



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, 2014, 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, 2014, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

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 Awards 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 March 5, 2015, 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 "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

March 5, 2015

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TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2014*

Unaudited

Our discussion and analysis of Tipp City Exempted Village School District's, (the District), financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at fiscal year-end by \$8,894,135. Of this amount \$1,074,849 may be used to meet the District's ongoing general operating obligations.
- The District's net position increased by \$2,099,852 or approximately 31%. The majority of this increase can be attributed to additional tax revenue received through an emergency operating levy approved in May 2013 as well as management's ongoing efforts to implement efficiencies, adhere to staffing levels, and practice cost savings measures.
- As of the close of the current fiscal year, the combined governmental fund balances of the District were \$4,493,801; including the \$2,564,574 reported in the general fund.
- At the end of the current fiscal year, the unassigned fund balance for the general fund, the District's operating fund, was \$2,254,289 or 11% of total general fund expenditures.
- The District's total long-term liabilities decreased by \$1,284,782 or 7%.

Using the Basic Financial Statements

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

Reporting the District as a Whole

The Statement of Net Position and Statement of Activities

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting prescribed for governmental entities. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the District's net position and changes in that position providing the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as property tax base, current property tax laws, student enrollment growth, and facility conditions in arriving at their conclusion regarding the overall health of the District.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2014

Unaudited

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions. The District's two different types of funds, governmental and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

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 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 less financial resources available to spend in the near future to finance the District's 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 basic financial statements.

Fiduciary Funds

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

The District as a Whole

The statement of net position provides the perspective of the District as a whole. A comparative analysis of fiscal year 2014 to 2013 follows:

TABLE 1
NET POSITION JUNE 30

	2014	2013 *
Assets:		
Current and Other Assets	\$ 19,098,281	16,935,177
Capital Assets	21,598,645	22,162,655
Total Assets	<u>40,696,926</u>	<u>39,097,832</u>
Deferred Outflows of Resources:	<u>377,360</u>	440,253
		(continued)

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2014

Unaudited

TABLE 1
NET POSITION JUNE 30
(Continued)

	2014	2013 *
Liabilities:		
Current Liabilities	2,590,893	2,374,651
Noncurrent Liabilities	17,904,398	19,189,180
Total Liabilities	20,495,291	21,563,831
Deferred Inflows of Resources:	11,684,860	11,179,971
Net Position:		
Net Investment in Capital Assets	7,213,486	7,508,515
Restricted	605,800	473,814
Unrestricted	1,074,849	(1,188,046)
Total Net Position	\$ 8,894,135	6,794,283

* - 2013 net position reclassified to show accreted interest at fiscal-year end as a component of restricted net position rather than unrestricted.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$8.9 million at the close of the most recent fiscal year.

At year end, capital assets represented 53% of total assets. Capital assets include land, land improvements, buildings and improvements, and machinery and equipment. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. For fiscal year 2014, the District's net capital assets decreased by \$564,010 as current year depreciation expense (\$829,502) exceeded the additions to capital assets (\$265,492).

A portion of the District's net position, \$605,800, represents resources that are subject to restriction on how they may be used. The remaining balance of unrestricted net position of \$1.1 million may be used to meet the District's ongoing general operating obligations to students and creditors. The \$2.3 million increase reported for unrestricted net position at June 30, 2014 compared with that reported one year prior was primarily due to increased property tax (new emergency levy approved in May 2013) and intergovernmental (state foundation payments) revenues as well as decrease in building maintenance projects (roofing repair and replacements) reported for fiscal year 2014 compared with those reported for fiscal year 2013. As a result, the change in net position reported for fiscal year 2014 was an increase of \$2.1 million compared with the \$207,114 increase in net position reported for the previous fiscal year.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2014*

Unaudited

A comparative analysis of the change in net position for fiscal year 2014 and 2013 follows:

**TABLE 2
CHANGE IN NET POSITION, JUNE 30**

	2014	2013
Revenues:		
Program Revenues:		
Charges for Services	\$ 2,068,526	2,106,679
Operating Grants and Contributions	1,244,170	1,013,195
General Revenues:		
Property Taxes	13,636,362	12,474,359
Grants and Entitlements	9,995,527	9,607,802
Other	92,528	316,258
Total Revenues	27,037,113	25,518,293
Expenses:		
Instruction	14,561,158	13,813,536
Support Services:		
Pupils and Instructional Staff	1,624,418	1,843,094
Board of Education, Administration		
Fiscal and Business	2,892,553	2,363,146
Operation and Maintenance of Plant	2,000,059	3,126,607
Pupil Transportation	1,086,489	1,099,669
Central	226,139	304,499
Operation of Non-Instructional Services	729,817	746,452
Extracurricular Activities	1,110,977	1,069,985
Interest and Fiscal Charges	705,651	944,191
Total Expenses	24,937,261	25,311,179
Change in Net Position	\$ 2,099,852	207,114

Total revenues reported for fiscal year 2014 increased by \$1.5 million (6%) over those reported for the prior fiscal year. Program revenues totaled \$3.3 million for the current fiscal year compared to the \$3.1 million reported for prior year. The slight increase in program revenues resulted from higher allocation of special education grants for fiscal year 2014 from those received in the prior year. Program revenues represented 12% of the District's total revenues reported for fiscal year 2014. The remaining revenue sources, classified as general revenues, accounted for the remaining 88% of the total revenue sources and are comprised primarily of property tax and unrestricted intergovernmental revenues. Property tax revenues reported for the current year increased by \$1.2 million over those reported for the prior year due to the collection of additional tax revenue generated by the new 4.93 mill emergency operating levy approved by voters in May 2013. Unrestricted intergovernmental revenues increased \$387,725 over

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2014*

Unaudited

those of the prior year as changes in the State foundation funding formula resulted in higher allocations for the District for fiscal year 2014. Combined, property taxes and unrestricted intergovernmental revenues account for 87% of the District's total revenue received for fiscal year 2014.

