



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

SINGLE AUDIT

JULY 1, 1999 THROUGH JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Tipp City Exempted Village School District, Miami County, (the District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

November 15, 2000

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**TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000**

	Governmental Fund Types			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
<u>Assets and Other Debits:</u>				
Assets:				
Cash and Cash Equivalents	\$834,512	\$263,593	\$11,497	\$238,311
Receivables (net of allowance for doubtful accounts):				
Taxes	7,264,762	0	0	503,633
Intergovernmental	29,111	0	0	0
Interfund Loans Receivable	19,496	0	0	0
Inventory of Supplies at Cost	0	0	0	0
Prepaid Items	25,325	7,172	0	0
Restricted Assets:				
Cash and Cash Equivalents	262,688	0	0	0
Cash with Fiscal Agents	0	0	66,703	0
Fixed Assets (net of accumulated depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided for				
General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	\$8,435,894	\$270,765	\$78,200	\$741,944
<u>Liabilities, Equity and Other Credits:</u>				
Liabilities:				
Accounts Payable	\$27,240	\$19,142	\$0	\$32,251
Accrued Wages and Benefits	1,170,083	8,348	0	0
Intergovernmental Payables	257,396	404	0	0
Interfund Loans Payable	0	19,496	0	0
Due to Students	0	0	0	0
Matured Bonds and Interest Payable	0	0	66,703	0
Deferred Revenue - Taxes	6,823,363	0	0	476,023
Deferred Revenue	0	0	0	0
Compensated Absences Payable	90,761	0	0	0
Total Liabilities	8,368,843	47,390	66,703	508,274
Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	52,792	30,273	0	154,367
Statutory Reserves	262,688	0	0	0
Reserved for Prepaid Items	25,325	7,172	0	0
Reserved for Debt Service	0	0	11,497	0
Unreserved:				
Undesignated	(273,754)	185,930	0	79,303
Total Equity and Other Credits	67,051	223,375	11,497	233,670
Total Liabilities, Equity and Other Credits	\$8,435,894	\$270,765	\$78,200	\$741,944

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

Proprietary Fund Types		Fiduciary Fund Types		Account Groups		Totals (Memorandum Only)
Enterprise Funds	Internal Service Fund	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations		
\$235,464	\$5	\$70,172	\$0	\$0		\$1,653,554
0	0	0	0	0		7,768,395
9,635	0	0	0	0		38,746
0	0	0	0	0		19,496
17,791	0	0	0	0		17,791
1,001	0	308	0	0		33,806
0	0	0	0	0		262,688
0	0	0	0	0		66,703
68,926	0	0	11,835,467	0		11,904,393
0	0	0	0	11,497		11,497
0	0	0	0	1,726,684		1,726,684
<u>\$332,817</u>	<u>\$5</u>	<u>\$70,480</u>	<u>\$11,835,467</u>	<u>\$1,738,181</u>		<u>\$23,503,753</u>

\$855	\$5	\$1,812	\$0	\$0		\$81,305
22,379	0	0	0	0		1,200,810
43,959	0	0	0	106,910		408,669
0	0	0	0	0		19,496
0	0	58,621	0	0		58,621
0	0	0	0	0		66,703
0	0	0	0	0		7,299,386
11,526	0	0	0	0		11,526
36,688	0	0	0	1,631,271		1,758,720
<u>115,407</u>	<u>5</u>	<u>60,433</u>	<u>0</u>	<u>1,738,181</u>		<u>10,905,236</u>
0	0	0	11,835,467	0		11,835,467
217,410	0	0	0	0		217,410
0	0	0	0	0		237,432
0	0	0	0	0		262,688
0	0	308	0	0		32,805
0	0	0	0	0		11,497
0	0	9,739	0	0		1,218
<u>217,410</u>	<u>0</u>	<u>10,047</u>	<u>11,835,467</u>	<u>0</u>		<u>12,598,517</u>
<u>\$332,817</u>	<u>\$5</u>	<u>\$70,480</u>	<u>\$11,835,467</u>	<u>\$1,738,181</u>		<u>\$23,503,753</u>

**TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Governmental Fund Types			Fiduciary Fund Type		Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expendable Trust Fund	
Revenues:						
Local Sources:						
Taxes	\$7,207,856	\$0	\$0	\$501,495	\$0	\$7,709,351
Tuition	16,391	0	0	0	0	16,391
Investment Earnings	136,331	0	0	0	0	136,331
Extracurricular Activities	0	402,536	0	0	7,639	410,175
Intergovernmental - State	5,575,466	48,476	0	51,716	0	5,675,658
Intergovernmental - Federal	0	176,513	0	0	0	176,513
All Other Revenues	16,193	1,950	0	0	27,785	45,928
Total Revenues	12,952,237	629,475	0	553,211	35,424	14,170,347
Expenditures:						
Current:						
Instruction	8,260,323	228,923	0	95,993	27,791	8,613,030
Supporting Services:						
Pupils	559,693	6,875	0	0	0	566,568
Instructional Staff	647,620	21,957	0	0	0	669,577
Board of Education	22,111	0	0	0	0	22,111
Administration	1,445,202	0	0	0	0	1,445,202
Fiscal Services	335,949	0	0	0	0	335,949
Business	122,751	0	0	0	0	122,751
Operation and Maintenance of Plant	980,787	0	0	0	0	980,787
Pupil Transportation	592,125	0	0	0	0	592,125
Central	203,375	17,385	0	114,451	0	335,211
Extracurricular Activities	291,586	406,022	0	0	10,299	707,907
Capital Outlay	0	0	0	334,112	0	334,112
Total Expenditures	13,461,522	681,162	0	544,556	38,090	14,725,330
Excess (Deficiency) of Revenues Over (Under) Expenditures	(509,285)	(51,687)	0	8,655	(2,666)	(554,983)
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	1,857	0	0	0	0	1,857
Refund of Prior Years' Expenditures (Receipts)	22,348	0	0	0	0	22,348
Total Other Financing Sources (Uses)	24,205	0	0	0	0	24,205
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(485,080)	(51,687)	0	8,655	(2,666)	(530,778)
Fund Balance Beginning of Year	552,131	275,062	11,497	225,015	12,713	1,076,418
Fund Balance End of Year	\$67,051	\$223,375	\$11,497	\$233,670	\$10,047	\$545,640

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

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**TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Local Sources:						
Taxes	\$7,234,856	\$7,234,856	\$0	\$0	\$0	\$0
Tuition	16,391	16,391	0	0	0	0
Investment Earnings	136,331	136,331	0	0	0	0
Extracurricular Activities	0	0	0	402,536	402,536	0
Intergovernmental - State	5,568,116	5,568,116	0	48,476	48,476	0
Intergovernmental - Federal	0	0	0	170,472	170,472	0
All Other Revenues	16,193	16,193	0	1,950	1,950	0
Total Revenues	12,971,887	12,971,887	0	623,434	623,434	0
Expenditures:						
Current:						
Instruction	8,187,928	8,143,559	44,369	293,897	228,885	65,012
Supporting Services:						
Pupils	566,876	563,286	3,590	7,948	6,850	1,098
Instructional Staff	651,858	635,056	16,802	27,107	21,958	5,149
Board of Education	24,400	22,188	2,212	0	0	0
Administration	1,474,604	1,450,217	24,387	0	0	0
Fiscal Services	352,630	344,246	8,384	0	0	0
Business	128,750	121,433	7,317	0	0	0
Operation and Maintenance of Plant	997,830	973,396	24,434	0	0	0
Pupil Transportation	665,583	646,776	18,807	0	0	0
Central	234,025	201,967	32,058	33,476	17,385	16,091
Extracurricular Activities	302,508	293,567	8,941	456,493	443,803	12,690
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	13,586,992	13,395,691	191,301	818,921	718,881	100,040
Excess (Deficiency) of Revenues Over (Under) Expenditures	(615,105)	(423,804)	191,301	(195,487)	(95,447)	100,040
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	1,857	1,857	0	0	0	0
Refund of Prior Years' Expenditures	26,443	26,443	0	0	0	0
Operating Transfers Out	(1,600)	0	1,600	0	0	0
Advances In	0	0	0	19,496	19,496	0
Advances Out	(20,830)	(19,496)	1,334	0	0	0
Total Other Financing Sources (Uses)	5,870	8,804	2,934	19,496	19,496	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(609,235)	(415,000)	194,235	(175,991)	(75,951)	100,040
Fund Balance at Beginning of Year	1,205,646	1,205,646	0	254,308	254,308	0
Prior Year Encumbrances	226,198	226,198	0	36,924	36,924	0
Fund Balance at End of Year	\$822,609	\$1,016,844	\$194,235	\$115,241	\$215,281	\$100,040

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

(Continued)

**TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Debt Service Fund</u>			<u>Capital Projects Funds</u>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>						
Local Sources:						
Taxes	\$0	\$0	\$0	\$501,505	\$501,505	\$0
Tuition	0	0	0	0	0	0
Investment Earnings	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Intergovernmental - State	0	0	0	51,716	51,716	0
Intergovernmental - Federal	0	0	0	0	0	0
All Other Revenues	0	0	0	0	0	0
Total Revenues	0	0	0	553,221	553,221	0
<u>Expenditures:</u>						
Current:						
Instruction	0	0	0	187,468	157,608	29,860
Supporting Services:					0	
Pupils	0	0	0	0	0	0
Instructional Staff	0	0	0	0	0	0
Board of Education	0	0	0	0	0	0
Administration	0	0	0	0	0	0
Fiscal Services	0	0	0	0	0	0
Business	0	0	0	0	0	0
Operation and Maintenance of Plant	0	0	0	53,863	53,863	0
Pupil Transportation	0	0	0	0	0	0
Central	0	0	0	116,064	114,451	1,613
Extracurricular Activities	0	0	0	0	0	0
Capital Outlay	0	0	0	474,799	463,623	11,176
Debt Service:						
Interest and Fiscal Charges	100	0	100	0	0	0
Total Expenditures	100	0	100	832,194	789,545	42,649
Excess (Deficiency) of Revenues Over (Under) Expenditures	(100)	0	100	(278,973)	(236,324)	42,649
<u>Other Financing Sources (Uses):</u>						
Proceeds from Sale of Fixed Assets	0	0	0	0	0	0
Refund of Prior Years' Expenditures	0	0	0	0	0	0
Operating Transfers Out	0	0	0	0	0	0
Advances In	0	0	0	0	0	0
Advances Out	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(100)	0	100	(278,973)	(236,324)	42,649
Fund Balance at Beginning of Year	11,497	11,497	0	64,589	64,589	0
Prior Year Encumbrances	0	0	0	223,428	223,428	0
Fund Balance at End of Year	\$11,397	\$11,497	\$100	\$9,044	\$51,693	\$42,649

(Continued)

**TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Totals (Memorandum Only)		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Local Sources:			
Taxes	\$7,736,361	\$7,736,361	\$0
Tuition	16,391	16,391	0
Investment Earnings	136,331	136,331	0
Extracurricular Activities	402,536	402,536	0
Intergovernmental - State	5,668,308	5,668,308	0
Intergovernmental - Federal	170,472	170,472	0
All Other Revenues	18,143	18,143	0
Total Revenues	14,148,542	14,148,542	0
Expenditures:			
Current:			
Instruction	8,669,293	8,530,052	139,241
Supporting Services:			
Pupils	574,824	570,136	4,688
Instructional Staff	678,965	657,014	21,951
Board of Education	24,400	22,188	2,212
Administration	1,474,604	1,450,217	24,387
Fiscal Services	352,630	344,246	8,384
Business	128,750	121,433	7,317
Operation and Maintenance of Plant	1,051,693	1,027,259	24,434
Pupil Transportation	665,583	646,776	18,807
Central	383,565	333,803	49,762
Extracurricular Activities	759,001	737,370	21,631
Capital Outlay	474,799	463,623	11,176
Debt Service:			
Interest and Fiscal Charges	100	0	100
Total Expenditures	15,238,207	14,904,117	334,090
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(1,089,665)	(755,575)	334,090
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	1,857	1,857	0
Refund of Prior Years' Expenditures	26,443	26,443	0
Operating Transfers Out	(1,600)	0	1,600
Advances In	19,496	19,496	0
Advances Out	(20,830)	(19,496)	1,334
Total Other Financing Sources (Uses)	25,366	28,300	2,934
Excess (Deficiency) of Revenues			
and Other Financing Sources Over (Under)			
Expenditures and Other Financing Uses	(1,064,299)	(727,275)	337,024
Fund Balance at Beginning of Year	1,536,040	1,536,040	0
Prior Year Encumbrances	486,550	486,550	0
Fund Balance at End of Year	\$958,291	\$1,295,315	\$337,024

**TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN RETAINED EARNINGS
 ALL PROPRIETARY FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Enterprise Funds</u>	<u>Internal Service Fund</u>	<u>Totals (Memorandum Only)</u>
<u>Operating Revenues:</u>			
Tuition and Fees	\$74,881	\$0	\$74,881
Sales	488,972	0	488,972
Other Operating Revenues	74	4,000	4,074
Total Operating Revenues	<u>563,927</u>	<u>4,000</u>	<u>567,927</u>
<u>Operating Expenses:</u>			
Salaries and Wages	218,275	0	218,275
Fringe Benefits	62,639	0	62,639
Contractual Services	8,336	0	8,336
Materials and Supplies	379,494	4,081	383,575
Depreciation	10,054	0	10,054
Total Operating Expenses	<u>678,798</u>	<u>4,081</u>	<u>682,879</u>
Operating Loss	(114,871)	(81)	(114,952)
<u>Non-Operating Revenues (Expenses):</u>			
Federal Donated Commodities	46,460	0	46,460
Operating Grants	74,193	0	74,193
Investment Earnings	9,816	0	9,816
Loss on Disposal of Fixed Assets	(1,524)	0	(1,524)
Total Non-Operating Revenues (Expenses)	<u>128,945</u>	<u>0</u>	<u>128,945</u>
Net Income (Loss)	14,074	(81)	13,993
Retained Earnings at Beginning of Year	<u>203,336</u>	<u>81</u>	<u>203,417</u>
Retained Earnings at End of Year	<u><u>\$217,410</u></u>	<u><u>\$0</u></u>	<u><u>\$217,410</u></u>

