



Dave Yost • Auditor of State

**TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Tipp City Exempted Village School District
Miami County
90 South Tippecanoe Drive
Tipp City, Ohio 45371

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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 Tipp City Exempted Village School District, Miami County, Ohio, as of June 30, 2013, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during fiscal year 2013, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Federal Award Receipts and Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2013, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

December 5, 2013

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TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013***

Unaudited

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, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the 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 2013 are as follows:

- ❑ Net position increased \$207,114, which represents a 3% change from 2012.
- ❑ General revenues accounted for \$22,398,419 in revenue or 88% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,119,874 or 12% of total revenues of \$25,518,293.
- ❑ The District had \$25,311,179 in expenses related to governmental activities; only \$3,119,874 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$22,398,419 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$21,115,938 in revenues and \$20,195,258 in expenditures. The general fund's fund balance increased \$921,032 to \$1,099,420.

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

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013***

Unaudited

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 position includes all of the District's assets, liabilities and deferred outflows/inflows of resources. 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 position and how it has changed. Net position is one way to measure the District's financial health.

Over time, increases or decreases in the District's net position 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 Position 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 Assets and Liabilities – Fiduciary Fund. 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, 2013**

Unaudited

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The following table provides a summary of the District's net position for fiscal year 2013 compared to fiscal year 2012.

	Governmental Activities		Increase (Decrease)
	2013	2012*	
Current and other Assets	\$16,935,177	\$15,692,585	\$1,242,592
Capital Assets, Net	22,162,655	22,949,347	(786,692)
Total Assets	39,097,832	38,641,932	455,900
Deferred Outflows of Resources	440,253	503,146	(62,893)
Long-term Liabilities	19,189,180	19,557,309	(368,129)
Other Liabilities	2,374,651	2,467,808	(93,157)
Total Liabilities	21,563,831	22,025,117	(461,286)
Deferred Inflows of Resources	11,179,971	10,532,792	647,179
Net Position			
Net Investment in Capital Assets	7,508,515	7,314,252	194,263
Restricted	1,884,002	1,892,076	(8,074)
Unrestricted	(2,598,234)	(2,619,159)	20,925
Total Net Position	\$6,794,283	\$6,587,169	\$207,114

Overall, total assets of the District's governmental activities increased approximately 1% compared to the prior year. An increase in cash balances and taxes receivable resulted in the increase in current assets while an increase in accumulated depreciation resulted in the decrease in capital assets. Total liabilities decreased approximately 2%. The majority of this decrease can be attributed to the retirement of general obligation bonds. An increase in the property tax levy to be collected in fiscal year 2014 resulted in the increase in deferred inflows of resources.

*The fiscal year 2012 column has been reformatted from the prior year to conform to the presentation requirements of GASB Statement 65, which was implemented in fiscal year 2013.

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TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

Unaudited

Changes in Net Position – The following table shows the changes in net position for the fiscal year 2013 compared with fiscal year 2012:

	Governmental Activities		Increase (Decrease)
	2013	2012	
Revenues			
Program Revenues:			
Charges for Services and Sales	\$2,106,679	\$2,111,721	(\$5,042)
Operating Grants and Contributions	1,013,195	1,198,938	(185,743)
Total Program Revenues	3,119,874	3,310,659	(190,785)
General Revenues:			
Property Taxes	12,474,359	12,277,612	196,747
Intergovernmental, Unrestricted	9,607,802	9,811,179	(203,377)
Other	316,258	277,310	38,948
Total General Revenues	22,398,419	22,366,101	32,318
Total Revenues	25,518,293	25,676,760	(158,467)
Program Expenses			
Instruction	13,813,536	14,900,372	(1,086,836)
Support Services:			
Pupils	865,355	889,591	(24,236)
Instructional Staff	977,739	1,168,944	(191,205)
Board of Education	22,704	0	22,704
Administration	1,632,370	1,757,627	(125,257)
Fiscal Services	562,245	600,030	(37,785)
Business	145,827	138,600	7,227
Operation and Maintenance of Plant	3,126,607	2,036,973	1,089,634
Pupil Transportation	1,099,669	1,069,727	29,942
Central	304,499	286,849	17,650
Community Services	9,770	9,185	585
Operation of Non-Instructional Services	736,682	810,170	(73,488)
Extracurricular Activities	1,069,985	1,179,769	(109,784)
Interest and Fiscal Charges	944,191	821,095	123,096
Total Expenses	25,311,179	25,668,932	(357,753)
Total Change in Net Position	207,114	7,828	199,286
Beginning Net Position	6,587,169	6,579,341	7,828
Ending Net Position	\$6,794,283	\$6,587,169	\$207,114

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

Unaudited

Governmental Activities

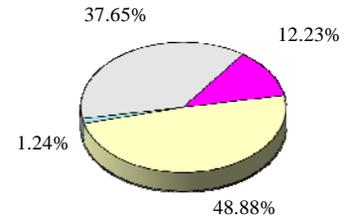
Net position of the District's governmental activities increased \$207,114. Overall, revenues remained stable, decreasing less than 1%. A decrease in operating grants and contributions was the result of decreases in Federal Education Jobs grants while a decrease in unrestricted intergovernmental revenues can be attributed to a decrease in the personal property tax phase out reimbursement.