Total expenses reported for fiscal year 2014 decreased by \$373,918 over those reported for fiscal year 2013. The largest decrease in expenses related to roofing repair and replacement projects performed and reported in fiscal year 2013 which did not reoccur again in fiscal year 2014. These projects, which did not meet the District's criteria for capitalization, were reported within the operation and maintenance of plant functional expense. The \$1.1 million decrease reported for that functional category was partially offset by increases in other functional categories that resulted from personnel costs increases, such as salary and benefit increases, as well as general inflationary increases in other areas. Management is committed to limit the budgetary increases so the financial resources provided to the District last as long as possible.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The table below reflects the cost of program services and the net cost of those services after taking into account the program revenues for the governmental activities. General revenues including tax revenue, investment earnings and unrestricted State entitlements must support the net cost of program services. Comparisons to 2013 are as follows:

**TABLE 3
TOTAL AND NET COST OF PROGRAM SERVICES
FOR THE FISCAL YEAR ENDED JUNE 30,**

	2014		2013	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 14,561,158	(12,803,396)	13,813,536	(12,258,802)
Support Services	7,829,658	(7,795,662)	8,737,015	(8,663,676)
Non-Instructional Services	729,817	(87,131)	746,452	(40,461)
Extracurricular Activities	1,110,977	(232,725)	1,069,985	(284,175)
Interest and Fiscal Charges	705,651	(705,651)	944,191	(944,191)
Total Expenses	\$ 24,937,261	(21,624,565)	25,311,179	(22,191,305)

The District is heavily reliant upon general revenue resources to finance operations. During fiscal year 2014, general revenues accounted for 88% of total revenues, with property tax revenue accounting for 50% alone. The reliance on general revenues to support governmental activities is indicated by the net services column reflecting the need for approximately \$21.6 million of support to finance the functions. In total, general revenues were used to cover 87% of total expenses. Combined, the revenues generated by the non-instructional services and extracurricular activities functions covered 83% of the total expenses of those two functional areas for the fiscal year.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2014*

Unaudited

The District's Funds

The financial statements for the District's governmental funds (starting after the Statement of Activities) report major funds (general and debt service funds) individually and combine all other governmental funds into one column for reporting purposes. Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$26.9 million and expenditures of \$25.6 million. Overall fund balance of governmental funds increased \$1.3 million over those at June 30, 2013.

The general fund is the primary operating fund of the District. The general fund balance increased by \$1.5 million during the year compared to the \$921,032 increase reported for the prior year. The additional property tax revenues from the new emergency levy as well as the additional revenues allocated through the State foundation program are recorded within the general fund which account for the \$1.5 million increase in general fund revenues reported for the current fiscal year compared to those of the prior year. The increases in revenues for the general fund was partially offset by the increases in other functional categories that resulted from personnel and benefit costs increases, as well as general inflationary increases in other areas. Overall, the unassigned fund balance reported for the general fund at June 30, 2014 represents 11% of the total expenditures reported for the fund for the fiscal year compared with 4% for fiscal year 2013.

The debt service fund is utilized by the District to account for general bonded debt activity approved by voters. As such the financial activity is typically limited to property tax revenues and debt service expenditures. During fiscal year 2014, this fund reported a net decrease in fund balance of \$6,150 ending the fiscal year with a balance of \$1.4 million that is restricted for future debt service payments.

General Fund Budget Information

Prior to the start of fiscal year 2014, the District adopted the budget for the general fund which anticipated ending the twelve month period with an ending budgetary fund balance of \$2.6 million. As the year progressed, the budget was amended several times as uncertainties that existed before the year became known. Overall, the effects of the various budgetary amendments had little overall impact on the general fund balance. The actual ending budgetary fund balance reported by the District at June 30, 2014 was \$2.4 million which was \$177,247 less than what was originally anticipated prior to the start of fiscal year 2014 but \$787,308 more than that anticipated in the final budget amendment adopted for the fiscal year.

Actual budgetary revenues were \$17.0 million compared with original budgetary estimates of \$16.9 million. Actual budgetary expenditures (actual expenditures plus outstanding encumbrances) totaled \$15.8 million compared to the \$15.6 million anticipated in the initial appropriations adopted for fiscal year. The insignificant difference between original budgetary estimates compared to the actual results reported for the fiscal year indicate the effectiveness of the budgetary process adopted by the District.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2014*

Unaudited

Capital Assets

At the end of the fiscal year 2014, the District had \$21,598,645 invested in land, land improvements, buildings and improvements, and equipment and machinery. Table 4 shows the fiscal year 2014 balances compared to fiscal year 2013.

**TABLE 4
NET CAPITAL ASSETS, JUNE 30**

	<u>2014</u>	<u>2013</u>
Land	\$ 1,928,313	1,928,313
Land Improvements	2,098,161	2,220,642
Buildings and Improvements	16,654,767	17,040,442
Machinery and Equipment	<u>917,404</u>	<u>973,258</u>
Total Net Capital Assets	\$ <u>21,598,645</u>	<u>22,162,655</u>

There were individually significant additions to capital assets for the fiscal year while depreciation expense amount to \$829,502 for the year. Additional information regarding capital assets can be found in Note 9 of this report.

Debt Administration

At June 30, 2014, the District reported \$16.2 million in long-term liabilities related to outstanding debt obligations; \$15.0 million of general obligation bonds, \$912,861 of energy conservation notes payable, and \$348,832 of capital leases payable. During fiscal year 2014, the District made principal payments totaling \$1.3 million with another \$1.3 million scheduled for payment within the next fiscal year. Additional detailed information regarding long-term debt obligations is included in Note 10 to the basic financial statements.

Contacting the District

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the District's financial position and to show the District's accountability for the funds it receives. Should you have any questions about this report or any other financial matter, contact the Treasurer's Office at Tipp City Exempted Village School District, 90 South Tippecanoe Drive, Tipp City, Ohio 45371.