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

**TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Enterprise Funds</u>	<u>Internal Service Fund</u>	<u>Totals (Memorandum Only)</u>
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$489,046	\$4,000	\$493,046
Cash Received from Tuition and Fee Payments	74,881	0	74,881
Cash Payments for Goods and Services	(342,899)	(4,076)	(346,975)
Cash Payments to Employees for Services and Benefits	<u>(270,359)</u>	<u>0</u>	<u>(270,359)</u>
Net Cash Used by Operating Activities	<u>(49,331)</u>	<u>(76)</u>	<u>(49,407)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Grants Received	74,419	0	74,419
Net Cash Provided by Noncapital Financing Activities	<u>74,419</u>	<u>0</u>	<u>74,419</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Payments for Capital Acquisitions	<u>(10,604)</u>	<u>0</u>	<u>(10,604)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(10,604)</u>	<u>0</u>	<u>(10,604)</u>
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	<u>9,816</u>	<u>0</u>	<u>9,816</u>
Net Cash Provided by Activities	<u>9,816</u>	<u>0</u>	<u>9,816</u>
Net Increase (Decrease) in Cash and Cash Equivalents	24,300	(76)	24,224
Cash and Cash Equivalents at Beginning of Year	<u>211,164</u>	<u>81</u>	<u>211,245</u>
Cash and Cash Equivalents at End of Year	<u><u>\$235,464</u></u>	<u><u>\$5</u></u>	<u><u>\$235,469</u></u>
<u>Reconciliation of Operating Loss to Net Cash Used by Operating Activities:</u>			
Operating Loss	(\$114,871)	(\$81)	(\$114,952)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:			
Depreciation Expense	10,054	0	10,054
Donated Commodities Used During the Year	46,460	0	46,460
Changes in Assets and Liabilities:			
Increase in Inventory	(4,319)	0	(4,319)
Decrease in Prepaid Items	443	0	443
Increase (Decrease) in Accounts Payable	(2,648)	5	(2,643)
Increase in Accrued Wages and Benefits	6,260	0	6,260
Increase in Intergovernmental Payables	4,213	0	4,213
Increase in Deferred Revenue	4,995	0	4,995
Increase in Compensated Absences	82	0	82
Total Adjustments	<u>65,540</u>	<u>5</u>	<u>65,545</u>
Net Cash Used by Operating Activities	<u><u>(\$49,331)</u></u>	<u><u>(\$76)</u></u>	<u><u>(\$49,407)</u></u>

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

**TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

The District is associated with organizations which are defined as insurance purchasing pool, a jointly governed organization, and a related organization. These organizations are presented in Notes 13, 15 and 16 to the general purpose financial statements.

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

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are summarized by type in the general purpose financial statements.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

The following fund types and account groups are used by the District:

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

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

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than expendable trust, or major capital projects) that are legally restricted to expenditure for specified purposes.

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

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

Proprietary Funds - The proprietary funds are accounted for on a "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of the proprietary funds are included on the balance sheet. Fund equity (i.e., net assets) is segregated into contributed capital and retained earnings components. The proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal Service Fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District or to other governments on a cost-reimbursement basis.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds

Trust and Agency Funds - These funds are used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The District maintains an expendable trust fund and an agency fund. The expendable trust fund is accounted for and reported similarly to a governmental fund. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

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

General Fixed Assets Account Group - This account group is established to account for fixed assets of the District other than those accounted for in the proprietary fund.

General Long-Term Obligations Account Group - This account group is established to account for all long-term debt and other long-term liabilities of the District except those accounted for in the proprietary funds.

C. Basis of Accounting

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

The modified accrual basis of accounting is followed by the governmental funds and expendable trust and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the District is considered to be 60 days after fiscal year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

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

Current property taxes measurable at June 30, 2000, and which are not intended to finance fiscal 2000 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2000 are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Pursuant to GASB Statement No. 20, "*Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*," the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

D. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year.

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

1. Tax Budget

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

2. Estimated Resources

Prior to March 15, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the fiscal year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2000.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

3. Appropriations

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

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as reservations of fund balances for governmental funds in the accompanying general purpose financial statements.

5. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

6. Budgetary Basis of Accounting

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

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the governmental funds:

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses		
	General Fund	Special Revenue Funds	Capital Projects Funds
GAAP Basis (as reported)	(\$485,080)	(\$51,687)	\$8,655
Increase (Decrease):			
Accrued Revenues at June 30, 2000, received during FY 2001	(490,006)	0	(27,610)
Accrued Revenues at June 30, 1999, received during FY 2000	494,255	0	27,620
Accrued Expenditures at June 30, 2000, paid during FY 2001	1,545,480	47,390	32,251
Accrued Expenditures at June 30, 1999, paid during FY 2000	(1,403,122)	(22,539)	(90,622)
FY 1999 Prepays for FY 2000	29,154	6,369	0
FY 2000 Prepays for FY 2001	(25,325)	(7,172)	0
Encumbrances Outstanding	(80,356)	(48,312)	(186,618)
Budget Basis	(\$415,000)	(\$75,951)	(\$236,324)

E. Cash and Cash Equivalents

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

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each had maintained its own cash and investment account. See Note 3, "Cash, Cash Equivalents and Investments."

