

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

**AUDIT REPORT**

**FOR THE FISCAL YEAR  
ENDED JUNE 30, 2014**

***James G. Zupka, CPA, Inc.***  
**Certified Public Accountants**





# Dave Yost • Auditor of State

Board of Education  
Tiffin City School District  
244 South Monroe Street  
Tiffin, Ohio 44883

We have reviewed the *Independent Auditor's Report* of the Tiffin City School District, Seneca County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2013 through June 30, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

April 17, 2015

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**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO  
AUDIT REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-14
Basic Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Balance Sheet - Governmental Funds	17
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	21
Statement of Fiduciary Net Position - Fiduciary Funds	22
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	23
Notes to the Basic Financial Statements	24-54
Schedule of Expenditures of Federal Awards	55
Notes to the Schedule of Expenditures of Federal Awards	56
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	57-58
Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	59-60
Schedule of Findings and Questioned Costs	61-64
Schedule of Prior Citations and Recommendations	65
Independent Accountant's Report on Applying Agreed-Upon Procedures	66

**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants  
5240 East 98<sup>th</sup> Street  
Garfield Hts., Ohio 44125*

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**INDEPENDENT AUDITOR'S REPORT**

Board of Education  
Tiffin City School District  
Tiffin, Ohio

The Honorable Dave Yost  
Auditor of State  
State of Ohio

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Tiffin City School District, Seneca County, Ohio, 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the Tiffin City School District, Ohio's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Tiffin City School District, Ohio, as of June 30, 2014, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note 3 to the financial statements, the District restated its June 30, 2013 governmental activities' net position for property taxes. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tiffin City School District, Ohio's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2015, on our consideration of the Tiffin City School District, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Tiffin City School District, Ohio's internal control over financial reporting and compliance.

**James G. Zupka,**  
**CPA, President**

James G. Zupka, CPA, Inc.  
Certified Public Accountants

Digitally signed by James G. Zupka, CPA,  
President  
DN: cn=James G. Zupka, CPA, President,  
o=James G. Zupka, CPA, Inc., ou=Accounting,  
email=jgzcpa@sbcglobal.net, c=US  
Date: 2015.01.26 14:05:27 -05'00'

January 8, 2015

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

The management's discussion and analysis of Tiffin City School District's (the "District") financial performance provides an overall review 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**

Key financial highlights for 2014 are as follows:

- In total, net position of governmental activities increased \$1,960,956 which represents a 12.13% increase from 2013.
- General revenues accounted for \$21,496,292 in revenue or 76.89% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$6,462,452 or 23.11% of total revenues of \$27,958,744.
- The District had \$25,997,788 in expenses related to governmental activities; only \$6,462,452 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$21,496,292 were adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$23,499,543 in revenues and \$21,993,620 in expenditures. During fiscal 2014, the general fund's fund balance increased \$1,505,923 from a balance of \$2,805,477 to \$4,311,400.

**Using the Financial Report**

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

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. The District's only major fund is the general fund.

**Reporting the District as a Whole**

*Statement of Net position and the Statement of Activities*

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations. The District's statement of net position and statement of activities can be found on pages 15-16 of this report.

**Reporting the District's Most Significant Funds**

*Fund Financial Statements*

The analysis of the District's major governmental fund begins on page 11. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental fund is the general fund.

*Governmental Funds*

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets than can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 17-21 of this report.

**Reporting the District's Fiduciary Responsibilities**

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as private-purpose trust funds. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in the agency fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 22 and 23. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

*Notes to the Basic Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 24-54 of this report.

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**The District as a Whole**

The net position of the District was restated at June 30, 2013 as described in Note 3.C to the basic financial statements. The table below provides a summary of the District's net position at June 30, 2014 and June 30, 2013.

	<b>Net Position</b>	
	Governmental Activities 2014	(Restated) Governmental Activities 2013
<b><u>Assets:</u></b>		
Current and other assets	\$ 23,699,350	\$ 19,334,922
Capital assets, net	<u>17,950,109</u>	<u>16,973,985</u>
Total assets	<u>41,649,459</u>	<u>36,308,907</u>
<b><u>Deferred outflows:</u></b>	<u>267,572</u>	<u>295,987</u>
<b><u>Liabilities:</u></b>		
Current liabilities	2,804,831	2,245,556
Long-term liabilities	<u>9,161,186</u>	<u>8,269,875</u>
Total liabilities	<u>11,966,017</u>	<u>10,515,431</u>
<b><u>Deferred inflows:</u></b>	<u>11,829,557</u>	<u>9,928,962</u>
<b><u>Net position:</u></b>		
Net investment in capital assets	11,274,165	10,670,099
Restricted	2,349,430	2,675,417
Unrestricted	<u>4,497,862</u>	<u>2,814,985</u>
Total net position	<u>\$ 18,121,457</u>	<u>\$ 16,160,501</u>

Assets and liabilities both increased due to the issuance of \$955,000 in certificates of participation and \$645,000 in energy conservation bonds. Current and other assets increased due to the issuance proceeds and capital assets increased due to the related construction projects. Current liabilities increased due to the Stadium Renovation project beginning in fiscal year 2014 causing an increase in contracts and retainage payable. Long-term liabilities increased as a result of the issuance of these two long-term debt obligations.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2014, the District's assets and deferred outflows exceeded liabilities and deferred inflows by \$18,121,457.

At year-end, capital assets represented 43.10% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and school buses and vehicles. The District's net investment in capital assets at June 30, 2014, was \$11,274,165. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

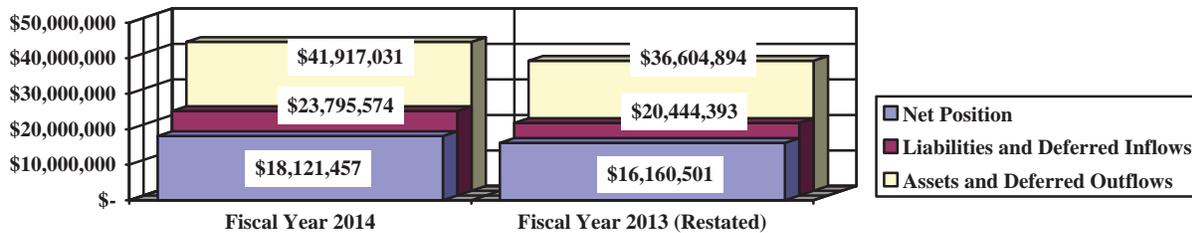
**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

A portion of the District's net position, \$2,349,430, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$4,497,862 may be used to meet the District's ongoing obligations to the students and creditors.

The table below provides a summary of the District's assets, deferred outflows, liabilities, deferred inflows and net position for fiscal year 2014 and 2013.

**Governmental - Net Position**



The net position of the District was restated at June 30, 2013 as described in Note 3.C to the basic financial statements. The table below shows the changes in net position for governmental activities for fiscal years 2014 and 2013.