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TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Statement of Net Position
June 30, 2014*

	Governmental Activities
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	\$ 4,390,519
Materials and Supplies Inventory	15,450
Accounts Receivable	28,120
Intergovernmental Receivable	297,264
Property and Other Local Taxes Receivable	14,366,928
Capital Assets:	
Land	1,928,313
Depreciable Capital Assets, net	19,670,332
<i>Total Assets</i>	40,696,926
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred Charge on Refunding	377,360
<i>Total Deferred Outflows of Resources</i>	377,360
LIABILITIES:	
Accounts Payable	34,760
Accrued Wages and Benefits	1,779,818
Intergovernmental Payable	468,294
Accrued Interest Payable	46,355
Matured Compensated Absences Payable	261,666
Long-Term Liabilities:	
Due Within One Year	1,604,877
Due in More Than One Year	16,299,521
<i>Total Liabilities</i>	20,495,291
DEFERRED INFLOWS OF RESOURCES:	
Property Taxes not Levied to Finance Current Year Operations	11,684,860
<i>Total Deferred Inflows of Resources</i>	11,684,860
NET POSITION:	
Net Investment in Capital Assets	7,213,486
Restricted for:	
Capital Projects	435,929
District Managed Student Activities	98,864
Federal and State Educational Grants	11,675
Other Purposes	59,332
Unrestricted	1,074,849
<i>Total Net Position</i>	\$ 8,894,135

The notes to the financial statements are an integral part of this statement.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Statement of Activities
For the Fiscal Year Ended June 30, 2014*

	Program Revenues			Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction	\$ 14,561,158	\$ 897,967	\$ 859,795	\$ (12,803,396)
Support Services:				
Pupils	1,148,849	-	33,996	(1,114,853)
Instructional Staff	475,569	-	-	(475,569)
Board of Education	26,355	-	-	(26,355)
Administration	1,956,653	-	-	(1,956,653)
Fiscal	763,618	-	-	(763,618)
Business	145,927	-	-	(145,927)
Operation and Maintenance of Plant	2,000,059	-	-	(2,000,059)
Pupil Transportation	1,086,489	-	-	(1,086,489)
Central	226,139	-	-	(226,139)
Operation of Non-Instructional Services:	729,817	418,185	224,501	(87,131)
Extracurricular Activities:	1,110,977	752,374	125,878	(232,725)
Interest and Fiscal Charges	705,651	-	-	(705,651)
Total Governmental Activities	\$ 24,937,261	\$ 2,068,526	\$ 1,244,170	(21,624,565)
General Revenues:				
Property Taxes Levied for:				
General Purposes				11,654,326
Debt Service				1,416,209
Capital Projects				565,827
Grants and Entitlements not Restricted to Specific Programs				9,995,527
Investment Earnings				6,299
Miscellaneous				86,229
Total General Revenues				23,724,417
Change in Net Position				2,099,852
Net Position - Beginning of Year				6,794,283
Net Position - End of Year				\$ 8,894,135

The notes to the financial statements are an integral part of this statement.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Balance Sheet
Governmental Funds
June 30, 2014*

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:				
Equity in Pooled Cash and Cash Equivalents	\$ 2,725,382	\$ 1,153,345	\$ 511,792	\$ 4,390,519
Materials and Supplies Inventory	-	-	15,450	15,450
Accounts Receivable	28,120	-	-	28,120
Interfund Receivable	5,000	-	-	5,000
Intergovernmental Receivable	155,361	-	141,903	297,264
Property and Other Local Taxes Receivable	<u>12,365,333</u>	<u>1,434,711</u>	<u>566,884</u>	<u>14,366,928</u>
<i>Total Assets</i>	<u>\$ 15,279,196</u>	<u>\$ 2,588,056</u>	<u>\$ 1,236,029</u>	<u>\$ 19,103,281</u>
LIABILITIES:				
Accounts Payable	23,362	-	11,398	34,760
Accrued Wages and Benefits	1,669,603	-	110,215	1,779,818
Interfund Payable	-	-	5,000	5,000
Intergovernmental Payable	448,416	-	19,878	468,294
Matured Compensated Absences Payable	<u>261,666</u>	<u>-</u>	<u>-</u>	<u>261,666</u>
<i>Total Liabilities</i>	<u>2,403,047</u>	<u>-</u>	<u>146,491</u>	<u>2,549,538</u>
DEFERRED INFLOWS OF RESOURCES				
Property Taxes not Levied to Finance				
Current Year Operations	10,061,519	1,165,258	458,083	11,684,860
Unavailable Revenue	<u>250,056</u>	<u>29,280</u>	<u>95,746</u>	<u>375,082</u>
<i>Total Deferred Inflows of Resources</i>	<u>10,311,575</u>	<u>1,194,538</u>	<u>553,829</u>	<u>12,059,942</u>
FUND BALANCES:				
Nonspendable:				
Materials and Supplies Inventory	-	-	15,450	15,450
Restricted:				
Capital Outlay	-	-	424,374	424,374
Debt Service	-	1,393,518	-	1,393,518
Student Activities	-	-	98,864	98,864
Other Purposes	-	-	48,332	48,332
Committed:				
Pollution Remediation	11,000	-	-	11,000
Assigned:				
School Supported Activities	207,415	-	-	207,415
School Supplies	62,041	-	-	62,041
Future Purchases	29,829	-	-	29,829
Unassigned (Deficit)	<u>2,254,289</u>	<u>-</u>	<u>(51,311)</u>	<u>2,202,978</u>
<i>Total Fund Balances</i>	<u>2,564,574</u>	<u>1,393,518</u>	<u>535,709</u>	<u>4,493,801</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 15,279,196</u>	<u>\$ 2,588,056</u>	<u>\$ 1,236,029</u>	<u>\$ 19,103,281</u>

The notes to the financial statements are an integral part of this statement.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2014*

Total Governmental Fund Balances	\$	4,493,801
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		21,598,645
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds.		
Property Taxes Receivable		290,891
Intergovernmental Receivable		84,191
Certain items will not be recognized as expenditures for the current period and therefore are reported as deferred outflows of resources in the funds.		
Deferred Charge on Refunding		377,360
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		(13,379,985)
Bond Premium		(120,841)
Accretion on Capital Appreciation Bonds		(1,486,956)
Energy Conservation Notes		(912,861)
Capital Leases Payable		(348,832)
Compensated Absences		(1,654,923)
Accrued Interest on Long-Term Debt		(46,355)
		<hr/>
Net Position of Governmental Activities	\$	8,894,135

The notes to the financial statements are an integral part of this statement.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014*