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, *“Accounting and Financial Reporting for Certain Investments and for External Investment Pools”*, the District reports its repurchase agreements and money market funds at cost. See Note 3, “Cash, Cash Equivalents and Investments.”

G. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental and expendable trust funds when purchased and as expenses in the proprietary funds when used.

H. Fixed Assets and Depreciation

The accounting and reporting treatment applied to fixed assets is determined by their ultimate use:

1. Property, Plant and Equipment - General Governmental Purposes

Fixed assets acquired or constructed for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received. The District does not possess any infrastructure.

General fixed asset values were initially determined at June 30, 1993 by identifying historical costs where such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain fixed assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition. Assets valued at less than \$500 are not capitalized.

The District has elected not to record depreciation in the General Fixed Assets Account Group.

2. Property, Plant and Equipment - Proprietary Fund

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed fixed assets are recorded at fair market value at the date received. Assets valued at less than \$500 are not capitalized.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets and Depreciation (Continued)

2. Property, Plant and Equipment - Proprietary Fund (Continued)

Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Estimated Lives (years)
Machinery, Equipment, Furniture and Fixtures	8-20

I. Long-Term Obligations

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

Obligation	Fund
Compensated Absences	General Fund, Food Services Fund
Intergovernmental Payable	General Fund

J. Compensated Absences

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

K. Pensions

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

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds. Interfund transactions are generally classified as follows:

- Operating transfers are reported as “Other Financing Sources and Uses” in the governmental funds, as “Operating Transfers In” by the recipient fund, and “Operating Transfers Out” by the disbursing fund.
- Short-term interfund loans are reflected as interfund loans payable/receivable, while long-term interfund loans (greater than one year in length) are recorded as advances to/from other funds.
- Residual Equity Transfers are nonroutine or nonrecurring transfers between funds and are reported as additions to or deductions from the fund equity balance. There were no residual equity transfers made during the fiscal year.

Transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the District are similarly treated when involving other funds of the District.

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish reserves for textbooks, capital acquisition, and budget stabilization. This reserve is required by state statute.

N. Reservations of Fund Balance

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

O. Total Columns on Combined Financial Statements - Overview

Total columns on the “Combined Financial Statements-Overview” are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficits at June 30, 2000 of \$4,732 in the Drug Free Grant Fund, and \$15,691 in the Classroom Reduction Fund (special revenue) arise from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. A deficit does not exist under the budgetary basis of accounting.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments. In addition, investments are separately held by a number of individual funds.

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

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

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 110% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, “*Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*,” collateral held in single financial institution collateral pools with securities being held by the pledging financial institutions’ agent in the pool’s name are classified as Category 3.

The Governmental Accounting Standards Board has established risk categories for deposits and investments as follows:

Deposits:

- Category 1 Insured or collateralized with securities held by the District or by its agent in the District’s name.
- Category 2 Collateralized with securities held by the pledging financial institution’s trust department or agent in the District’s name.
- Category 3 Uncollateralized. (This category includes any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the District’s name.)

Investments:

- Category 1 Insured or registered, or securities held by the District or its agent in the District’s name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty’s trust department or agent in the District’s name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District’s name.

A. Deposits

At fiscal year end the carrying amount of the District’s deposits was \$1,251,645 and the bank balance was \$1,377,593. The Federal Deposit Insurance Corporation (FDIC) covered \$104,263 of the bank balance. All remaining deposits were classified as Category 3.

Investment earnings of \$120,688 earned by other funds except the Food Service Fund were credited to the General Fund as required by state statute.

B. Cash with Fiscal Agents

In addition to deposits, the District had cash with fiscal agents in the amount of \$66,703, the entire amount was insured by the FDIC.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

C. Investments

The District's investments at June 30, 2000 were as follows:

<u>Categorized Investments</u>	<u>Category 2</u>	<u>Fair Value</u>
Repurchase Agreement	\$664,597	\$664,597
Total Investments	<u>\$664,597</u>	<u>\$664,597</u>

D. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Certificates of deposit with an original maturity of three months or less are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Combined Balance Sheet	\$1,982,945	\$0
Investments:		
Repurchase Agreements	(664,597)	664,597
Per GASB Statement No. 3	<u>\$1,318,348</u>	<u>\$664,597</u>

NOTE 4 – STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2000, the reserve activity (cash-basis) was as follows:

	<u>Textbook Reserve</u>	<u>Capital Acquisition Reserve</u>	<u>Budget Stabilization Reserve</u>	<u>Total</u>
Set-aside Cash Balance as of June 30, 1999	\$0	\$0	\$153,573	\$153,573
Current Year Set-Aside Requirement	363,073	363,073	109,115	835,261
Current Year Offset Credits	0	0	0	0
Qualifying Disbursements	(457,350)	(367,711)	0	(825,061)
Total	<u>(\$94,277)</u>	<u>(\$4,638)</u>	<u>\$262,688</u>	<u>\$163,773</u>
Cash Balance Carried Forward to FY 2001	<u>\$0</u>	<u>\$0</u>	<u>\$262,688</u>	<u>\$262,688</u>
Amount Restricted for Budget Stabilization				262,688
Total Restricted Assets				<u>\$262,688</u>

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

NOTE 5 - PROPERTY TAXES

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the District. Real property taxes (other than public utility) collected during 2000 were levied after October 1, 1999 on assessed values as of January 1, 1999, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last reappraisal was completed in 1996. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

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

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County including Tipp City Exempted Village School District. The County Auditor periodically remits to the District its portion of the taxes collected. The assessed value upon which the fiscal year 2000 receipts were based are:

	1999 Second Half Collections	2000 First Half Collections
Agricultural/Residential and Other Real Estate	\$247,613,910	\$253,721,400
Public Utility Personal	16,134,230	15,610,230
Tangible Personal Property	<u>41,821,790</u>	<u>40,826,780</u>
Total Assessed Value	<u>\$305,569,930</u>	<u>\$310,158,410</u>
Tax rate per \$1,000 of assessed valuation	\$45.78	\$45.78

NOTE 6 - RECEIVABLES

Receivables at June 30, 2000 consisted of taxes and intergovernmental receivables.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

NOTE 7 - INTERFUND RECEIVABLE AND PAYABLES

The composition of interfund balances as of June 30, 2000, is as follows:

	<u>Interfund Loans Receivable</u>	<u>Interfund Loans Payable</u>
General Fund	\$19,496	\$0
Special Revenue Funds:		
Drug Free Grant Fund	0	3,885
Classroom Reduction Fund	<u>0</u>	<u>15,611</u>
Total Special Revenue Funds	<u>0</u>	<u>19,496</u>
Totals	<u><u>\$19,496</u></u>	<u><u>\$19,496</u></u>

NOTE 8 - FIXED ASSETS

A. General Fixed Assets

Summary by category of changes in general fixed assets:

<u>Class</u>	<u>June 30, 1999</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2000</u>
Land	\$1,122,825	\$60,009	\$0	\$1,182,834
Buildings	6,338,433	0	0	6,338,433
Improvements Other than Buildings	558,741	0	0	558,741
Machinery and Equipment	2,280,890	277,389	(55,656)	2,502,623
Vehicles	1,139,092	113,744	0	1,252,836
Totals	<u><u>\$11,439,981</u></u>	<u><u>\$451,142</u></u>	<u><u>(\$55,656)</u></u>	<u><u>\$11,835,467</u></u>

B. Proprietary Fixed Assets

Summary by Category at June 30, 2000:

<u>Category</u>	<u>Historical Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Machinery and Equipment	<u>\$289,514</u>	<u>(\$220,588)</u>	<u>\$68,926</u>
Total Property, Plant and Equipment	<u><u>\$289,514</u></u>	<u><u>(\$220,588)</u></u>	<u><u>\$68,926</u></u>

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

NOTE 9 - DEFINED BENEFIT PENSION PLANS

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

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

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

The SERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The SERS of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the SERS of Ohio. Interested parties may obtain a copy by making a written request to SERS, 45 North Fourth Street, Columbus, Ohio 43215-3634 or by calling (614) 222-5853.

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9% respectively. The contribution rates are determined actuarially, and are established and may be amended, up to statutory amounts, by the School Employees Retirement Board (Retirement Board) within the rates allowed by State statute. The required employer contribution rate is allocated to basic retirement benefits and health care by the Retirement Board. At June 30, 2000, 5.5% was allocated to fund the pension benefit and 8.5% to fund health care. The District's contributions to the SERS of Ohio for the years ending June 30, 2000, 1999, and 1998 were \$279,176, \$278,898, and \$260,022, respectively, which were equal to the required contributions for each year.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium. The portion of the 2000 employer contribution rate (identified above) that was used to fund health care for the year 2000 was 8.5%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, prorated for partial service credit. For fiscal year 2000, the minimum pay has been established as \$12,400. The amount contributed to fund health care benefits, including the surcharge amounted to \$205,319.

Health care benefits are financed on a pay-as-you-go basis. The number of retirees and covered dependents currently receiving benefits is approximately 51,000. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 1999 (the latest information available) were \$126,380,984 and the target level was \$189.6 million. Net assets available for payment of benefits at June 30, 1999 was \$188.0 million.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

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

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

The STRS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and survivor benefits based on eligible service credit to plan members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. The STRS of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the STRS of Ohio. Interested parties may obtain a copy by making a written request to STRS, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9.3%, respectively. The contribution requirements of plan members and the District are established and may be amended by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. At June 30, 2000, 6% was allocated to fund the pension benefit and 8% to fund health care. The District's contributions to the STRS of Ohio for the years ending June 30, 2000, 1999, and 1998 were \$1,050,709, \$979,308, and \$962,820, respectively, which were equal to the required contributions for each year.