Expenses decreased approximately 1%. The decrease in instruction can mostly be attributed to a decrease in salaries and related costs. The increase in operation and maintenance of plant was the result of energy conservation improvements to school facilities.

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 of the District in fiscal year 2013. The District's reliance upon tax revenues is demonstrated by the following graph:

<u>Revenue Sources</u>	<u>2013</u>	<u>Percent of Total</u>
Intergovernmental, Unrestricted	\$9,607,802	37.65%
Program Revenues	3,119,874	12.23%
General Tax Revenues	12,474,359	48.88%
General Other	316,258	1.24%
Total Revenue	<u>\$25,518,293</u>	<u>100.00%</u>



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$3,147,043, which is above last year's balance of \$2,220,792. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2013 and 2012.

	<u>Fund Balance June 30, 2013</u>	<u>Fund Balance June 30, 2012</u>	<u>Increase (Decrease)</u>
General	\$1,099,420	\$178,388	\$921,032
Debt Service	1,399,668	1,376,410	23,258
Other Governmental	647,955	665,994	(18,039)
Total	<u>\$3,147,043</u>	<u>\$2,220,792</u>	<u>\$926,251</u>

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

Unaudited

General Fund – The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2013 Revenues	2012 Revenues	Increase (Decrease)
Taxes	\$10,507,646	\$10,239,787	\$267,859
Tuition and Fees	817,160	786,407	30,753
Investment Earnings	4,377	5,277	(900)
Extracurricular Activities	403,195	372,519	30,676
Intergovernmental - State	9,256,516	9,442,577	(186,061)
Intergovernmental - Federal	4,794	0	4,794
All Other Revenue	122,250	96,839	25,411
Total	\$21,115,938	\$20,943,406	\$172,532

Overall, General Fund revenues in 2013 increased approximately 1% compared to revenues in fiscal year 2012. An increase in property taxes available for advance resulted in the increase in taxes. The decrease in intergovernmental revenues can be attributed to a decrease in reimbursements from the State related to the personal property tax phase out.

	2013 Expenditures	2012 Expenditures	Increase (Decrease)
Instruction	\$12,240,071	\$12,927,270	(\$687,199)
Supporting Services:			
Pupils	799,126	947,627	(148,501)
Instructional Staff	1,023,067	1,145,038	(121,971)
Board of Education	22,704	22,477	227
Administration	1,627,801	1,633,643	(5,842)
Fiscal Services	582,301	628,292	(45,991)
Business	142,288	135,062	7,226
Operation and Maintenance of Plant	1,924,742	2,055,559	(130,817)
Pupil Transportation	935,736	924,014	11,722
Central	176,497	239,130	(62,633)
Community Services	9,195	9,134	61
Extracurricular Activities	633,951	706,063	(72,112)
Debt Service			
Principal Retirement	56,830	62,789	(5,959)
Interest and Fiscal Charges	20,949	13,166	7,783
Total	\$20,195,258	\$21,449,264	(\$1,254,006)

Overall, expenditures decreased \$1,254,006 or approximately 6% compared to the prior year. The decrease in instruction, pupils and instructional staff can be attributed to a decrease in salaries and related expenditures. A decrease in costs for natural gas contributed to the decrease in operation and maintenance of plant.

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.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

Unaudited

During the course of fiscal year 2013 the District amended its General Fund budget several times, none significant.

For the General Fund, original budgeted, final budgeted, and actual budget basis revenues were not significantly different. Original budgeted and final budgeted expenditures were not significantly different. Actual budget basis expenditures were approximately 2% less than final budget amounts. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2013 the District had \$22,162,655 net of accumulated depreciation invested in land, land improvements, buildings and improvements, and machinery and equipment. The following table shows fiscal year 2013 and 2012 balances:

	Governmental Activities		Increase (Decrease)
	2013	2012	
Land	\$1,928,313	\$1,928,313	\$0
Land Improvements	4,281,022	4,281,022	0
Buildings and Improvements	26,392,536	26,392,536	0
Machinery and Equipment	4,784,314	4,733,660	50,654
Less: Accumulated Depreciation	(15,223,530)	(14,386,184)	(837,346)
Totals	\$22,162,655	\$22,949,347	(\$786,692)

The most significant capital asset activity for the fiscal year was the purchase of a school bus.