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:				
Property and Other Local Taxes	\$ 11,613,792	\$ 1,416,058	\$ 565,442	\$ 13,595,292
Intergovernmental	9,666,435	256,783	1,039,502	10,962,720
Interest	6,275	-	24	6,299
Tuition and Fees	896,887	-	-	896,887
Rent	16,995	-	-	16,995
Extracurricular Activities	287,093	-	447,261	734,354
Gifts and Donations	1,434	-	191,908	193,342
Customer Sales and Services	-	-	415,639	415,639
Miscellaneous	86,798	-	3,526	90,324
<i>Total Revenues</i>	<u>22,575,709</u>	<u>1,672,841</u>	<u>2,663,302</u>	<u>26,911,852</u>
EXPENDITURES:				
Current:				
Instruction	12,958,390	-	1,012,137	13,970,527
Support Services:				
Pupils	1,115,277	-	20,815	1,136,092
Instructional Staff	322,523	-	158,036	480,559
Board of Education	26,355	-	-	26,355
Administration	1,843,397	-	7,127	1,850,524
Fiscal	712,824	24,268	9,696	746,788
Business	142,486	-	-	142,486
Operation and Maintenance of Plant	1,976,539	-	8,839	1,985,378
Pupil Transportation	966,230	-	89,905	1,056,135
Central	215,727	-	8,182	223,909
Operation of Non-Instructional Services	16,134	-	693,903	710,037
Extracurricular Activities	675,893	-	461,776	1,137,669
Capital Outlay	5,016	-	212,474	217,490
Debt Service:				
Principal	58,319	1,095,000	129,595	1,282,914
Interest	25,445	559,723	13,063	598,231
<i>Total Expenditures</i>	<u>21,060,555</u>	<u>1,678,991</u>	<u>2,825,548</u>	<u>25,565,094</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	1,515,154	(6,150)	(162,246)	1,346,758
OTHER FINANCING SOURCES AND USES:				
Transfers In	-	-	50,000	50,000
Transfers Out	(50,000)	-	-	(50,000)
<i>Total Other Financing Sources and Uses</i>	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	1,465,154	(6,150)	(112,246)	1,346,758
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>1,099,420</u>	<u>1,399,668</u>	<u>647,955</u>	<u>3,147,043</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 2,564,574</u>	<u>\$ 1,393,518</u>	<u>\$ 535,709</u>	<u>\$ 4,493,801</u>

The notes to the financial statements are an integral part of this statement.

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, 2014*

Net Change in Fund Balances - Total Governmental Funds \$ 1,346,758

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 capital outlay exceeded depreciation in the current period.

Capital Asset Additions	265,492	
Depreciation Expense	<u>(829,502)</u>	(564,010)

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

Increase in Unavailable Property Tax Revenue	41,070	
Increase in Unavailable Intergovernmental Revenue	<u>84,191</u>	125,261

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, deferred loss on refunding debt when first issued, whereas these amounts are amortized in the statement of activities.

Repayment of Long-Term Bonds, Notes, and Capital Leases	1,282,914	
Current Year Amortization of Bond Premium	20,140	
Current Year Accretion on Capital Appreciation Bonds	(76,768)	
Current Year Amortization of Deferred Charge on Refunding	<u>(62,893)</u>	1,163,393

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

12,101

Some expenses reported in the statement of activities do not required the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Decrease in Compensated Absences Payable		<u>16,349</u>
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Change in Net Position of Governmental Activities

\$ 2,099,852

The notes to the financial statements are an integral part of this statement.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2014*

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Property Taxes	\$ 7,067,527	\$ 7,065,765	\$ 7,066,166	\$ 401
Intergovernmental	8,840,656	8,916,521	9,093,958	177,437
Interest	4,396	4,396	6,275	1,879
Tuition and Fees	679,468	682,468	704,490	22,022
Rent	22,121	22,121	16,995	(5,126)
Extracurricular Activities	238,316	87,158	102,793	15,635
Miscellaneous	33,750	36,250	35,301	(949)
Total Revenues	16,886,234	16,814,679	17,025,978	211,299
Expenditures:				
Current:				
Instruction	7,939,958	8,307,352	7,985,916	321,436
Support Services:				
Pupils	953,219	1,119,023	1,072,008	47,015
Instructional Staff	290,356	444,787	418,735	26,052
Board of Education	19,849	39,138	23,569	15,569
Administration	1,945,183	1,899,403	1,817,809	81,594
Fiscal	602,096	709,926	700,389	9,537
Business	142,048	155,955	147,734	8,221
Operation and Maintenance of Plant	2,046,195	1,980,581	1,894,532	86,049
Pupil Transportation	929,420	987,155	973,355	13,800
Central	210,510	219,303	211,463	7,840
Operation of Non-Instructional Services	7,967	10,942	15,700	(4,758)
Extracurricular Activities	400,445	465,597	476,150	(10,553)
Capital Outlay	-	-	5,016	(5,016)
Debt Service:				
Principal	58,319	58,319	58,319	-
Interest	25,445	25,445	25,445	-
Total Expenditures	15,571,010	16,422,926	15,826,140	596,786
Excess of Revenues Over (Under) Expenditures	1,315,224	391,753	1,199,838	808,085
Other Financing Sources (Uses):				
Transfers In	-	-	418	418
Advances In	11,896	20,700	20,700	-
Proceeds From Sale of Capital Assets	-	-	5,160	5,160
Refund of Prior Year Expenditures	77,104	77,104	76,446	(658)
Transfers Out	(637)	(35,000)	(76,397)	(41,397)
Advances Out	(5,175)	(20,700)	(5,000)	15,700
Total Other Financing Sources (Uses)	83,188	42,104	21,327	(20,777)
Net Change in Fund Balance	1,398,412	433,857	1,221,165	787,308
Fund Balance, July 1	1,159,286	1,159,286	1,159,286	-
Prior Year Encumbrances	52,495	52,495	52,495	-
Fund Balance, June 30	\$ 2,610,193	\$ 1,645,638	\$ 2,432,946	\$ 787,308

The notes to the financial statements are an integral part of this statement.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2014

	<u>Agency</u> <u>Funds</u>
ASSETS:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 54,479
<i>Total Current Assets</i>	<u>54,479</u>
<i>Total Assets</i>	<u><u>54,479</u></u>
LIABILITIES:	
Current Liabilities:	
Undistributed Monies	13
Due to Students	<u>54,466</u>
<i>Total Current Liabilities</i>	<u>54,479</u>
<i>Total Liabilities</i>	<u><u>\$ 54,479</u></u>

The notes to the financial statements are an integral part of this statement.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

1. Description of the District and Reporting Entity

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

Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading.