**Change in Net Position**

	Governmental Activities <u>2014</u>	(Restated) Governmental Activities <u>2013</u>
<b>Revenues:</b>		
Program revenues:		
Charges for services and sales	\$ 2,202,224	\$ 1,986,621
Operating grants and contributions	4,096,165	3,494,015
Capital grants and contributions	164,063	26,159
General revenues:		
Property taxes	10,193,721	7,648,921
Payment in lieu of taxes	45,142	39,957
Grants and entitlements	11,234,131	10,538,836
Gain on sale of assets	-	235,780
Investment earnings	14,132	7,556
Other	9,166	72,338
Total revenues	<u>27,958,744</u>	<u>24,050,183</u>

Property tax revenue increased as a result of a \$786,774 increase in property tax receipts due to a full year of collections on the 4.9 mill continuing operating levy that was passed in March of 2012. In addition, fluctuations in the amount of taxes collected by the County Auditor and available as an advance at June 30<sup>th</sup> of each respective year caused the remaining increase in tax revenue. The actual cash receipts in the general fund were \$10,217,259 and \$9,430,485 at June 30, 2014 and 2013, respectively. Grants and entitlements increased due to an increase in State of Ohio foundation base allowance due to the passage of House Bill 59.

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<b>Change in Net Position (Continued)</b>	
	(Restated)	
	Governmental Activities <u>2014</u>	Governmental Activities <u>2013</u>
<b><u>Expenses:</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 10,921,898	\$ 10,779,058
Special	4,657,311	3,576,667
Vocational	78,651	141,259
Other	15,999	38,295
Support services:		
Pupil	1,430,403	1,212,820
Instructional staff	786,169	1,303,951
Board of education	23,278	32,549
Administration	1,700,093	1,733,875
Fiscal	573,957	600,838
Business	89,380	19,958
Operations and maintenance	2,607,834	2,556,885
Pupil transportation	922,937	1,019,842
Central	43,063	5,071
Operations of non-instructional services:		
Food service operations	782,585	753,083
Other non-instructional services	193,909	326,441
Extracurricular activities	712,591	649,330
Interest and fiscal charges	<u>457,730</u>	<u>387,308</u>
Total expenses	<u>25,997,788</u>	<u>25,137,230</u>
Change in net position	1,960,956	(1,087,047)
Net position at beginning of year (restated)	<u>16,160,501</u>	<u>17,247,548</u>
Net position at end of year	<u>\$ 18,121,457</u>	<u>\$ 16,160,501</u>

Special instruction expenses increased approximately \$1.1 million due to increased costs related to the education of students with special needs and due to the newly required coding implemented by the Ohio Department of Education related to special education. The new coding resulted in the approximate \$517,000 decrease in support services instructional staff expenses.

**Governmental Activities**

Net position of the District's governmental activities increased \$1,960,956. Total governmental expenses of \$25,997,788 were offset by program revenues of \$6,462,452 and general revenues of \$21,496,292.

Program revenues supported 24.86% of the total governmental activities expenses.

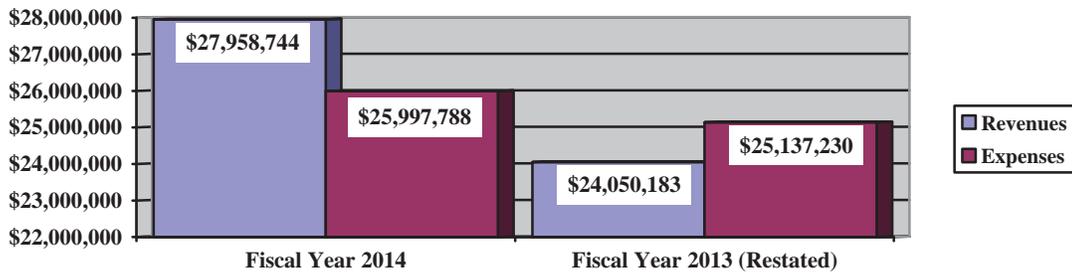
**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements from the State of Ohio. These revenue sources represent 76.64 % of total governmental revenue. Real estate property is reappraised every six years.

The net position of the District was restated at June 30, 2013 as described in Note 3.C to the basic financial statements. The graph below presents the District's governmental activities revenues and expenses for fiscal years 2014 and 2013.

**Governmental Activities - Revenues and Expenses**



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2014 and 2013. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

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**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

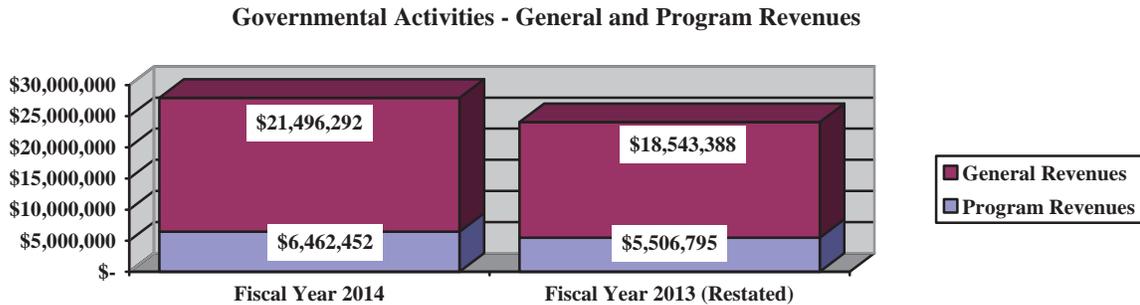
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**Governmental Activities**

	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
Program expenses:				
Instruction:				
Regular	\$ 10,921,898	\$ 9,333,190	\$ 10,779,058	\$ 9,474,403
Special	4,657,311	2,018,851	3,576,667	1,737,839
Vocational	78,651	42,730	141,259	122,405
Other	15,999	15,999	38,295	38,295
Support services:				
Pupil	1,430,403	1,167,676	1,212,820	1,023,746
Instructional staff	786,169	725,479	1,303,951	832,022
Board of education	23,278	23,278	32,549	32,549
Administration	1,700,093	1,697,678	1,733,875	1,731,212
Fiscal	573,957	573,957	600,838	600,790
Business	89,380	89,380	19,958	19,958
Operations and maintenance	2,607,834	2,545,864	2,556,885	2,502,473
Pupil transportation	922,937	853,000	1,019,842	960,917
Central	43,063	43,063	5,071	4,014
Operation of non-instructional services:				
Food service operations	782,585	(52,186)	753,083	(44,313)
Other non-instructional services	193,909	(147,413)	326,441	26,171
Extracurricular activities	712,591	147,060	649,330	180,646
Interest and fiscal charges	457,730	457,730	387,308	387,308
<b>Total expenses</b>	<b>\$ 25,997,788</b>	<b>\$ 19,535,336</b>	<b>\$ 25,137,230</b>	<b>\$ 19,630,435</b>

The dependence upon tax revenues during fiscal year 2014 for governmental activities is apparent, as 72.80% of 2014 instruction activities are supported through taxes and other general revenues.

The graph below presents the District's governmental activities revenue for fiscal years 2014 and 2013.



**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**The District's Governmental Funds**

The District's governmental funds (as presented on the balance sheet on page 17) reported a combined fund balance of \$7,334,557, which is \$2,135,463 more than last year's total of \$5,199,094. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2014 and 2013.