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

Debt

At June 30, 2013, the District had \$16 million in bonds outstanding, \$1,095,000 due within one year. The following table summarizes the District's long-term liabilities as of June 30, 2013 compared with 2012:

	2013	2012*
Governmental Activities:		
General Obligation Bonds:		
Multi-Purpose	\$16,026,154	\$17,022,562
Energy Conservation Notes	971,180	0
Capital Leases Payable	478,427	603,754
Compensated Absences	1,713,419	1,930,993
Totals	\$19,189,180	\$19,557,309

*The fiscal year 2012 column has been restated from the prior year to conform to the presentation requirements of GASB Statement 65, which was implemented in fiscal year 2013.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013***

Unaudited

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, 2013, 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.

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, and the Dayton International Airport is located within 15 miles of the City.

The District currently has a 2 mill Permanent Improvement Levy in place which was renewed in the November 2008 elections for an additional 5 years. The voters approved the combining of two existing Emergency Levies (7.57 mills and 2.61 mills) for a period of 5 years at the November 8, 2011 General Election beginning upon the 2012 tax list. Previous Emergency Levies were for a 3 year period. A 7.95 Operating levy for Five Years was placed on the ballot for the Special Election on August 7, 2012 which was defeated. The community had been informed of cuts necessary if the August levy did not pass and those cuts were instituted. The Board voted against placing a levy on the November 6, 2012 General Election, however did subsequently agree to place a 4-year 4.93 mill levy on the ballot on May 7, 2013. This levy was approved by the voters. Although the levy passed in May 2013, cuts previously instituted have not been fully restored. Staff retirements were addressed through replacing at lower or part-time costs. The District also will incur a 6% increase in health care premiums effective October 1, 2013. The District has not given raises or step increases over the past 3 years.

The greatest unknown at this time is the future of State Funding. The District has received cuts in State Funding of \$750,000 in FY2013 and a projected reduction of approximately \$200,000 for fiscal year 2014.

The District has maintained an Excellent rating by the Ohio Department of Education over the past several years. The District has also received the State Auditor's certificate the last 3 years due to "clean" audits.

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 received. If you have questions about this report or need additional financial information please contact Regina Gagliano, Treasurer of Tipp City Exempted Village School District.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Net Position
June 30, 2013

	Governmental Activities
Assets:	
Cash and Cash Equivalents	\$ 3,212,904
Receivables:	
Taxes	13,457,188
Intergovernmental	166,508
Inventory of Supplies at Cost	27,502
Prepaid Items	63,653
Restricted Assets:	
Cash with Fiscal Agent	7,422
Non-Depreciable Capital Assets	1,928,313
Depreciable Capital Assets, Net	20,234,342
Total Assets	39,097,832
 Deferred Outflows of Resources:	
Deferred Loss on Early Retirement of Debt	440,253
 Liabilities:	
Accounts Payable	88,395
Accrued Wages and Benefits	1,762,283
Intergovernmental Payable	458,095
Accrued Interest Payable	58,456
Liabilities Payable from Restricted Assets:	
Matured Bonds and Interest Payable	7,422
Long Term Liabilities:	
Due Within One Year	1,769,153
Due in More Than One Year	17,420,027
Total Liabilities	21,563,831
 Deferred Inflows of Resources:	
Property Tax Levy for Next Fiscal Year	11,179,971
 Net Position:	
Net Investment in Capital Assets	7,508,515
Restricted For:	
Capital Projects	502,500
Debt Service	1,381,502
Unrestricted (Deficit)	(2,598,234)
Total Net Position	\$ 6,794,283

See accompanying notes to the basic financial statements

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Activities For the Fiscal Year Ended June 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction	\$ 13,813,536	\$ 855,782	\$ 698,952	\$ (12,258,802)
Support Services:				
Pupils	865,355	0	56,011	(809,344)
Instructional Staff	977,739	0	8,328	(969,411)
Board of Education	22,704	0	0	(22,704)
Administration	1,632,370	0	0	(1,632,370)
Fiscal Services	562,245	0	0	(562,245)
Business	145,827	0	0	(145,827)
Operation and Maintenance of Plant	3,126,607	0	0	(3,126,607)
Pupil Transportation	1,099,669	0	0	(1,099,669)
Central	304,499	0	9,000	(295,499)
Community Services	9,770	0	0	(9,770)
Operation of Non-Instructional Services	736,682	465,087	240,904	(30,691)
Extracurricular Activities	1,069,985	785,810	0	(284,175)
Interest and Fiscal Charges	944,191	0	0	(944,191)
Total Governmental Activities	\$ 25,311,179	\$ 2,106,679	\$ 1,013,195	\$ (22,191,305)
General Revenues				
Property Taxes Levied for:				
General Purposes				10,467,654
Debt Service				1,446,182
Capital Outlay				560,523
Intergovernmental, Unrestricted				9,607,802
Investment Earnings				5,602
Miscellaneous				310,656
Total General Revenues				22,398,419
Change in Net Position				207,114
Net Position Beginning of Year				6,587,169
Net Position End of Year				\$ 6,794,283