The primary government consists of all funds and departments, which provide various services including instruction, student guidance, extracurricular activities, food service, pre-school, educational media and care and upkeep of grounds and buildings. The operation of each of these activities is directly controlled by the Board of Education.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing body and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations for which the District approves the budget, the issuance of debt or the levying of taxes. The District does not have any component units.

The District is associated with organizations which are defined as an insurance purchasing pool, jointly governed organizations, and a related organization. Information about the insurance pool organization (Southwestern Ohio Educational Purchasing Cooperative Group Rating Program) can be found in Note 11 to the basic financial statements. Additional details on the four organizations defined as jointly governed organizations (Southwestern Ohio Instructional Technology Association, Southwestern Ohio Educational Purchasing Council, Miami Valley Career Technology Center, and Metropolitan Dayton Educational Cooperative Association) can be found in Note 17 to the basic financial statements. Information on the Tipp City Public Library, defined as a related organization, can be located in Note 18 to the basic financial statements.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

2. Summary of Significant Accounting Policies

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's policies are described below.

a. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are divided into the categories governmental and fiduciary.

Governmental Funds

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

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

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

Other governmental funds of the District may be used to account for specific resources that are restricted or committed to specified purposes.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include agency funds. Agency funds are purely custodial and thus do not involve measurement of results of operations. The District's agency funds account for the financial activity of various student managed activities as well as state athletic tournament games held at District facilities.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

2. Summary of Significant Accounting Policies (continued)

b. Basis of Presentation

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. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include 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 governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

Fund Financial Statements

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

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

Agency funds have no measurement focus.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

2. Summary of Significant Accounting Policies (continued)

c. **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The Fund financial statements are prepared using either modified accrual for governmental funds or accrual basis fiduciary funds.

Revenues, Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recognized in the accounting period when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period of the District is sixty (60) days after year end.

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 (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate category for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources include a deferral of loss on refunding of debt, which is the difference in the carrying value of the debt being refunded and the price the District must pay for reacquisition. This amount is deferred and amortized over the shorter of the life of the refunded debt or the debt issued for the refunding.

In addition to liabilities, the statement of net position may report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then. For the District, deferred inflows of resources include property taxes and

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

2. Summary of Significant Accounting Policies (continued)

unavailable revenues. Property taxes represent amounts for which there is a legally enforceable claim as of June 30, 2014, but which were levied to finance subsequent year operations. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund balance sheet. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the District, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as inflows of resources in the period the amounts become available.

Expenditures/Expenses

The measurement focus of governmental fund accounting is on flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities to the extent that payments come due each period upon the occurrence of employee resignations and retirements. Allocation of costs, such as depreciation and amortization, are not recognized in governmental funds.

The accrual basis of accounting utilized for the government-wide financial statements recognize revenues when they are earned, and expenses are recognized at the time they are incurred.

Budgets and Budgetary Accounting

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, certificate of estimated resources, and the appropriations 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 with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated, however the District elects to adopt appropriations and budgets for its agency funds. The legal level of control is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

2. Summary of Significant Accounting Policies (continued)

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing on the following July 1. 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.

Estimated Resources

Prior to March 15, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include unencumbered cash balances from the preceding year. The certificate maybe further amended during the year if the fiscal officer determines that the revenue collected is greater or less than the 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 2014.

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures for all funds, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at the legal level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriation by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. The budget figures, which appear in the statements of budgetary comparison, represent the final appropriation amounts, including all amendments and modifications.

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures from

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

2. Summary of Significant Accounting Policies (continued)

exceeding appropriations. On the fund financial statement encumbrances are reported within the restricted, committed or assigned fund balances depending on the restrictions placed upon the resources encumbered. For the general fund, encumbrances are reported as a component of assigned fund balance indicating that amount is not currently available. Encumbrances are reported as part of expenditures on a non-GAAP budgetary basis.

Lapsing of Appropriations

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

d. Cash and Investments

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 for additional details).

Cash and cash equivalents include investments of the investment pool as well as individual investments with original maturities of three months or less.

Under existing Ohio statutes, all investment earnings accrue to the general fund unless specifically required to be allocated to other funds. During fiscal year 2014 interest earnings were allocated to the general and food service funds. Investment earnings credited to the general fund during the fiscal year amounted to \$6,275, which includes \$2,771 assigned from other District funds. The food service fund also posted interest revenue of \$24 during the fiscal year.

e. Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market using the first in, first out (FIFO) method and are expensed when used.

On fund financial statements, inventories of governmental funds are valued at cost. For all funds, cost is determined using the FIFO method, and are determined by physical count. Inventory in governmental funds consists of expendable supplies held for consumption, and supplies held for resale. The cost is recorded as an expenditure when used. Reported inventories in these funds are reported as a non-spendable component of fund balance.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

2. Summary of Significant Accounting Policies (continued)

f. Capital Assets and Depreciation

General capital assets are reported in the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District follows the policy of not capitalizing assets with a cost of less than \$1,500 and a useful life of less than 1 year. The District does not possess any infrastructure.

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

<u>Description</u>	<u>Useful Life (years)</u>
Land Improvements	20
Buildings and Improvements	20 - 50
Machinery and Equipment	5 - 20

g. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position.

h. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation is attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. 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, a Merit Service Retirement Award may be paid for sick leave balances in excess of the 210 days depending upon the type of employment contract.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

2. Summary of Significant Accounting Policies (continued)

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee will be paid.

i. Accrued Liabilities and Long-term Obligations

For governmental fund financial statements, the accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, compensated absences paid from governmental funds (typically the general fund) are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources. Long-term debt service paid from governmental funds is not recognized as a liability in the fund financial statements until they come due.

j. Fund Balance

The District reports classifications of fund balance based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The following categories are used:

Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally required to be maintained intact.