	<u>Fund Balance</u> <u>June 30, 2014</u>	<u>Fund Balance</u> <u>June 30, 2013</u>	<u>Increase</u>
General	\$ 4,311,400	\$ 2,805,477	\$ 1,505,923
Other governmental	<u>3,023,157</u>	<u>2,393,617</u>	<u>629,540</u>
Total	<u>\$ 7,334,557</u>	<u>\$ 5,199,094</u>	<u>\$ 2,135,463</u>

**General Fund**

The District's general fund balance increased \$1,505,923 during 2014.

The table that follows assists in illustrating the revenues of the general fund.

	<u>2014</u> <u>Amount</u>	<u>2013</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 9,299,225	\$ 7,225,455	28.70 %
Intergovernmental	12,539,303	11,268,739	11.28 %
Investment income	12,447	7,331	69.79 %
Tuition	1,111,539	1,054,567	5.40 %
Transportation fees	61,366	65,028	(5.63) %
Classroom materials and fees	80,209	73,113	9.71 %
Payment in lieu of taxes	45,142	39,957	12.98 %
Other revenues	<u>350,312</u>	<u>275,276</u>	27.26 %
Total	<u>\$ 23,499,543</u>	<u>\$ 20,009,466</u>	17.44 %

Tax revenue increased as a result of a \$786,774 increase in property tax receipts due to a full year of collections on the 4.9 mill continuing operating levy that was passed in March of 2012. In addition, fluctuations in the amount of taxes collected by the County Auditor and available as an advance at June 30<sup>th</sup> of each respective year caused the remaining increase in tax revenue. The actual cash receipts in the general fund were \$10,217,259 and \$9,430,485 at June 30, 2014 and 2013, respectively. The amount of taxes collected and available as an advance is recorded as tax revenue on the modified accrual basis of accounting and can vary depending upon when tax bills are sent out by the County Auditor. The increase in intergovernmental revenue was due primarily to increases in school foundation basic allowance as a result of the passage of House Bill 59. Tuition revenue increased due to increased open enrollment. Classroom materials and fees increased due to an increase in money received from the sale of workbooks. Other revenues increased primarily due to an increase in contributions and donations and contract services. All other revenues remained comparable to the prior fiscal year.

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

The table that follows assists in illustrating the expenditures of the general fund.

<u>Expenditures</u>	<u>2014 Amount</u>	<u>2013 Amount</u>	<u>Percentage Change</u>
Instruction	\$ 14,202,179	\$ 13,598,021	4.44 %
Support services	7,295,432	7,323,840	(0.39) %
Extracurricular activities	339,817	323,364	5.09 %
Facilities acquisition and construction	15,534	-	100.00 %
Debt service	<u>140,658</u>	<u>86,819</u>	62.01 %
Total	<u>\$ 21,993,620</u>	<u>\$ 21,332,044</u>	3.10 %

Instructional expenditures increased due to increases in special instruction expenditures. Facilities acquisition and construction increased due to two ongoing projects for energy conservation. Debt service expenditures increased due to principal payments made on debt issued. All other expenditures remained comparable to the prior fiscal year.

***General Fund Budgeting Highlights***

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund. During the course of fiscal 2014, the District's general fund budget remained the same. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, original budgeted revenues and other financing sources were \$24,497,356. Final budgeted revenues and other financing sources of \$24,497,356 were \$156,815 more than actual revenues and other financing sources of \$24,340,541.

General fund original and final appropriations and other financing uses were \$22,628,687. The actual budget basis expenditures and other financing uses for fiscal year 2014 totaled \$22,326,672, which was \$302,015 less than the final budget appropriations.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal 2014, the District had \$17,950,109 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles.

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

The following table shows the capital asset fiscal 2014 balances compared to 2013:

	<b>Capital Assets at June 30 (Net of Depreciation)</b>	
	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Land	\$ 1,965,821	\$ 1,965,821
Construction in progress	1,404,548	-
Land improvements	211,151	261,016
Building and improvements	12,323,998	12,770,405
Furniture and equipment	1,473,583	1,545,965
Vehicles	<u>571,008</u>	<u>430,778</u>
<b>Total</b>	<b><u>\$ 17,950,109</u></b>	<b><u>\$ 16,973,985</u></b>

The increase in capital assets, net of accumulated depreciation, was primarily caused by additions of \$1,849,120 exceeding depreciation expense of \$870,587. The District had disposals of \$2,409, net of accumulated depreciation. See Note 7 to the basic financial statements for detail on the District's capital assets.

***Debt Administration***

At June 30, 2014, the District had \$645,000 in energy conservation bonds, \$5,969,959 in refunding bonds, \$930,000 in certificate of participation and \$177,437 in capital lease obligations outstanding. Of the total outstanding debt, \$729,396 is due within one year and \$6,993,000 is due in greater than one year. The following table summarizes the bonds, certificates of participation and lease obligations outstanding.

	<b>Outstanding Debt, at Year End</b>	
	Governmental Activities	Governmental Activities
	<u>2014</u>	<u>2013</u>
Energy conservation bonds	\$ 645,000	\$ -
School improvement general obligation bonds	-	455,000
School improvement refunding bonds	5,969,959	5,951,355
Certificates of participation	930,000	-
Capital lease obligation	<u>177,437</u>	<u>252,781</u>
<b>Total</b>	<b><u>\$ 7,722,396</u></b>	<b><u>\$ 6,659,136</u></b>

See Note 9 to the basic financial statements for detail on the District's debt administration.

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**Current Financial Related Activities**

The Tiffin City School District has committed itself to financial excellence by operating a tight budget with minimal excess revenues from year to year, which is a normal expectation of its taxpayers. After expenses began to exceed revenues in the 2009-2010 and 2010-2011 fiscal years, the District reduced its expenses \$1.25 million by eliminating thirty of its staff positions in fiscal year 2011-2012. An additional \$1.1 million was eliminated in fiscal year 2012-2013 by closing two of its elementary school buildings. Personnel costs were also controlled by negotiating a pay freeze for all employees in both years. In 2013-2014, the District was able to negotiate a conservative pay increase that allowed experience advances on the existing salary schedules without increasing the beginning bases.

In addition to these measures, the District increased its local revenue by passing a new 4.9 mill continuing operating levy on March 6, 2012. The additional levy generates over \$1.6 million annually. Also, voters renewed a five-year one-mill permanent improvement levy that generates \$210,000 annually on November 6, 2012, and a five-year 4.67 mill emergency operating levy that generates \$1,640,000 annually on May 6, 2014. Furthermore, the passage of House Bill 59 caused revenues from the State of Ohio to increase 9.7% (almost \$1 million) in 2013-2014 after three years of stagnation. An additional increase of 9.5% is expected in 2014-2015.

All of these changes allowed the District to balance its operating budget. Revenues began to exceed expenses in 2011-2012 and continue to do so today. This financial position allows the District to maintain a strong school system by offering the options and opportunities that individualize instruction for all of its students.

As for the District's facilities, two capital improvement projects were undertaken in 2013-2014, including a district-wide House Bill 264 energy improvements project and a windows replacement project at the high school. The energy project issued \$645,000 of un-voted, bonded debt from 2014 to 2028. Annual payments average \$56,357. Annual savings from the energy improvements are guaranteed by the Brewer-Garrett Company to average \$90,000. The windows project issued \$955,000 of Certificates of Participation payable from 2014 to 2028. Annual payments average \$86,143. A former lease arrangement, costing \$86,819 annually, to finance capital outlay in 2001, is set to mature in 2016.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Sharon Perry, Treasurer, Tiffin City School District, 244 South Monroe Street, Tiffin, Ohio 44883.