See accompanying notes to the basic financial statements

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2013

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 1,429,336	\$ 1,162,988	\$ 620,580	\$ 3,212,904
Receivables:				
Taxes	11,432,841	1,458,388	565,959	13,457,188
Intergovernmental	92,729	0	73,779	166,508
Interfund Loans Receivable	20,700	0	0	20,700
Inventory of Supplies at Cost	0	0	27,502	27,502
Prepaid Items	58,618	0	5,035	63,653
Restricted Assets:				
Cash with Fiscal Agent	0	7,422	0	7,422
Total Assets	\$ 13,034,224	\$ 2,628,798	\$ 1,292,855	\$ 16,955,877
Liabilities:				
Accounts Payable	\$ 69,907	\$ 0	\$ 18,488	\$ 88,395
Accrued Wages and Benefits	1,647,451	0	114,832	1,762,283
Intergovernmental Payable	441,061	0	17,034	458,095
Matured Bonds and Interest Payable	0	7,422	0	7,422
Interfund Loans Payable	0	0	20,700	20,700
Compensated Absences Payable	42,147	0	0	42,147
Total Liabilities	2,200,566	7,422	171,054	2,379,042
Deferred Inflows of Resources:				
Unavailable Amounts	209,522	29,129	11,170	249,821
Property Tax Levy for Next Fiscal Year	9,524,716	1,192,579	462,676	11,179,971
Total Deferred Inflows of Resources	9,734,238	1,221,708	473,846	11,429,792
Fund Balance:				
Nonspendable	58,618	0	32,537	91,155
Restricted	0	1,399,668	678,228	2,077,896
Committed	11,000	0	0	11,000
Assigned	224,484	0	0	224,484
Unassigned	805,318	0	(62,810)	742,508
Total Fund Balances	1,099,420	1,399,668	647,955	3,147,043
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 13,034,224	\$ 2,628,798	\$ 1,292,855	\$ 16,955,877

See accompanying notes to the basic financial statements

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities June 30, 2013

Total Governmental Fund Balances	\$ 3,147,043
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	22,162,655
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	
Delinquent Property Taxes Receivable	249,821
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	(14,474,985)
Interest Accretion	(1,410,188)
Bond Premium	(140,981)
Deferred Loss on Early Retirement of Debt	440,253
Energy Conservation Notes	(971,180)
Capital Leases	(478,427)
Compensated Absences	(1,671,272)
Accrued Interest Payable	(58,456)
	<u>(18,765,236)</u>
<i>Net Position of Governmental Activities</i>	<u>\$ 6,794,283</u>

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, 2013

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local Sources:				
Taxes	\$ 10,507,646	\$ 1,450,684	\$ 562,348	\$ 12,520,678
Tuition and Fees	817,160	0	0	817,160
Investment Earnings	4,377	0	0	4,377
Extracurricular Activities	403,195	0	421,237	824,432
Food Services	0	0	465,087	465,087
Intergovernmental - State	9,256,516	257,668	139,197	9,653,381
Intergovernmental - Federal	4,794	0	962,822	967,616
All Other Revenue	122,250	0	189,631	311,881
Total Revenue	21,115,938	1,708,352	2,740,322	25,564,612
Expenditures:				
Current:				
Instruction	12,240,071	0	948,872	13,188,943
Supporting Services:				
Pupils	799,126	0	50,742	849,868
Instructional Staff	1,023,067	0	8,777	1,031,844
Board of Education	22,704	0	0	22,704
Administration	1,627,801	0	0	1,627,801
Fiscal Services	582,301	0	0	582,301
Business	142,288	0	0	142,288
Operation and Maintenance of Plant	1,924,742	0	0	1,924,742
Pupil Transportation	935,736	0	83,804	1,019,540
Central	176,497	0	127,761	304,258
Community Services	9,195	0	575	9,770
Operation of Non-Instructional Services	0	0	727,295	727,295
Extracurricular Activities	633,951	0	423,926	1,057,877
Capital Outlay	0	0	1,285,610	1,285,610
Debt Service:				
Principal Retirement	56,830	1,050,000	125,327	1,232,157
Interest & Fiscal Charges	20,949	635,094	17,331	673,374
Total Expenditures	20,195,258	1,685,094	3,800,020	25,680,372
Excess (Deficiency) of Revenues Over (Under) Expenditures	920,680	23,258	(1,059,698)	(115,760)
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	401	0	0	401
Proceeds from the Sale of Notes	0	0	1,028,010	1,028,010
Transfers In	0	0	49	49
Transfers Out	(49)	0	0	(49)
Total Other Financing Sources (Uses)	352	0	1,028,059	1,028,411
Net Change in Fund Balance	921,032	23,258	(31,639)	912,651
Fund Balance at Beginning of Year	178,388	1,376,410	665,994	2,220,792
Increase in Inventory	0	0	13,600	13,600
Fund Balance End of Year	\$ 1,099,420	\$ 1,399,668	\$ 647,955	\$ 3,147,043

See accompanying notes to the basic financial statements

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

***Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Fiscal Year Ended June 30, 2013***

Net Change in Fund Balances - Total Governmental Funds \$ 912,651

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	102,454	
Depreciation Expense	(889,146)	(786,692)

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	(46,319)	
Increase in Inventory	13,600	(32,719)

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position. 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 position.