Restricted – amounts that have constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the District's highest level of decision-making authority, the Board of Education.

Assigned – amounts that are constrained by the District's intent to be used for specific purpose, but are neither restricted nor committed. Assigned amounts include those approved through the District's formal purchasing procedure by the Treasurer. Through the District's purchasing policy, the Board of Education has given the Treasurer the authority to constrain monies for intended purposes.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

2. Summary of Significant Accounting Policies (continued)

Unassigned – residual fund balance within the general fund that is in spendable form that is not restricted, committed or assigned. 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 an expenditure is incurred for purposes for which restricted and unrestricted fund balance is available. The District considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

k. Net Position

Net position represents the difference between assets and deferred outflows of resources compared with liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, regulations or other governments. There was no net position restricted by enabling legislation at June 30, 2014.

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

l. Interfund Activity

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements to avoid “doubling up” revenues and expenses. Flows of cash or goods from one fund to another without requirement of repayment are reported as interfund transfers. Transfers within governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are also eliminated. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Repayments from funds responsible for particular expenditures to the fund(s) that initially paid for them are not presented on the financial statements.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

2. Summary of Significant Accounting Policies (continued)

m. Estimates

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

3. Accountability and Compliance

a. Change in Accounting Principles

During the year ended June 30, 2014, the District implemented GASB Statement No. 66, *Technical Corrections – 2012*, and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. GASB Statement No. 66 changes the requirement to account for risk financing (self-insurance) within the general or internal service funds, changes the determination of the carrying value of purchased loans or group of loans, and modified the manner in which service fees should be reported on mortgage loans sold. GASB Statement No. 70 establishes reporting standards for nonexchange financial guarantee and to recognize a liability when qualitative factors and historical data indicate the government will more than likely be required to make a payment on the guarantee. Neither of these statements required the District to restate any prior fiscal year balances.

In addition, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, has been issued by the GASB but is not required to be implemented by the District until fiscal year 2015. Management has not yet determined the impact this new standard will have on the District's financial statements.

b. Deficit Fund Balances

Individual fund deficits reported at June 30, 2014 include the following:

<u>Non-Major Funds</u>	<u>Deficit</u>
Food Service Operations	\$ 11,816
IDEA, Part B Grant	16,016
Title I Grant	4,540
Title IIA, Improving Teacher Quality Grant	3,489

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

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

4. **Budgetary Basis of Accounting**

While the District is reporting financial position, results of operations and changes in fund balance on the basis of GAAP, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

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

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

Net Change in Fund Balance	
	General Fund
Budget Basis	\$ 1,221,165
Adjustments:	
Revenue Accruals	32,775
Expenditure Accruals	(196,864)
Encumbrances	37,608
Other Financing Sources (Uses)	(8,559)
Perspective Budgeting Difference	379,029
GAAP Basis	\$ 1,465,154

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

5. **Deposits and Investments**

State statutes require the classification of monies held by the District into three categories.

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

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

Interim Monies - Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Ohio law permits interim monies to be invested in legal securities, as listed below.

- United States Treasury Notes, Bills, Bonds or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
- 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 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

5. **Deposits and Investments** (continued)

- The State Treasurer's investment pool (STAR Ohio);
- Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from purchase date in an amount not to exceed 25% of the interim monies available for investment at any one time, and;
- Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

Deposits

The carrying amount of all District deposits was \$3,690,437, which includes \$3,375 of cash on hand, and bank deposits totaled \$4,016,392 at June 30, 2014. Of the District's bank balance \$3,697,763 was exposed to custodial risk as discussed below, while \$318,629 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code and the District's investment policy, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

5. Deposits and Investments (continued)

Investments

As of June 30, 2014, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair</u>	<u>Maturity (in years)</u>		
	<u>Value</u>	<u>less than 1</u>	<u>1-3</u>	<u>more than 3</u>
Federal National Mortgage Association (FNMA)	\$ 500,275	\$ -	\$ -	\$ 500,275
Negotiable Certificates of Deposits	250,570	-	250,570	-
Money Market	3,716	3,716	-	-
Total	<u>\$ 754,561</u>	<u>\$ 3,716</u>	<u>\$ 250,570</u>	<u>\$ 500,275</u>

Interest Rate Risk

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

Credit Risk

The District follows Ohio Revised Code (ORC) which limits the amount of credit risk it's going to allow any district to become involved in. It accomplishes this by compiling a specific list of investments, to the exclusion of all other investments, which school districts are legally allowed to participate in. The District has no policy limiting investments based on credit risk other than those established by ORC.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investment in FNMA was rated Aaa by Moody's and AA+ by Standard & Poor's. Investments in negotiable CDs and money market accounts are not rated.

Concentration of Credit Risk

The District places a limit on the percentage of the portfolio that may be held in the form of commercial paper, other than this stipulation, the District places no limit on the amount that may be invested in any one issuer. The investment in FNMA securities and negotiable CDs represented 66% and 33% of the District's June 30, 2014 investment portfolio, respectively.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

6. Property Taxes

Property taxes are levied and assessed on a calendar year basis while the District's 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 year 2014 represents collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, 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 revenues received in calendar year 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien December 31, 2012, were levied after April 1, 2013 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.

The assessed values upon which fiscal year Miami County 2014 taxes were collected are:

	<u>2014 First Half Collections</u>	<u>2013 Second Half Collections</u>
Agricultural/Residential and Other Real Estate	\$ 359,283,290	\$ 379,420,610
Public Utility Personal	<u>9,131,570</u>	<u>9,671,440</u>
Total Assessed Value	<u>\$ 368,414,860</u>	<u>\$ 389,092,050</u>
Tax rate per \$1,000 of assessed valuation	\$55.02	\$49.11

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

6. Property Taxes (continued)

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2014, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for the portion not intended to finance current year operations. On the accrual basis, total delinquent property tax amounts existing at year end have been recorded as revenue.