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**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2014

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . .	\$ 9,078,051
Cash with fiscal agent . . . . .	1,050
Receivables:	
Property taxes . . . . .	13,520,747
Accounts . . . . .	27,763
Intergovernmental . . . . .	895,216
Prepayments . . . . .	104,967
Materials and supplies inventory . . . . .	71,556
Capital assets:	
Land and construction in progress . . . . .	3,370,369
Depreciable capital assets, net . . . . .	14,579,740
Capital assets, net . . . . .	17,950,109
Total assets . . . . .	41,649,459
 <b>Deferred outflows of resources:</b>	
Unamortized deferred charges on debt refunding . . . . .	267,572
Total deferred outflows of resources . . . . .	267,572
 <b>Liabilities:</b>	
Accounts payable . . . . .	111,092
Contracts payable . . . . .	521,765
Retainage payable . . . . .	65,299
Accrued wages and benefits payable . . . . .	1,633,371
Pension obligation payable . . . . .	375,037
Intergovernmental payable . . . . .	76,715
Accrued interest payable . . . . .	21,552
Long-term liabilities:	
Due within one year . . . . .	931,834
Due in more than one year . . . . .	8,229,352
Total liabilities . . . . .	11,966,017
 <b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year . . . . .	11,829,557
Total deferred inflows of resources . . . . .	11,829,557
 <b>Net position:</b>	
Net investment in capital assets . . . . .	11,274,165
Restricted for:	
Capital projects . . . . .	420,076
Classroom facilities maintenance . . . . .	630,719
Debt service . . . . .	542,560
Locally funded programs . . . . .	66,030
State funded programs . . . . .	161,071
Federally funded programs . . . . .	8,196
Student activities . . . . .	80,260
Other purposes . . . . .	440,518
Unrestricted . . . . .	4,497,862
Total net position . . . . .	\$ 18,121,457

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Instruction:					
Regular . . . . .	\$ 10,921,898	\$ 1,312,018	\$ 276,690	\$ -	\$ (9,333,190)
Special . . . . .	4,657,311	62,138	2,576,322	-	(2,018,851)
Vocational . . . . .	78,651	-	35,921	-	(42,730)
Other . . . . .	15,999	-	-	-	(15,999)
Support services:					
Pupil . . . . .	1,430,403	223,626	39,101	-	(1,167,676)
Instructional staff . . . . .	786,169	2,494	58,196	-	(725,479)
Board of education . . . . .	23,278	-	-	-	(23,278)
Administration . . . . .	1,700,093	-	2,415	-	(1,697,678)
Fiscal . . . . .	573,957	-	-	-	(573,957)
Business . . . . .	89,380	-	-	-	(89,380)
Operations and maintenance . . . . .	2,607,834	36,880	25,090	-	(2,545,864)
Pupil transportation . . . . .	922,937	-	69,937	-	(853,000)
Central . . . . .	43,063	-	-	-	(43,063)
Operation of non-instructional services:					
Other non-instructional services . . . . .	193,909	-	341,322	-	147,413
Food service operations . . . . .	782,585	201,785	632,986	-	52,186
Extracurricular activities . . . . .	712,591	363,283	38,185	164,063	(147,060)
Interest and fiscal charges . . . . .	384,730	-	-	-	(384,730)
Bond issuance costs . . . . .	73,000	-	-	-	(73,000)
<b>Total governmental activities . . . . .</b>	<b>\$ 25,997,788</b>	<b>\$ 2,202,224</b>	<b>\$ 4,096,165</b>	<b>\$ 164,063</b>	<b>(19,535,336)</b>

**General revenues:**

Property taxes levied for:

General purposes . . . . .	9,294,681
Special revenue . . . . .	116,155
Debt service . . . . .	624,170
Capital outlay . . . . .	158,715
Payments in lieu of taxes . . . . .	45,142
Grants and entitlements not restricted to specific programs . . . . .	11,234,131
Investment earnings . . . . .	14,132
Miscellaneous . . . . .	9,166

Total general revenues . . . . . 21,496,292

Change in net position . . . . . 1,960,956

**Net position at beginning of year (restated) . . . . .** 16,160,501

**Net position at end of year . . . . .** \$ 18,121,457

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 5,469,162	\$ 3,608,889	\$ 9,078,051
Cash with fiscal agent. . . . .	-	1,050	1,050
Receivables:			
Property taxes. . . . .	12,330,535	1,190,212	13,520,747
Accounts . . . . .	27,505	258	27,763
Intergovernmental. . . . .	289,258	605,958	895,216
Prepayments. . . . .	104,967	-	104,967
Materials and supplies inventory. . . . .	-	71,556	71,556
Total assets . . . . .	<u>\$ 18,221,427</u>	<u>\$ 5,477,923</u>	<u>\$ 23,699,350</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 79,260	\$ 31,832	\$ 111,092
Contracts payable. . . . .	-	521,765	521,765
Retainage payable. . . . .	-	65,299	65,299
Accrued wages and benefits payable . . . . .	1,412,923	220,448	1,633,371
Compensated absences payable . . . . .	134,875	-	134,875
Intergovernmental payable . . . . .	67,521	9,194	76,715
Pension obligation payable . . . . .	316,282	58,755	375,037
Total liabilities. . . . .	<u>2,010,861</u>	<u>907,293</u>	<u>2,918,154</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year. . . . .	10,788,218	1,041,339	11,829,557
Delinquent property tax revenue not available. . . . .	931,576	89,921	1,021,497
Miscellaneous revenue not available. . . . .	16,347	234	16,581
Intergovernmental revenue not available . . . . .	163,025	415,979	579,004
Total deferred inflows of resources . . . . .	<u>11,899,166</u>	<u>1,547,473</u>	<u>13,446,639</u>
<b>Fund balances:</b>			
Nonspendable:			
Materials and supplies inventory. . . . .	-	71,556	71,556
Prepays. . . . .	104,967	-	104,967
Restricted:			
Debt service . . . . .	-	731,615	731,615
Capital improvements . . . . .	-	959,618	959,618
Classroom facilities maintenance . . . . .	-	619,068	619,068
Food service operations . . . . .	-	412,144	412,144
Non-public schools . . . . .	-	168,549	168,549
Special education . . . . .	-	1,050	1,050
Other purposes. . . . .	-	66,206	66,206
Extracurricular . . . . .	-	80,026	80,026
Assigned:			
Student instruction . . . . .	8,919	-	8,919
Student and staff support. . . . .	178,687	-	178,687
Extracurricular activities . . . . .	2,511	-	2,511
Unassigned (deficit) . . . . .	4,016,316	(86,675)	3,929,641
Total fund balances . . . . .	<u>4,311,400</u>	<u>3,023,157</u>	<u>7,334,557</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 18,221,427</u>	<u>\$ 5,477,923</u>	<u>\$ 23,699,350</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2014