General Obligation Bond Principal Payment	1,050,000	
Interest Accretion on Capital Appreciation Bonds	(73,732)	
Amortization of Deferred Bond Issuance Cost	(151,619)	
Bond Premium Amortization	20,140	
Deferred Loss on Early Retirement of Debt	(62,893)	
Energy Conservation Note Issuance	(1,028,010)	
Energy Conservation Note Principal Payment	56,830	
Capital Lease Principal Payment	125,327	(63,957)

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

(2,713)

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

Decrease in Compensated Absences Liability		180,544
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<i>Change in Net Position of Governmental Activities</i>		<u>\$ 207,114</u>
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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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Local Sources:				
Taxes	\$ 7,075,000	\$ 7,067,225	\$ 7,067,225	\$ 0
Tuition	710,500	726,613	726,613	0
Investment Earnings	4,500	4,500	4,396	(104)
Extracurricular Activities	120,000	151,158	151,175	17
Intergovernmental - State	8,727,000	8,749,750	8,804,972	55,222
Intergovernmental - Federal	0	4,794	4,794	0
All Other Revenues	51,000	73,070	73,721	651
Total Revenues	<u>16,688,000</u>	<u>16,777,110</u>	<u>16,832,896</u>	<u>55,786</u>
Expenditures:				
Current:				
Instruction	8,738,320	8,733,192	8,640,683	92,509
Support Services:				
Pupils	787,196	744,826	734,150	10,676
Instructional Staff	1,060,090	1,079,172	1,056,130	23,042
Board of Education	24,000	25,170	22,589	2,581
Administration	1,640,135	1,673,215	1,639,660	33,555
Fiscal Services	502,753	506,360	483,734	22,626
Business	134,416	134,431	133,378	1,053
Operation and Maintenance of Plant	1,956,980	1,964,335	1,938,246	26,089
Pupil Transportation	928,285	964,816	954,107	10,709
Central	211,501	193,538	168,887	24,651
Community Services	10,500	10,614	9,746	868
Extracurricular Activities	493,278	457,785	432,790	24,995
Debt Service:				
Principal Retirement	56,830	56,830	56,830	0
Interest and Fiscal Charges	20,950	20,950	20,949	1
Total Expenditures	<u>16,565,234</u>	<u>16,565,234</u>	<u>16,291,879</u>	<u>273,355</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	122,766	211,876	541,017	329,141
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	1,500	401	401	0
Transfers Out	(25,000)	(19,300)	(2,549)	16,751
Advances In	10,000	11,896	11,896	0
Advances Out	(15,000)	(20,700)	(20,700)	0
Refund of Prior Year Expenditures	10,000	27,104	27,104	0
Total Other Financing Sources (Uses):	<u>(18,500)</u>	<u>(599)</u>	<u>16,152</u>	<u>16,751</u>
Net Change in Fund Balance	104,266	211,277	557,169	345,892
Fund Balance at Beginning of Year	565,469	565,469	565,469	0
Prior Year Encumbrances	36,648	36,648	36,648	0
Fund Balance at End of Year	<u>\$ 706,383</u>	<u>\$ 813,394</u>	<u>\$ 1,159,286</u>	<u>\$ 345,892</u>

See accompanying notes to the basic financial statements

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Assets and Liabilities

Fiduciary Fund

June 30, 2013

	Student Activity Fund
Assets:	
Cash and Cash Equivalents	\$ 57,022
Total Assets	<u>57,022</u>
Liabilities:	
Due to Students	57,022
Total Liabilities	<u>\$ 57,022</u>

See accompanying notes to the basic financial statements

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

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, deferred outflows/inflows of resources, 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

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

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 position and changes in net position. 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 position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide 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

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

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, current liabilities, deferred outflows/inflows of resources, 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, 2013, but which are not intended to finance fiscal year 2013 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflows of resources as further described in Note 7.