7. Interfund Transactions

Interfund balances on the fund statements at June 30, 2014 consist of the following receivables and payables:

Fund	Receivable	Payable
General Fund	\$ 5,000	
Non-Major Governmental Funds:		
Race to the Top Grant		\$ 2,500
Title III, LEP Grant		2,500
	\$ 5,000	\$ 5,000

Interfund advances were made by the general fund to other governmental funds to cover any deficit unencumbered balance. Funds will be returned to the general fund within one year from June 30, 2014.

In addition, during the fiscal year the general fund transferred \$50,000 to the food service non-major fund to fund specific purchases.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

8. Receivables

Receivables at June 30, 2014 consisted of taxes, accounts (tuition and student fees), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. Intergovernmental receivable consisted of the following:

	Amount
General Fund:	
ESC Annual Settlements	\$ 119,267
Special Education Tuition	32,142
Medical Reimbursement	3,952
Non-Major Governmental Funds:	
Race to the Top Grant	11,468
IDEA, Part B Grant	89,279
Title III, LEP Grant	2,813
Title I Grant	29,753
Title IIA, Improving Teacher Quality Grant	8,590
Total	\$ 297,264

9. Capital Assets

A summary of capital asset activity during the fiscal year follows:

	Balance at 7/1/2013	Additions	Deductions	Balance at 6/30/2014
<u>Capital Assets, not being depreciated:</u>				
Land	\$ 1,928,313	\$ -	\$ -	\$ 1,928,313
<u>Capital Assets, being depreciated:</u>				
Land Improvements	4,281,022	46,941		4,327,963
Buildings and Improvements	26,392,536	91,461	-	26,483,997
Machinery and Equipment	4,784,314	127,090	-	4,911,404
Total Cost	37,386,185	265,492	-	37,651,677
<u>Less: Accumulated Depreciation:</u>				
Land Improvements	(2,060,380)	(169,422)	-	(2,229,802)
Buildings	(9,352,094)	(477,136)	-	(9,829,230)
Vehicles	(3,811,056)	(182,944)	-	(3,994,000)
Total Depreciation	(15,223,530)	(829,502) *	-	(16,053,032)
Total Capital Assets, net	\$ 22,162,655	\$ (564,010)	\$ -	\$ 21,598,645

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

9. Capital Assets (continued)

* - Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 677,253
Support Services:	
Pupil Support	716
Instructional Support	390
Administrative	9,203
Operation and Maintenance	13,307
Pupil Transportation	90,094
Central Support	377
Non-Instructional Services	25,742
Extracurricular Activities	12,420
Total Depreciation Expense	<u>\$ 829,502</u>

10. Long-Term Obligations

The activity of the District's long-term obligations during fiscal year 2014 was as follows:

	<u>Balance 7/1/2013</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 6/30/2014</u>	<u>Amount Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds:					
2006 Multi-Purpose					
Bonds, 3.0%-5.0%	\$ 14,474,985	\$ -	\$ (1,095,000)	\$ 13,379,985	\$ 1,145,000
Bond Premium	140,981	-	(20,140)	120,841	-
	14,615,966	-	(1,115,140)	13,500,826	1,145,000
Interest Accretion	1,410,188	76,768	-	1,486,956	-
Total General Obligation Bonds	16,026,154	76,768	(1,115,140)	14,987,782	1,145,000
Energy Conservation Notes:					
HB 264 Improvements, 2.62%	971,180	-	(58,319)	912,861	59,846
Capital Leases Payable	478,427	-	(129,595)	348,832	134,031
Compensated Absences	1,713,419	472,960	(531,456)	1,654,923	266,000
Total Governmental Activities	<u>\$ 19,189,180</u>	<u>\$ 549,728</u>	<u>\$ (1,834,510)</u>	<u>\$ 17,904,398</u>	<u>\$ 1,604,877</u>

a. General Obligations Bonds

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

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

10. Long-Term Obligations (continued)

A summary of the District's future debt service payments, including principal and interest payments, related to general obligation bonds are as follows:

Fiscal Year	Principal	Interest	Total
2015	\$ 1,145,000	\$ 504,178	\$ 1,649,178
2016	434,991	1,237,621	1,672,612
2017	329,994	1,351,524	1,681,518
2018	1,215,000	439,517	1,654,517
2019	1,265,000	389,918	1,654,918
2020-2024	7,295,000	1,130,600	8,425,600
2025	1,695,000	35,171	1,730,171
Total	<u>\$ 13,379,985</u>	<u>\$ 5,088,529</u>	<u>\$ 18,468,514</u>

b. Energy Conservation Notes

In 2013, the District issued \$1,028,010 of energy conservation notes through the Ohio School Facilities Commission's Energy Conservation Program, commonly known as the HB 264 program. Improvements included lighting and building automation upgrades as well as air filtration and boiler optimization work. A summary of the District's future debt service payments, including principal and interest payments, related to the energy conservation notes payable are as follows:

Fiscal Year	Principal	Interest	Total
2015	\$ 59,846	\$ 23,917	\$ 83,763
2016	61,414	22,349	83,763
2017	63,023	20,740	83,763
2018	64,675	19,089	83,764
2019	66,369	17,394	83,763
2020-2024	358,858	59,959	418,817
2025-2027	238,676	12,614	251,290
Total	<u>\$ 912,861</u>	<u>\$ 176,062</u>	<u>\$ 1,088,923</u>

c. 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 \$204,168.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

10. Long-Term Obligations (continued)

The following is a schedule of the future long-term minimum lease payments required under the capital leases, and the present value of the minimum lease payments as of June 30, 2014:

<u>Fiscal Year Ended June 30,</u>	<u>Total Payments</u>
2015	\$ 142,657
2016	104,630
2017	66,603
2018	<u>49,952</u>
Total Minimum Lease Payments	363,842
Less: Amount Representing Interest	<u>(15,010)</u>
Present Value of Minimum Lease Payments	<u>\$ 348,832</u>

d. Compensated Absences

Compensated absences are paid out of the general fund, food service fund, IDEA Part B grant fund, and Title I grant fund.