<b>Total governmental fund balances</b>		\$	7,334,557
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			17,950,109
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Delinquent property taxes	\$	1,021,497	
Accounts receivable		16,581	
Intergovernmental receivable		579,004	
Total		1,617,082	1,617,082
Unamortized premiums on bonds issued are not recognized in the funds.			(336,371)
Unamortized amounts on refundings are not recognized in the funds.			267,572
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(21,552)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Energy conservation bonds		(645,000)	
Certificates of participation		(930,000)	
School improvement refunding bonds		(5,969,959)	
Capital lease obligations		(177,437)	
Compensated absences		(967,544)	
Total		(8,689,940)	(8,689,940)
<b>Net position of governmental activities</b>		\$	18,121,457

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
From local sources:			
Property taxes . . . . .	\$ 9,299,225	\$ 898,023	\$ 10,197,248
Payment in lieu of taxes . . . . .	45,142	-	45,142
Tuition . . . . .	1,111,539	-	1,111,539
Transportation fees . . . . .	61,366	-	61,366
Earnings on investments . . . . .	12,447	2,583	15,030
Charges for services . . . . .	-	201,785	201,785
Extracurricular . . . . .	105,288	284,837	390,125
Classroom materials and fees . . . . .	80,209	20	80,229
Rental income . . . . .	36,880	6,100	42,980
Contributions and donations . . . . .	73,202	241,553	314,755
Contract services . . . . .	122,499	106,500	228,999
Other local revenues . . . . .	12,443	79,052	91,495
Intergovernmental - state . . . . .	12,539,303	605,117	13,144,420
Intergovernmental - federal . . . . .	-	2,123,185	2,123,185
Total revenues . . . . .	<u>23,499,543</u>	<u>4,548,755</u>	<u>28,048,298</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	10,606,974	293,419	10,900,393
Special . . . . .	3,500,649	1,185,390	4,686,039
Vocational . . . . .	78,010	-	78,010
Other . . . . .	16,546	-	16,546
Support services:			
Pupil . . . . .	1,291,218	135,758	1,426,976
Instructional staff . . . . .	726,883	50,751	777,634
Board of education . . . . .	23,278	-	23,278
Administration . . . . .	1,697,840	2,964	1,700,804
Fiscal . . . . .	506,167	20,540	526,707
Business . . . . .	89,380	-	89,380
Operations and maintenance . . . . .	1,899,475	102,438	2,001,913
Pupil transportation . . . . .	1,018,128	18,348	1,036,476
Central . . . . .	43,063	-	43,063
Operation of non-instructional services:			
Other non-instructional services . . . . .	-	211,270	211,270
Food service operations . . . . .	-	779,912	779,912
Extracurricular activities . . . . .	339,817	373,109	712,926
Facilities acquisition and construction . . . . .	15,534	1,487,426	1,502,960
Debt service:			
Principal retirement . . . . .	100,344	565,000	665,344
Interest and fiscal charges . . . . .	40,314	219,890	260,204
Bond and certificates of participation . . . . .	-	73,000	73,000
issuance costs . . . . .	-	73,000	73,000
Total expenditures . . . . .	<u>21,993,620</u>	<u>5,519,215</u>	<u>27,512,835</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>1,505,923</u>	<u>(970,460)</u>	<u>535,463</u>
<b>Other financing sources:</b>			
Issuance of bonds . . . . .	-	645,000	645,000
Issuance of certificates of participation . . . . .	-	955,000	955,000
Total other financing sources . . . . .	<u>-</u>	<u>1,600,000</u>	<u>1,600,000</u>
Net change in fund balances . . . . .	1,505,923	629,540	2,135,463
<b>Fund balances at beginning of year . . . . .</b>	<u>2,805,477</u>	<u>2,393,617</u>	<u>5,199,094</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 4,311,400</u>	<u>\$ 3,023,157</u>	<u>\$ 7,334,557</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

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

<b>Net change in fund balances - total governmental funds</b>	\$	2,135,463
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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.		
Capital asset additions	\$ 1,849,120	
Current year depreciation	<u>(870,587)</u>	
Total		978,533
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(2,409)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property taxes	(3,527)	
Other revenue	(42,694)	
Tuition	471	
Extracurricular	(818)	
Classroom materials and fees	(2,738)	
Transportation fees	8,264	
Intergovernmental	<u>(86,832)</u>	
Total		(127,874)
Repayment of bond, certificates of participation and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
General obligation bonds	565,000	
Energy conservation bonds	25,000	
Capital leases	<u>75,344</u>	
Total		665,344
Issuances of bonds and certificates of participation are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
Energy conservation bonds	(645,000)	
Certificates of participation	<u>(955,000)</u>	
Total		(1,600,000)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Increase in accrued interest payable	(3,228)	
Accreted interest on capital appreciation bonds	(128,604)	
Amortization of bond premiums	35,721	
Amortization of deferred charges	<u>(28,415)</u>	
Total		(124,526)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>36,425</u>
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>1,960,956</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 11,818,808	\$ 11,818,808	\$ 10,217,259	\$ (1,601,549)
Payment in lieu of taxes. . . . .	45,142	45,142	45,142	-
Tuition. . . . .	1,160,025	1,160,025	1,111,539	(48,486)
Transportation fees. . . . .	85,353	85,353	52,159	(33,194)
Earnings on investments . . . . .	8,064	8,064	12,447	4,383
Extracurricular. . . . .	85,069	85,069	74,868	(10,201)
Classroom materials and fees . . . . .	310	310	17	(293)
Rental income . . . . .	33,315	33,315	36,880	3,565
Contract services. . . . .	91,407	91,407	122,499	31,092
Other local revenues . . . . .	11,883	11,883	365	(11,518)
Intergovernmental - state . . . . .	11,025,382	11,025,382	12,413,541	1,388,159
Total revenues . . . . .	<u>24,364,758</u>	<u>24,364,758</u>	<u>24,086,716</u>	<u>(278,042)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	11,425,705	11,425,705	10,676,604	749,101
Special. . . . .	2,873,287	2,873,287	3,451,525	(578,238)
Vocational. . . . .	161,447	161,447	92,719	68,728
Other. . . . .	44,862	44,862	23,818	21,044
Support services:				
Pupil. . . . .	956,309	956,309	1,222,714	(266,405)
Instructional staff . . . . .	835,190	835,190	773,725	61,465
Board of education . . . . .	42,471	42,471	28,774	13,697
Administration. . . . .	1,855,021	1,855,021	1,790,691	64,330
Fiscal . . . . .	656,037	656,037	546,017	110,020
Business . . . . .	28,305	28,305	89,380	(61,075)
Operations and maintenance. . . . .	2,084,697	2,084,697	2,008,242	76,455
Pupil transportation . . . . .	1,198,056	1,198,056	1,058,893	139,163
Central. . . . .	8,936	8,936	43,191	(34,255)
Other non-instructional services . . . . .	88	88	1	87
Extracurricular activities. . . . .	333,661	333,661	337,757	(4,096)
Facilities acquisition and construction . . . . .	93,739	93,739	145,291	(51,552)
Debt service:				
Interest and fiscal charges. . . . .	443	443	10,901	(10,458)
Total expenditures . . . . .	<u>22,598,254</u>	<u>22,598,254</u>	<u>22,300,243</u>	<u>298,011</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>1,766,504</u>	<u>1,766,504</u>	<u>1,786,473</u>	<u>19,969</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	109,893	109,893	251,006	141,113
Transfers (out). . . . .	(27,694)	(27,694)	(26,429)	1,265
Advances in. . . . .	5,594	5,594	2,739	(2,855)
Advances (out) . . . . .	(2,739)	(2,739)	-	2,739
Sale of capital assets . . . . .	17,111	17,111	80	(17,031)
Total other financing sources (uses) . . . . .	<u>102,165</u>	<u>102,165</u>	<u>227,396</u>	<u>125,231</u>
Net change in fund balance . . . . .	1,868,669	1,868,669	2,013,869	145,200
<b>Fund balance at beginning of year . . . . .</b>	<b>2,964,060</b>	<b>2,964,060</b>	<b>2,964,060</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>218,793</b>	<b>218,793</b>	<b>218,793</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 5,051,522</u></b>	<b><u>\$ 5,051,522</u></b>	<b><u>\$ 5,196,722</u></b>	<b><u>\$ 145,200</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2014