STRS provides postemployment health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium.

Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions, equal to 2% of covered payroll, to a Health Care Reserve Fund. However, for the fiscal year ended June 30, 2000, the board allocated employer contributions equal to 8% of covered payroll to the Health Care Reserve Fund, which amounted to \$600,405 for the District. The balance of the Health Care Reserve Fund was \$2.783 billion at June 30, 1999 (the latest information available). For the fiscal year ended June 30, 1999, the net health care costs paid by STRS were \$249,929,000. There were 95,796 eligible benefit recipients.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

NOTE 10- COMPENSATED ABSENCES

The District provides a liability for accumulated unpaid sick leave and vacation time benefits when earned by employees. Accrued employee benefits for governmental funds not currently due and payable at fiscal year end are recorded in the General Long-Term Obligations Account Group. At June 30, 2000, the total accumulated unpaid sick and vacation time recorded in the General Long-Term Obligations Account Group were:

	Sick Leave	Vacation	Total
Liability	\$1,557,868	\$73,403	\$1,631,271

The portion attributable to the enterprise funds has been recorded within the respective fund and is not included in the figures presented above.

NOTE 11 - LONG-TERM OBLIGATIONS

Long-term obligations of the District at June 30, 2000 were as follows:

	Balance June 30,1999	Increase (Decrease)	Balance June 30,2000
General Long-Term Obligations:			
Intergovernmental Payable	\$96,848	\$10,062	\$106,910
Compensated Absences	1,632,144	(873)	1,631,271
Total General Long-Term Obligations	\$1,728,992	\$9,189	\$1,738,181

NOTE 12 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains two enterprise funds to account for the operation of Food Services and Uniform School Supply Sales. The key financial information for the fiscal year ended June 30, 2000 for these enterprise activities is as follows:

	Food Services	Uniform School Supply	Total
Operating Revenues	\$489,046	\$74,881	\$563,927
Depreciation Expense	10,054	0	10,054
Operating Loss	(107,059)	(7,812)	(114,871)
Net Income (Loss)	21,886	(7,812)	14,074
Property, Plant and Equipment:			
Additions	10,604	0	10,604
Deletions	11,829	0	11,829
Operating Grants	120,653	0	120,653
Total Assets	293,492	39,325	332,817
Net Working Capital	157,965	38,733	196,698
Total Equity	178,677	38,733	217,410

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

NOTE 13 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During fiscal year 2000 the District contracted with several different insurance providers for various insurance coverages, as follows:

<u>Insurance Provider</u>	<u>Coverage</u>	<u>Deductible</u>
Indiana Insurance Company	Automobile	\$500
Indiana Insurance Company	Commercial Property	\$250
Cincinnati Insurance Company	Boiler and Machinery	\$500
Harcum-Hyre Insurance Company	General Liability	\$0

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

The District participates in the Southwestern Ohio Educational Purchasing Cooperative Group Rating Program (the GRP), an insurance purchasing pool. The group rating plan for workers' compensation was established under Section 4123.29 of the Ohio Revised Code. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

NOTE 14 - GRANTS

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

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

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

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

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

Southwestern Ohio Educational Purchasing Cooperative (SOEPC) - SOEPC is a purchasing cooperative made up of nearly one hundred school districts in twelve counties. The Montgomery County Board of Education acts as fiscal agent for the group. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment and supplies purchased by the SOEPC is held in trust for the member district by the fiscal agent. 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. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Cooperative, 1831 Harshman Road, Dayton, Ohio 45424.

NOTE 16 - RELATED ORGANIZATION

Tipp City Public Library (Library) - The Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Tipp City Exempted Village School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Tipp City Public Library, Clerk/Treasurer, 11 East Main Street, Tipp City, Ohio 45371.

TIPP CITY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

NOTE 17 – SCHOOL FUNDING

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$4,867,578 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly..." including the State's reliance on local property tax funding, the State's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program. The Court decided to maintain jurisdiction over these issues and continue the case at least until June 15, 2001. As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