11. Risk Management

The District is exposed to various risks of loss related to torts, theft or, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2014, the District contracted with Ohio Casualty for fleet insurance coverage (deductible of \$1,000) as well as buildings and contents coverage (deductible of \$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 the 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.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

12. Defined Benefit Pension Plans

a. School Employees Retirement System

Plan Description - The School 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 may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling 1-800-878-5853. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14% of annual covered payroll. The contribution requirements of plan members and employees are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2014, the allocation to pension and death benefits is 13.10 %. The remaining .90% of the 14 % employer contribution rate is allocated to the Health Care and Medicare B Funds.

The School District's required contributions to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$425,122, \$455,004, and \$441,111 respectively; equal to the required contributions for each of the three fiscal years.

b. State Teachers Retirement System

Plan Description - The School 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 1-888-227-7877, 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

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

12. Defined Benefit Pension Plans (continued)

10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2014, plan members were required to contribute 11% of their annual covered salaries. The School District was required to contribute 14%; 13% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary. Employee contributions are scheduled to increase 1% for each of the next three fiscal years until the employee rate reaches 14% effective July 1, 2016. At that point, both the employee and the employer rates will be 14%, the statutory maximum rates. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions to STRS Ohio for the fiscal years ended June 30, 2014, 2013, and 2012 were \$1,422,996, \$1,366,203 and \$1,485,298, respectively; equal to the required contributions for each of the three fiscal years.

c. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS or STRS Ohio have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System of Ohio. As of June 30, 2014, two members of the Board of Education have elected Social Security. The District's liability is 6.2% of wages paid.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

13. Post-employment Benefits

a. School Employees Retirement System

Plan Description – The School District participates in a cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System 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 and traditional indemnity plans as well as a prescription drug program. 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 System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746 or by calling 1-800-878-5853. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

Health Care Plan – 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% of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For fiscal year ended 2014, 0.14% of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; pro-rated according to service credit earned. State Statute provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the minimum compensation level was established at \$20,250. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned to health care for the years ended June 30, 2014, 2013 and 2012 were \$49,829, \$49,243 and \$58,599, respectively; equal to the required contributions for each of the three fiscal years.

Medicare Part B Plan – The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

13. Post-employment Benefits (continued)

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76% of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$23,078, \$25,703 and \$26,050, respectively; equal to the required contributions for each of the three fiscal years.

b. State Teachers Retirement System

Plan Description – The School 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 requesting a copy by calling toll-free 1-888-227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$101,643, \$105,093, and \$114,254, respectively; equal to the required contributions for each of the three fiscal years.

14. Contingencies

a. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits should become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2014, if applicable, cannot be determined at this time.

b. Litigation

The District is currently not party to any legal proceedings.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

15. Statutory Reserve

The District is required by State statute to annually set aside, in the general fund, an amount based on a statutory formula for the acquisition or construction of capital improvements. Amounts not spent by the year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for this same purpose in future years. The following cash basis information describes the change in year-end set aside amounts. Disclosure of this information is required by State statute.

	Capital Acquisition
Set-aside cash balance as of June 30, 2013	\$ -
Current year set-aside requirements	435,321
Current year offset	(435,321)
Total	\$ -
Set-aside cash balance carried forward to FY 2015	\$ -

Although the District had current year offsets which exceeded the current year set-aside requirement, the excess amount may not be used to reduce the set-aside requirements of future fiscal years. Therefore, the excess is not presented as being carried forward to the next fiscal year.

16. Commitments - Encumbrances

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

Fund Type	Year-End Encumbrances
General fund	\$ 44,025
Other governmental funds	25,928
Total	\$ 69,953

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

17. Jointly Governed Organizations

a. Southwestern Ohio Instructional Technology Association

The Southwestern Ohio Instructional Technology Association (SOITA) is a non-profit corporation organized 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 within the 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 elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members from the State assigned SOITA service area. One at-large higher education representative is elected by higher education SOITA members from within the State assigned SOITA area.

All member districts are obligated to pay all fees, charges or other assessments as established by SOITA. Upon dissolution, the remaining net position shall be distributed to the federal government, or to a state or local government, for a public purpose. During the fiscal year ending June 30, 2014 the District paid SOITA \$2,004 in fees and services provided. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association at 1205 East Fifth Street, Dayton, Ohio 45402.

b. Southwestern Ohio Educational Purchasing Council

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing council made up of 126 public school districts in 18 counties in southwestern Ohio. 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, furniture and supplies purchased by the SOEPC is held in trust for the member districts. 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 2014, the District paid \$1,317 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, 303 Corporate Center, Suite 208, Vandalia, Ohio 45377.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

17. Jointly Governed Organizations (continued)

c. 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 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 2014, the District paid \$1,500 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.

d. Metropolitan Dayton Educational Cooperative Association

The Metropolitan Dayton Educational Cooperative Association (MDECA) which is a Council of Governments comprised 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 school districts except the Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The District paid MDECA \$44,763 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.

18. Related Organization

The Tipp City Public 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 District's 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 2014, the District paid no monies to this organization. Financial information can be obtained from the Tipp City Public Library, Fiscal Officer, 11 East Main Street, Tipp City, Ohio 45371.

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

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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	\$170,685	\$43,370	\$170,685	\$43,370
Total Child Nutrition Cluster		170,685	43,370	170,685	43,370
Total U.S. Department of Agriculture		170,685	43,370	170,685	43,370
U.S. Department of Education					
<i>Passed through Ohio Department of Education</i>					
Title I Grants to Local Educational Agencies	84.010	214,150		195,438	
Special Education - Grants to States	84.027	374,304		374,159	
English Language Acquisition State Grants	84.365	13,807		14,214	
Improving Teacher Quality State Grants	84.367	45,019		44,555	
ARRA - State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants, Recovery Act	84.395	41,912		47,926	
Total U.S. Department of Education		689,192		676,292	
Total Federal Financial Assistance		\$859,877	\$43,370	\$846,977	\$43,370

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, 2014**

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 expenditures. 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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 5, 2015.

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 considered 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

March 5, 2015



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, 2014. The *Summary of Auditor's 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 programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program 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, 2014.

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 the 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

March 5, 2015

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education – Grants to States: CFDA #84.027
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	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
APRIL 2, 2015**