	<b>Private Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 24,956	\$ 52,110
Total assets. . . . .	24,956	\$ 52,110
<b>Liabilities:</b>		
Accrued wages and benefits . . . . .	-	\$ 80
Pension obligation payable. . . . .	-	451
Intergovernmental payable . . . . .	-	56
Due to students. . . . .	-	51,523
Total liabilities . . . . .	-	\$ 52,110
<b>Net position:</b>		
Held in trust for scholarships . . . . .	24,956	
Total net position. . . . .	\$ 24,956	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<b>Private Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Gifts and contributions. . . . .	\$ 450
Total additions. . . . .	450
<b>Deductions:</b>	
Scholarships awarded . . . . .	242
Change in net position . . . . .	208
<b>Net position at beginning of year. . . . .</b>	<b>24,748</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 24,956</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

The Tiffin City School District (the “District”) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under an elected Board of Education (5 members) elected at-large for staggered four year terms. The District provides educational services as authorized by State statute and/or federal guidelines. Average daily membership (ADM) was 2,831. The District employed 170 certified employees and 116 non-certified employees.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the District have been prepared in conformity with 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 District’s significant accounting policies are described below.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

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 Board 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; or (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 that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*JOINTLY GOVERNED ORGANIZATION*

Northwest Ohio Area Computer Services Cooperative (NOACSC)

The District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of public school districts within the boundaries of Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, Seneca, Van Wert, and Wood counties. The organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions among member school districts.

The Governing Board of NOACSC consists of two representatives from each county, elected by majority vote of all charter member school districts within each county, plus one representative from the fiscal agent school district. Financial information is available from Ray Burden, Executive Director, at 645 South Main Street, Lima, Ohio 45804.

North Central Ohio Regional Council of Governments (NCORcog)

NCORcog is a legally separate body politic and corporate served by a eight-member Board of Directors that meets the definition of regional Council of governments under Chapter 167 of the Ohio Revised Code. NCORcog is a regional source for shared services. Cost savings achieved are designed to not only maintain existing essential services, but to enhance them as well.

The initial, founding members, and Board of Directors are North Central Ohio ESC, Seneca County, the City of Tiffin, Clinton Township, Village of New Riegel, North Central Academy, Tiffin City School District, and Seneca East Local School District. The Superintendent of North Central Ohio ESC serves as Chair of the Board. The Chair is a non-voting member and shall only vote in the event of a tie. The Treasurer of North Central Ohio ESC serves as ex-officio/advisor for fiscal matters and is also a non-voting member. Membership is voluntary pursuant to resolution, ordinance or other appropriate action. Application of membership shall be subject to approval by the Board of Directors. Each political subdivision shall be entitled to one vote.

North Central Ohio ESC serves as the fiscal agent. NCORcog issues a publicly available, stand-alone financial report. The report may be obtained by writing to the Treasurer of the North Central Ohio ESC, 928 W. Market Street, Tiffin, Ohio 44883.

*INSURANCE PURCHASING POOLS*

North Central Ohio Joint Self-Insurance Association (the "Association")

The Association is a public entity risk pool consisting of the North Central Ohio Educational Service Center, and five school districts - Tiffin, Old Fort, Bettsville, Seneca East, and New Riegel. The Association was established pursuant to Section 9.833, Ohio Revised Code, in order to act as a common risk management and insurance program. The Association's Board of Directors is comprised of one member from each of the school districts and the North Central Ohio Educational Service Center. The North Central Ohio Educational Service Center acts as fiscal agent to the Association. Refer to Note 11.B. for further information on this public entity risk pool.

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Workers' Compensation Group Rating Program

The District participates in the Ohio Association of School Business Officials (OASBO) Workers' Compensation Group Rating Program (GRP). The GRP is sponsored by OASBO and administered by CompManagement, Inc. 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 District pays a fee to the GRP to cover the costs of administering the program. Refer to Note 11.C. for further information on the GRP.

**B. Fund Accounting**

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

*GOVERNMENTAL FUNDS*

Governmental funds focus 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 deferred outflows and liabilities and deferred inflows is reported as fund balance. The following is the District's major governmental fund:

*General fund* -The general fund is used to account for and report all financial resources not accounted for and reported 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.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

*PROPRIETARY FUNDS*

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The District has no proprietary funds.

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District has one agency fund to account for student activities.

**C. Basis of Presentation and Measurement Focus**

*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 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 or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows and all liabilities and deferred inflows associated with the operation of the District are included on the statement of net position.

*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 nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current deferred outflows and current liabilities and current deferred inflows generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting on the fund financial statements. Fiduciary funds also use the accrual basis of accounting.

*Revenues - Exchange and Nonexchange Transactions* - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within thirty days of fiscal year end.

Nonexchange 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 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, payments in lieu of taxes, interest, tuition, grants, student fees and rentals.

*Deferred Inflows of Resources and Deferred Outflows of Resources* - A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. For the District, deferred outflows of resources include a deferral on refunding reported in the government-wide statement of net position. A deferral on refunding results from the difference in the carrying value of the refunding debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Property taxes for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows. Miscellaneous revenue not available, grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2014, are recorded as deferred inflows on the governmental fund financial statements.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred inflows of resources.

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Expenses/Expenditures* - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**E. Budgets**

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the certificate of estimated resources when the original and final appropriations were adopted.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation amount that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

**F. Cash and Investments**

To improve cash management, cash received by the District, other than amounts held by a fiscal agent, are pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

Cash and cash equivalents held on-behalf of the District by the North Central Ohio Educational Service Center are included on the financial statements as "cash with fiscal agent".

During fiscal year 2014, investments were limited to investments in State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2014.

Under existing State statutes, all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2014 amounted to \$12,447, which includes \$3,762 assigned from other District funds.

For presentation on the statement of net position, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at fiscal year end is provided in Note 4.

**G. Inventory**

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On the fund financial statements, reported material and supplies inventory is equally offset by a non-spendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**H. Capital Assets**

General capital assets are those related to government activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of 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 maintains a capitalization threshold of \$1,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

All reported capital assets, except land and construction in progress, 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>Governmental Activities Estimated Lives</u>
Land improvements	15 years
Building and improvements	40 years
Furniture and equipment	8 years
School buses and vehicles	8 years

**I. Interfund Balances**

On the governmental fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental activities column of the statement of net position. The District had no interfund balances at June 30, 2014.

