating plan for workers' compensation was established under Section 4123.29 of the Ohio Revised Code. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings 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 16 - GRANTS**

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claim will not have a material adverse effect on the overall financial position of the District at June 30, 2006.

## ***TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2006***

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#### **NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS**

Southwestern Ohio Instructional Technology Association (SOITA) - SOITA is a not-for-profit corporation formed under section 1702.01 of the Ohio Revised Code. The purpose of SOITA is to serve the educational needs of the area through television programming for the advancement of educational programs.

The Board of Trustees is comprised of twenty-one representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members of those counties i.e. Auglaize, Butler, Champaign, Clark, Clifton, Darke, Fayette, Green, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Green, and Butler counties shall elect two representatives per area. All others shall elect one representative per area. All superintendents except for those from educational service centers vote on the representatives after a nomination committee nominates individuals to run. One at-large non-public representative shall be elected by the non-public school SOITA members as the State assigned SOITA service area. One at-large higher education representative shall be elected by higher education SOITA members from within the State assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government for a public purpose. Payments to SOITA are made from the general fund. During fiscal year 2006, the District paid \$1,440 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association at 150 East Sixth Street, Franklin, Ohio 45005.

Southwestern Ohio Educational Purchasing Council (SOEPC) - SOEPC is a purchasing council made up of nearly one hundred school districts in twelve counties. The purpose of the council is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment and supplies purchased by the SOEPC is held in trust for the member district. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the general fund. During fiscal year 2006, the District paid \$1,371 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

Miami Valley Career Technology Center - The Miami Valley Career Technology Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the fifteen participating school districts' elected boards, which possesses its own budgeting and taxing authority. One member is appointed from the following city and/or exempted village school districts: Carlisle, Miamisburg, Milton-Union, Northmont, Vandalia, Versailles, Huber Heights, Eaton, Trotwood, Tipp City, and West Carrollton. Three members are appointed from the Montgomery County Educational Service Center, one is appointed from the Miami County Educational Service Center, one from the Darke County Educational Service Center, and one from the Preble County Educational Service Center. During fiscal year 2006, the District paid no monies to this organization. To obtain financial information, write to the Miami Valley Career Technology Center, Debbie Gossett, who serves as Treasurer, at 6800 Hoke Road, Clayton, Ohio 45315.



## ***TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30,2006***

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#### **NOTE 18 - RELATED ORGANIZATION**

Tipp City Public Library (Library) - The Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Tipp City Exempted Village School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies. Although the 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. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. During fiscal year 2006, the District paid no monies to this organization. Financial information can be obtained from the Tipp City Public Library, Clerk/Treasurer, 11 East Main Street, Tipp City, Ohio 45371.

#### **NOTE 19 - CONTINGENCIES**

##### **A. Litigation**

The District is currently a participant in a lawsuit involving a former teacher who feels her employment was unfairly terminated. The claim is not against the District, but against the District's insurance company. The insurance company is defending the actions. Liability, if any, is unknown at this time.

**TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Federal Agency/ Pass Through Agency/ Program Title	Federal CFDA Number	Pass Through Number	Receipts	Disbursements
<b>U.S. Department of Agriculture:</b>				
<i>Passed through Ohio Department of Education:</i>				
Food Donations (1)	10.550	N/A	\$ 41,880	\$ 41,880
National School Lunch Program	10.555	LL-P4-2005	36,236	36,236
		LL-P4-2006	94,669	94,669
		VG-S1-2005	9,165	4,161
Total National School Lunch Program			<u>140,070</u>	<u>135,066</u>
Nutrition Grant	10.574	TW-NT-2004	490	490
<b>Total US Department of Agriculture</b>			<b><u>182,440</u></b>	<b><u>177,436</u></b>
<b>U.S. Department of Education:</b>				
<i>Passed through Ohio Department of Education:</i>				
Title I Grants to Local Education Agencies	84.010	C1-S1-2005	29,080	36,866
		C1-S1-2006	102,486	100,367
Total Title I Grants to Local Education Agencies			<u>131,566</u>	<u>137,233</u>
Special Education Grants to States	84.027	6B-SF-2005	57,556	82,051
		6B-SF-2006	410,461	350,578
Total Special Education Grants to States			<u>468,017</u>	<u>432,629</u>
Safe and Drug Free Schools and Communities	84.186	DR-S1-2004	-	300
		DR-S1-2005	-	938
		DR-S1-2006	8,250	7,888
Total Safe and Drug Free Schools and Communities			<u>8,250</u>	<u>8,188</u>
State Grants for Innovative Programs	84.298	C2-S1-2005	3,038	5,298
		C2-S1-2006	3,361	1,997
Total State Grants for Innovative Programs			<u>6,399</u>	<u>7,295</u>
Education Technology State Grants	84.318	TJ-S1-2005	29	14
		TJ-S1-2006	689	303
Total Education Technology State Grants			<u>718</u>	<u>317</u>
Improving Teacher Quality State Grants	84.367	TR-S1-2004	16,152	17,162
		TR-S1-2005	41,788	21,489
Total Improving Teacher Quality State Grants			<u>57,940</u>	<u>38,651</u>
<i>Passed through Tecumseh Local School District:</i>				
English Language Acquisition Grants (LEP III Grant)	84.365	N/A	1,021	1,021
			<u>1,021</u>	<u>1,021</u>
<b>Total U.S. Department of Education</b>			<b><u>673,911</u></b>	<b><u>625,334</u></b>
<b>Total Federal Assistance</b>			<b><u>\$ 856,351</u></b>	<b><u>\$ 802,770</u></b>

(1) - Estimated cash value of food commodities received and used.

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – U.S. DEPARTMENT OF AGRICULTURE PROGRAMS**

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule of Expenditures of Federal Awards at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State and Local funds. It is assumed federal monies are expended first. At June 30, 2006, the School District had no significant food commodities in inventory.

**NOTE C – MATCHING REQUIREMENTS**

Certain federal programs require the School District to contribute non-federal funds (matching funds) to support federally-funded programs. The District has complied with the matching requirements. The expenditure of non-federal (matching) funds is not included on the Schedule of Expenditures of Federal Awards.



**Clark, Schaefer, Hackett & Co.**  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS  
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Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards*

Board of Education  
Tipp City Exempted Village School District  
90 South Tippecanoe Drive  
Tipp City, Ohio 45371

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tipp City Exempted Village School District (the District), as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 12, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to management of the District, in a separate letter dated April 12, 2007.

This report is intended solely for the information and use of the audit committee, management, 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.

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio

April 12, 2007



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Report on Compliance with Requirements Applicable to Each  
Major Program and on Internal Control Over Compliance in  
Accordance with OMB Circular A-133.

Board of Education  
Tipp City Exempted Village School District  
90 South Tippecanoe Drive  
Tipp City, Ohio 45371

Compliance

We have audited the compliance of Tipp City Exempted Village School 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, 2006. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Tipp City Exempted Village School 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, 2006.

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 the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, 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.

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
April 12, 2007

**TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**  
**JUNE 30, 2006**

**1. SUMMARY OF AUDITORS' RESULTS**

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



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

None

3. FINDINGS RELATED TO THE DISTRICT'S FEDERAL AWARDS

None

**TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT  
SCHEDULE OF PRIOR YEAR FINDINGS  
JUNE 30, 2006**

None



**Mary Taylor, CPA**  
Auditor of State

**TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT**

**MIAMI 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  
JUNE 26, 2007**