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

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

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 fund level for all 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 2013.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

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 fund level in all 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 without 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 Balance-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

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

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)	\$921,032
Increase (Decrease):	
Accrued Revenues at June 30, 2013, received during FY 2014	(1,812,032)
Accrued Revenues at June 30, 2012, received during FY 2013	1,608,711
Accrued Expenditures at June 30, 2013, paid during FY 2014	2,200,566
Accrued Expenditures at June 30, 2012, paid during FY 2013	(2,313,339)
FY 2013 Prepays for FY 2014	(58,618)
FY 2012 Prepays for FY 2013	55,875
Encumbrances Outstanding	(52,495)
Perspective Difference:	
Activity of Funds Reclassified for GAAP Reporting Purposes	7,469
Budget Basis	\$557,169

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 5, "Cash, Cash Equivalents and Investments."

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. 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.

H. 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 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 Position, 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.

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TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. 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 and Equipment	5 - 20

I. Long-Term Obligations

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

Obligation	Fund
Compensated Absences	General Fund, Food Services Fund
Capital Leases	Permanent Improvement Fund
G.O. Bonds	Debt Service Fund
Energy Conservation Notes	General Fund

J. 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, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. In the government wide statement of net position, “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

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Net Position

Net position represents the difference between assets, liabilities, and deferred outflows/inflows of resources. Net investment in capital assets 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 position is reported as restricted when there are limitations imposed on 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. There was no net position restricted by enabling legislation at June 30, 2013.

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

L. Pensions

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

M. 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.

N. Restricted Assets

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

O. Fund Balance

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

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balance (Continued)

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the District Board of Education.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

P. Estimates

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

Q. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2013, 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.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. 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 2013.

S. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

For 2013 the District implemented GASB Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*” and GASB Statement No. 65, “*Items Previously Reported as Assets and Liabilities*”.

Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. GASB 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position.

Statement No. 65 provides guidance on how to properly classify items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. In addition, guidance is provided on recognizing certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

The implementation of these GASB Statements had no impact on beginning of year fund balance/net position.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficits at June 30, 2013 of \$11,791 in the Food Service Fund, \$2,894 in the Title VI-B Fund, \$1,500 in the Idea Tech Fund, \$12,117 in the Chapter I Fund, and \$4,439 in the Improving Teacher Quality 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.

NOTE 4 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid Items	\$58,618	\$0	\$5,035	\$63,653
Supplies Inventory	0	0	27,502	27,502
Total Nonspendable	<u>58,618</u>	<u>0</u>	<u>32,537</u>	<u>91,155</u>
Restricted:				
Staff Development and Support	0	0	68,225	68,225
Extracurricular Activities	0	0	114,392	114,392
English Proficiency Instruction	0	0	173	173
Race to the Top Program	0	0	1,665	1,665
Debt Service Payments	0	1,399,668	0	1,399,668
Capital Acquisition and Improvement	0	0	493,773	493,773
Total Restricted	<u>0</u>	<u>1,399,668</u>	<u>678,228</u>	<u>2,077,896</u>
Committed:				
Pollution Remediation	11,000	0	0	11,000
Total Committed	<u>11,000</u>	<u>0</u>	<u>0</u>	<u>11,000</u>
Assigned to Other Purposes	224,484	0	0	224,484
Unassigned	805,318	0	(62,810)	742,508
Total Fund Balances	<u>\$1,099,420</u>	<u>\$1,399,668</u>	<u>\$647,955</u>	<u>\$3,147,043</u>

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 5 - 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

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 5 - 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 \$3,269,446 and the bank balance was \$3,687,152. Federal depository insurance covered \$346,876 of the bank balance. The remaining balance of \$3,340,276 was collateralized with securities held by the pledging institution but not in the name of the District and therefore was subject to custodial credit risk.

B. Restricted Cash and Cash with Fiscal Agents

In addition to deposits, the District had cash with fiscal agent in the amount of \$7,422. The entire amount was insured by the FDIC.

C. Cash on Hand

At fiscal year end, the District had \$480 in undeposited cash on hand, which is included as part of "Cash and Cash Equivalents."

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 6 – 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, 2013, the reserve activity (cash-basis) was as follows:

	<u>Capital Acquisition Reserve</u>
Set-aside Reserve Balance as of June 30, 2012	\$0
Current Year Set-Aside Requirement	436,988
Current Year Offsets	<u>(436,988)</u>
Total	<u>\$0</u>
Balance Carried Forward to FY 2014	<u><u>\$0</u></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 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

NOTE 7 - 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 2013 receipts were based is:

	2012 Second Half <u>Collections</u>	2013 First Half <u>Collections</u>
Agricultural/Residential and Other Real Estate	\$379,572,660	\$379,420,610
Public Utility Personal	7,804,250	9,671,440
Total Assessed Value	<u>\$387,376,910</u>	<u>\$389,092,050</u>
Tax rate per \$1,000 of assessed valuation	\$49.19	\$49.11

NOTE 8 - RECEIVABLES

Receivables at June 30, 2013 consisted of taxes and intergovernmental receivables.