**J. Compensated Absences**

Compensated absences of the District consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty or greater were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2014 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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.

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**K. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and capital leases are recognized as a liability on the fund financial statements when due.

**L. Issuance Costs/Unamortized Bond Premium and Discount/Accounting Gain or Loss**

On the government-wide financial statements, issuance costs are expensed during the year in which they are incurred.

Bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds. Bond discounts are presented as a reduction to the face amount of the bonds.

For advance refundings resulting in the defeasance of debt reported on the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources on the statement of net position on the government-wide financial statements.

On the governmental and fund financial statements, bond premiums and discounts are recognized in the current period. The reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 9.A.

**M. Fund Balance**

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

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

*Unassigned* - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**N. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for food service and mental health.

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

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**O. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the financial statements using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

**P. Estimates**

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

**Q. Interfund Activity**

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

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2014.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2014, the District has implemented GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the District.

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. Deficit Fund Balances**

Fund balances at June 30, 2014 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Alternative school	\$ 2,786
School to work	11,390
Resident educator	12
IDEA Part-B	37,694
Title I	24,545
Improving teacher quality	10,248

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

**C. Restatement of Net Position**

The net position at June 30, 2013 has been restated to restate property taxes receivable due to errors and omissions in previous reporting. This restatement had the following effect on net position:

	<u>Governmental Activities</u>
Net position as previously reported	\$ 18,577,811
Restatement of property taxes receivable	<u>(2,417,310)</u>
Net position at July 1, 2013	<u>\$ 16,160,501</u>

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in such securities described are made only through eligible institutions;
6. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the 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.

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**A. Cash on Hand**

At fiscal year end, the District had \$3,000 in undeposited cash on hand which is included on the financial statements of the District as part of “equity in pooled cash and cash equivalents”.

**B. Cash with Fiscal Agent**

At fiscal year-end, the District had \$1,050 in cash and cash equivalents held by the North Central Ohio Educational Service Center. This amount is included on the financial statements as “cash with fiscal agent”. The North Central Ohio Educational Service Center holds this flow through grant money for the District together with that of other school districts and therefore the District cannot classify this money by risk under GASB Statement No. 40. This amount is not included in the District’s depository balance below.

**C. Deposits with Financial Institutions**

At June 30, 2014, the carrying amount of all District deposits was \$8,703,781. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2014, \$211,750 of the District’s bank balance of \$8,731,439 was exposed to custodial risk as discussed below, while \$8,519,689 was covered by the FDIC.

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, 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. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions’ trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**D. Investments**

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

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities 6 months or less</u>
STAR Ohio	\$ 448,336	\$ 448,336
Total	<u>\$ 448,336</u>	<u>\$ 448,336</u>

*Interest Rate Risk:* Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. 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.

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Credit Risk:* STAR Ohio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

*Concentration of Credit Risk:* The District investment policy places no limits on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2014:

<u>Investment type</u>	<u>Fair value</u>	<u>% of total</u>
STAR Ohio	\$ 448,336	100.00
Total	<u>\$ 448,336</u>	<u>100.00</u>

**E. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2014:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 8,703,781
Investments	448,336
Cash with fiscal agent	1,050
Cash on hand	<u>3,000</u>
Total	<u>\$ 9,156,167</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 9,079,101
Private-purpose trust funds	24,956
Agency funds	<u>52,110</u>
Total	<u>\$ 9,156,167</u>

**NOTE 5 - PROPERTY TAXES**

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

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 5 - PROPERTY TAXES - (Continued)**

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Public utility real and personal property taxes received in calendar year 2014 became a lien on 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 is currently assessed at varying percentages of true value.

The District receives property taxes from Seneca County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available as an advance at June 30, 2014 was \$610,741 in the general fund, \$40,988 in the bond retirement fund (a nonmajor governmental fund), \$10,325 in the permanent improvement fund (a nonmajor governmental fund) and \$7,639 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2013 was \$1,528,775 in the general fund, \$100,850 in the bond retirement fund (a nonmajor governmental fund), \$25,536 in the permanent improvement fund (a nonmajor governmental fund) and \$18,804 in the classroom facilities maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are 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 of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow.

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 5 - PROPERTY TAXES - (Continued)**

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

	2013 Second Half Collections		2014 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 319,146,380	93.50	\$ 314,637,440	93.41
Public utility personal	<u>22,174,340</u>	<u>6.50</u>	<u>22,207,990</u>	<u>6.59</u>
Total	<u>\$ 341,320,720</u>	<u>100.00</u>	<u>\$ 336,845,430</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$57.16		\$57.22	

**NOTE 6 - RECEIVABLES**

Receivables at June 30, 2014 consisted of taxes, accounts (billings for user charged services 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. A summary of the principal items of receivables reported on the statement of net position follows:

**Governmental activities:**

Taxes	\$ 13,520,747
Accounts	27,763
Intergovernmental	<u>895,216</u>
Total governmental activities	<u>\$ 14,443,726</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables, except the intergovernmental receivable from Buckeye Central Local School District, are expected to be collected in the subsequent year.

During fiscal year 2002, the District entered into an agreement to transfer ownership and operation of the Bloomville Elementary School to the Buckeye Central Local School District. Under this agreement, the Buckeye Central Local School District will pay a pro rata share of the District's general obligation debt, which amounts to \$23,325 semi-annually including interest. The District records the receipts from this agreement in the bond retirement fund (a nonmajor governmental fund).

This receivable, in the amount of \$329,936, is included in the intergovernmental receivable amount reported on the statement of net position.

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 7 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Balance			Balance
	<u>June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2014</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,965,821	\$ -	\$ -	\$ 1,965,821
Construction in progress	-	1,404,548	-	1,404,548
Total capital assets, not being depreciated	<u>1,965,821</u>	<u>1,404,548</u>	<u>-</u>	<u>3,370,369</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	2,048,136	-	-	2,048,136
Building and improvements	21,848,552	22,796	-	21,871,348
Furniture and equipment	3,779,047	189,587	(43,972)	3,924,662
School buses and vehicles	1,461,100	232,189	(61,950)	1,631,339
Total capital assets, being depreciated	<u>29,136,835</u>	<u>444,572</u>	<u>(105,922)</u>	<u>29,475,485</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(1,787,120)	(49,865)	-	(1,836,985)
Building and improvements	(9,078,147)	(469,203)	-	(9,547,350)
Furniture and equipment	(2,233,082)	(259,560)	41,563	(2,451,079)
School buses and vehicles	(1,030,322)	(91,959)	61,950	(1,060,331)
Total accumulated depreciation	<u>(14,128,671)</u>	<u>(870,587)</u>	<u>103,513</u>	<u>(14,895,745)</u>
Total capital assets, being depreciated, net	<u>15,008,164</u>	<u>(426,015)</u>	<u>(2,409)</u>	<u>14,579,740</u>
Governmental activities capital assets, net	<u>\$ 16,973,985</u>	<u>\$ 978,533</u>	<u>\$ (2,409)</u>	<u>\$ 17,950,109</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular \$ 152,952

Support services:

Administration 6,438  
Operations and maintenance 589,453  
Pupil transportation 88,717

Operation of non-instructional services:

Other non-instructional services 33,027

Total depreciation expense \$ 870,587

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 8 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

In prior fiscal years, the District has entered into capitalized leases for the acquisition of boilers and windows in conjunction with its energy conservation notes and House Bill 264, and for the acquisition of three buses.