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

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. Department of Agriculture						
(Passed through Ohio Department of Education)						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	0	51,455	0	46,460
National School Lunch Program	03-PU-99	10.555	12,542	0	12,542	0
	03-PU-00		30,600	0	30,600	0
	04-PU-99		7,961	0	7,961	0
	04-PU-00		<u>21,456</u>	<u>0</u>	<u>21,456</u>	<u>0</u>
Total National School Lunch Program			<u>72,559</u>	<u>0</u>	<u>72,559</u>	<u>0</u>
Total U.S. Department of Agriculture - Nutrition Cluster			<u>72,559</u>	<u>51,455</u>	<u>72,559</u>	<u>46,460</u>
U.S. Department of Education						
(Passed through Ohio Department of Education)						
Title I - Education Consolidation Improvement Act	C1-S1-99	84.010	0	0	21,121	0
	C1-S1-00		<u>65,147</u>	<u>0</u>	<u>45,188</u>	<u>0</u>
Total Title I			<u>65,147</u>	<u>0</u>	<u>66,309</u>	<u>0</u>
Title VI-B - Education of Handicapped Act	6B-SF-98	84.027	0	0	28,742	0
	6B-SF-99		<u>83,764</u>	<u>0</u>	<u>51,262</u>	<u>0</u>
Total Title VI-B			<u>83,764</u>	<u>0</u>	<u>80,004</u>	<u>0</u>
Special Education Preschool Grant (D)	6B-EH-99	84.173	390	0	390	0
	6B-EH-00		<u>4,012</u>	<u>0</u>	<u>4,012</u>	<u>0</u>
Total Special Education Preschool Grant			<u>4,402</u>	<u>0</u>	<u>4,402</u>	<u>0</u>
Total Special Education Cluster			<u>88,166</u>	<u>0</u>	<u>84,406</u>	<u>0</u>
Drug Free Schools	DR-S1-99	84.186	0	0	1,204	0
	DR-S1-00		<u>3,569</u>	<u>0</u>	<u>7,052</u>	<u>0</u>
Total Drug Free Schools			<u>3,569</u>	<u>0</u>	<u>8,256</u>	<u>0</u>
Math Science Subsidy (D)	MS-S1-98	84.281	1,639	0	1,639	0
Math Science Subsidy	MS-S1-99		0	0	7,349	0
	MS-S1-00		<u>2,368</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Math/Science Subsidy			<u>4,007</u>	<u>0</u>	<u>8,988</u>	<u>0</u>
Innovative Education Program	C2-S1-98	84.298	0	0	3,467	0
	C2-S1-99		1,812	0	4,334	0
	C2-S1-00		<u>4,198</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Innovative Education Program			<u>6,010</u>	<u>0</u>	<u>7,801</u>	<u>0</u>
Class Size Reduction Subsidy	CR-S1-00	84.340	6,691	0	22,302	0
(Passed through Miami Valley Career Technology Center)						
Perkins Grant	N/A	84.048	0	0	1,112	0
Total U.S. Department of Education			<u>173,590</u>	<u>0</u>	<u>199,174</u>	<u>0</u>
Total Federal Programs			<u><u>246,149</u></u>	<u><u>51,455</u></u>	<u><u>271,733</u></u>	<u><u>46,460</u></u>

See accompanying notes to the Schedule of Federal Awards Expenditures

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal awards programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - NATIONAL SCHOOL LUNCH PROGRAM

Federal funds received from the National School Lunch Program were commingled with state subsidy and local revenue from the sale of meals. It was assumed that federal dollars were expended first.

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at fair market value of commodities received and consumed. At June 30, 2000, the District had \$11,526 of donated commodities in inventory.

NOTE D - GRANTS SPENT ON BEHALF OF DISTRICT

The Miami County Educational Service Center spent \$1,639 from the Math Science Subsidy Grant Program and \$4,402 from the Preschool Grant on behalf of the Tipp City Exempted Village School District.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND
ON INTERNAL CONTROL 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 the financial statements of the Tipp City Exempted Village School District, Miami County (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated November 15, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated November 15, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 15, 2000.

Tipp City Exempted Village School District
Miami County
Report of Independent Accountants on Compliance
and on Internal Control Required by
Government Auditing Standards
Page 2

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

Jim Petro
Auditor of State

November 15, 2000



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

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

To the Board of Education:

Compliance

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

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.

Internal Control Over Compliance

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

Tipp City Exempted Village School District
Miami County
Report of Independent Accountants on Compliance With
Requirements Applicable to Each Major Federal Program
and Internal Control Over Compliance In Accordance
With OMB Circular A-133
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Jim Petro
Auditor of State

November 15, 2000

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

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

JUNE 30, 2000

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster: CFDA #'s 10.550, 10.555 Special Education Cluster: CFDA #'s 84.027, 84.173
<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?	No

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

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

**JUNE 30, 2000
(Continued)**

**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

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

SCHEDULE OF PRIOR AUDIT FINDINGS

JUNE 30, 2000

Finding Number	Finding Summary	Fully <u>Corrected</u> ?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <i>Explain:</i>
1999-10355-001	Material misstatement in General Fixed Asset Account Group (GFAAG) valuations requiring adjustment by the client.	Fixed asset adjustments in the current year were immaterial to the GFAAG indicating that satisfactory progress had been made.	Finding does not need to be repeated.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
DECEMBER 14, 2000**