NOTE 9 - INTERFUND ACTIVITY

Following is a summary of interfund receivables and payables for all funds at June 30, 2013:

Fund	Interfund Loans Receivable	Interfund Loans Payable
General Fund	\$20,700	\$0
Other Governmental Funds	0	20,700
Total All Funds	<u>\$20,700</u>	<u>\$20,700</u>

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

Following is a summary of transfers in and out for all funds for the fiscal year 2013:

Fund	Transfer In	Transfer Out
General Fund	\$0	\$49
Other Governmental Funds	49	0
Total All Funds	<u>\$49</u>	<u>\$49</u>

Transfers in fiscal 2013 were to cover a temporary cash deficit.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 10 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at June 30, 2013:

Historical Cost:

Class	June 30, 2012	Additions	Deletions	June 30, 2013
Capital assets not being depreciated:				
Land	\$1,928,313	\$0	\$0	\$1,928,313
Capital assets being depreciated:				
Land Improvements	4,281,022	0	0	4,281,022
Buildings and Improvements	26,392,536	0	0	26,392,536
Machinery and Equipment	4,733,660	102,454	(51,800)	4,784,314
Total Cost	<u>\$37,335,531</u>	<u>\$102,454</u>	<u>(\$51,800)</u>	<u>\$37,386,185</u>

Accumulated Depreciation:

Class	June 30, 2012	Additions	Deletions	June 30, 2013
Land Improvements	(\$1,883,721)	(\$176,659)	\$0	(\$2,060,380)
Buildings and Improvements	(8,859,844)	(492,250)	0	(9,352,094)
Machinery and Equipment	(3,642,619)	(220,237)	51,800	(3,811,056)
Total Depreciation	<u>(\$14,386,184)</u>	<u>(\$889,146) *</u>	<u>\$51,800</u>	<u>(\$15,223,530)</u>
Net Value:	<u>\$22,949,347</u>			<u>\$22,162,655</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction	\$705,494
Support Services:	
Pupils	716
Instructional Staff	390
Administration	53,651
Operations & Maintenance of Plant	13,617
Pupil Transportation	76,731
Central	377
Operation of Non-Instructional Services	26,062
Extracurricular Activities	12,108
Total Depreciation Expense	<u>\$889,146</u>

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

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 Employee Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website, www.ohsers.org under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2013, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$455,004, \$441,111 and \$410,198 respectively, which were equal to the required contributions for each year.

B. State Teachers Retirement System

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 11- DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2012, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012, and 2011 were \$1,366,203, \$1,485,298, and \$1,496,954 respectively; which were equal to the required contributions for each year. Contributions to the DC and Combined Plans for fiscal year 2013 were \$69,174 made by the District and \$49,410 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2013, five members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description – The District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

A. School Employee Retirement System (Continued)

The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website, www.ohsers.org under Employers/Audit Resources.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2013, 0.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2013, this amount was \$20,525.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$49,243, \$58,599, and \$90,918 respectively; which were equal to the required contributions for each year.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2013, this actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$25,703, \$26,050, and \$26,397 respectively; which were equal to the required contributions for each year.

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$105,093, \$114,254, and \$115,150 respectively; which were equal to the required contributions for each year.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

NOTE 13 - LONG-TERM OBLIGATIONS

Detail of the changes in the general obligation bonds, notes, capital leases, and compensated absences of the District for the year ended June 30, 2013 is as follows:

		Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013	Amount Due Within One Year
Governmental Activities:						
General Obligation Bonds:						
Multi-Purpose Bonds	3.00-5.00%	\$15,524,985	\$0	(\$1,050,000)	\$14,474,985	\$1,095,000
Bond Premium		161,121	0	(20,140)	140,981	0
		<u>15,686,106</u>	<u>0</u>	<u>(1,070,140)</u>	<u>14,615,966</u>	<u>1,095,000</u>
Interest Accretion		1,336,456	73,732	0	1,410,188	0
Total General Obligation Bonds		<u>17,022,562</u>	<u>73,732</u>	<u>(1,070,140)</u>	<u>16,026,154</u>	<u>1,095,000</u>
Energy Conservation Notes:						
HB 264 Improvements	2.62%	0	1,028,010	(56,830)	971,180	58,319
Capital Leases Payable		603,754	0	(125,327)	478,427	129,595
Compensated Absences Payable		1,930,993	226,518	(444,092)	1,713,419	486,239
Total Long-Term Obligations		<u>\$19,557,309</u>	<u>\$1,328,260</u>	<u>(\$1,696,389)</u>	<u>\$19,189,180</u>	<u>\$1,769,153</u>

In 2001 the District issued \$22 million in bonds for the purpose of constructing a new high school. In 2006, an additional \$2 million of bonds for school construction were issued and \$15.6 million of refunding bonds were issued.

In 2013 the District issued \$1,028,010 of energy conservation notes through the Ohio School Facilities Commission Energy Conservation Program, commonly known as the HB 264 program. Improvements will include lighting and building automation upgrades as well as air filtration and boiler optimization work.

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, 2013 follows:

Years	General Obligation Bonds		Energy Conservation Notes	
	Principal	Interest	Principal	Interest
2014	\$1,095,000	\$559,723	\$58,319	\$25,444
2015	1,145,000	504,178	59,846	23,916
2016	434,991	1,237,622	61,414	22,350
2017	329,994	1,351,523	63,023	20,740
2018	1,215,000	439,517	64,675	19,088
2019-2023	6,835,000	1,414,815	349,696	69,120
2024-2027	3,420,000	140,876	314,207	20,846
Totals	<u>\$14,474,985</u>	<u>\$5,648,254</u>	<u>\$971,180</u>	<u>\$201,504</u>

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

B. Defeased Debt

In fiscal year 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 \$14,055,000 at June 30, 2013, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

NOTE 14 - CAPITALIZED LEASES

The District is obligated under leases accounted for as capital leases. The costs of the leased assets are accounted for in the Governmental Activities Capital Assets and the related liability in the Governmental Activities Long-Term Obligations. The assets under the capital leases had an original cost of \$911,000 and accumulated depreciation of \$164,618.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2013:

<u>Year Ending June 30,</u>	<u>Capital Lease</u>
2014	\$142,658
2015	142,658
2016	104,631
2017	66,604
2018	49,953
Minimum Lease Payments	506,504
Less: Amount representing interest at the District's incremental borrowing rate of interest	(28,077)
Present Value of minimum lease payments	<u>\$478,427</u>

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

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 2013 the District contracted for insurance coverages as follows:

<u>Insurance Provider</u>	<u>Coverage</u>	<u>Deductible</u>
Ohio Casualty	Fleet Insurance	\$1,000
Ohio Casualty	Buildings and Contents	\$2,500

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 GRP's business and affairs are conducted by an eleven member Executive Committee consisting of the Chairperson and Vice-Chairperson, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all member school districts. The Chief Administrator of GRP serves as the coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 16 - CONTINGENCIES

A. 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 claims will not have a material adverse effect on the overall financial position of the District at June 30, 2013.

B. Litigation

The District is not a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects as of June 30, 2013.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

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, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene, 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 2013, the District paid \$1,396 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 approximately one hundred thirty school districts in eighteen 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 2013, the District paid \$1,304 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 2013, 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

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2013

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

Metropolitan Dayton Educational Computer Association (MDECA) – MDECA, a computer consortium, is an association of public school districts within the boundaries of Montgomery, Miami, and Darke Counties and the Cities of Dayton, Troy and Greenville. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative instructional functions among member districts. The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member schools districts except the Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The District paid MDECA \$44,883 for services provided during the year. Financial information can be obtained from Dean Reineke, who serves as Executive Director, at 225 Linwood Street, Dayton, Ohio 45405.

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 2013, 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.

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TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. Department of Agriculture					
<i>Passed through Ohio Department of Education</i>					
Child Nutrition Cluster:					
National School Lunch Program	10.555	\$174,463	\$56,275	\$174,463	\$56,275
Total Child Nutrition Cluster		<u>174,463</u>	<u>56,275</u>	<u>174,463</u>	<u>56,275</u>
Total U.S. Department of Agriculture		174,463	56,275	174,463	56,275
U.S. Department of Education					
<i>Passed through Ohio Department of Education</i>					
Title I Grants to Local Educational Agencies	84.010	189,106		206,276	
Special Education - Grants to States	84.027	416,675		412,750	
Educational Technology State Grants	84.318	1,435		1,337	
English Language Acquisition State Grants	84.365	7,706		9,848	
Improving Teacher Quality State Grants	84.367	50,686		50,733	
ARRA - State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants, Recovery Act	84.395	38,321		31,543	
Education Jobs Fund	84.410	32,201		40,104	
Total U.S. Department of Education		<u>736,130</u>		<u>752,591</u>	
Total Federal Financial Assistance		<u>\$910,593</u>	<u>\$56,275</u>	<u>\$927,054</u>	<u>\$56,275</u>

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

**TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C - FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Tipp City Exempted Village School District
Miami County
90 South Tippecanoe Drive
Tipp City, Ohio 45371

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tipp City Exempted Village School District, Miami County, (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 5, 2013, wherein we noted the District adopted provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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

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

Compliance and Other Matters

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

December 5, 2013



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Tipp City Exempted Village School District
Miami County
90 South Tippecanoe Drive
Tipp City, Ohio 45371

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited Tipp City Exempted Village School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect Tipp City Exempted Village School District's major federal program for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect 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 our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, Tipp City Exempted Village School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

December 5, 2013

**TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	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?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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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
JANUARY 7, 2014**