These terms of each agreement provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by generally accepted accounting principles, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Governmental activities capital assets consisting of school buses, boilers and windows have been capitalized in the amount of \$1,085,098. These amounts represent the present value of the future minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal and interest payments in the 2014 fiscal year totaled \$75,344 and \$11,475, respectively. These amounts are reported as debt service payments of the general fund.

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

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2015	\$ 86,819
2016	86,819
2017	<u>14,469</u>
Total minimum lease payment	188,107
Less: amount representing interest	<u>(10,670)</u>
Present value of minimum lease payments	<u>\$ 177,437</u>

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 9 - LONG-TERM OBLIGATIONS**

- A. During fiscal year 2014, the following activity occurring in the governmental activities long-term obligations:

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
<b>Governmental activities:</b>					
School improvement general obligation bonds, 2.90% to 6.15% matured 12/01/2013	\$ 455,000	\$ -	\$ (455,000)	\$ -	\$ -
School improvement refunding bonds, 3.75 to 4.00% matures 12/01/2023	5,951,355	128,604	(110,000)	5,969,959	565,000
Energy conservation bonds	-	645,000	-	645,000	35,000
Certificates of participation	-	955,000	(25,000)	930,000	50,000
Compensated absences	1,238,647	225,951	(362,179)	1,102,419	202,438
Capital lease	<u>252,781</u>	<u>-</u>	<u>(75,344)</u>	<u>177,437</u>	<u>79,396</u>
Total governmental activities	<u>\$ 7,897,783</u>	<u>\$ 1,954,555</u>	<u>\$ (1,027,523)</u>	8,824,815	<u>\$ 931,834</u>
Add: unamortized premium				<u>336,371</u>	
Total on statement of net position				<u>\$ 9,161,186</u>	

Compensated absences will be paid from the funds from which the employees' salaries are paid. The payments primarily will be made from the general fund.

Capital leases are described in Note 8.

The school improvement general obligation bonds were issued to provide the resources for school improvement projects undertaken by the District. These bonds are a general obligation of the District for which the full faith and credit of the District is pledged for repayment. Principal and interest payments related to these bonds are made from the bond retirement fund, a nonmajor governmental fund.

- B. On May 1, 2007, the District issued general obligation bonds (series 2007 refunding bonds) to advance refund the callable portion of the series 2001 school improvement general obligation bonds (principal of \$6,200,000 refunded). The issuance proceeds were deposited in an escrow fund and will be used to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

The refunding issue is comprised of both current interest bonds, par value \$5,990,000, and capital appreciation bonds, par value \$210,000. The capital appreciation bonds mature between December 1, 2015 and December 1, 2018 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,195,000. Total accreted interest of \$559,959 has been included on the statement of net position. Principal and interest payments are paid from the bond retirement fund (a nonmajor governmental fund).

The reacquisition price exceeded the net carrying amount of the old debt by \$473,581. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

The following is a schedule of activity for fiscal year 2014 on the series 2007 refunding bonds:

	Balance <u>June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2014</u>
Current interest bonds	\$ 5,310,000	\$ -	\$ (110,000)	\$ 5,200,000
Capital appreciation bonds	210,000	-	-	210,000
Accreted interest on capital appreciation bonds	<u>431,355</u>	<u>128,604</u>	<u>-</u>	<u>559,959</u>
Total refunding bonds	<u>\$ 5,951,355</u>	<u>\$ 128,604</u>	<u>\$ (110,000)</u>	<u>\$ 5,969,959</u>

The following is a summary of the future debt service requirements to maturity for the series 2007 refunding bonds:

Fiscal Year <u>Ending June 30</u>	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 565,000	\$ 196,347	\$ 761,347	\$ -	\$ -	\$ -
2016	150,000	182,400	332,400	85,000	350,000	435,000
2017	155,000	176,300	331,300	75,000	365,000	440,000
2018	440,000	164,400	604,400	25,000	135,000	160,000
2019	455,000	146,500	601,500	25,000	135,000	160,000
2020 - 2024	<u>3,435,000</u>	<u>354,100</u>	<u>3,789,100</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5,200,000</u>	<u>\$ 1,220,047</u>	<u>\$ 6,420,047</u>	<u>\$ 210,000</u>	<u>\$ 985,000</u>	<u>\$ 1,195,000</u>

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

- C. On December 20, 2013, the District issued \$955,000 in Certificates of Participation (“COPs”) for the purpose of improving school facilities. Principal and interest payments are made from the general fund. Principal and interest payments on the COPs are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2028. The interest rate on the COPs is 4.2%.

The following is a summary of the future debt service requirements to maturity for the series 2013 COPs:

Fiscal Year Ending June 30	Current Interest Bonds		
	Principal	Interest	Total
2015	\$ 50,000	\$ 38,535	\$ 88,535
2016	50,000	36,435	86,435
2017	50,000	34,335	84,335
2018	55,000	32,235	87,235
2019	60,000	29,820	89,820
2020 - 2024	320,000	110,670	430,670
2025 - 2029	345,000	37,170	382,170
Total	<u>\$ 930,000</u>	<u>\$ 319,200</u>	<u>\$ 1,249,200</u>

The District had \$621,153 in unspent certificates of participation proceeds at June 30, 2014.

- D. On December 12, 2013, the District issued \$645,000 in energy conservation bonds (federally taxable qualified school construction bonds). The proceeds of these bonds were used for building improvements intended to increase the energy efficiency of the District’s buildings. These bonds bear an annual interest rate of 3.60%, mature on December 1, 2028 and will be paid from the general fund. Principal and interest payments on the bonds are due on June 1 and December 1 of each year.

The following is a summary of future debt service requirements to maturity for the energy conservation bonds outstanding at June 30, 2014:

Fiscal Year Ending June 30,	Energy Conservation Bonds		
	Principal	Interest	Total
2015	\$ 35,000	\$ 22,590	\$ 57,590
2016	35,000	21,330	56,330
2017	35,000	20,070	55,070
2018	35,000	18,810	53,810
2019	40,000	17,460	57,460
2020 - 2024	210,000	65,340	275,340
2025 - 2029	255,000	23,850	278,850
Total	<u>\$ 645,000</u>	<u>\$ 189,450</u>	<u>\$ 834,450</u>

The District had \$361,743 in unspent energy conservation bond proceeds at June 30, 2014.

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

**E. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The Ohio Revised Code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2014, are a voted debt margin of \$25,637,704 (including available funds of \$731,615), an unvoted debt margin of \$336,845, and an unvoted energy conservation debt margin of \$2,386,609.

**NOTE 10 - COMPENSATED ABSENCES**

**A. Vacation**

Employees earn vacation at rates specified under State of Ohio law and based on credited service. Certified and classified employees with one or more years of service are entitled to vacation ranging from 10 to 20 days. Custodial employees who are not full-time employees will earn vacation days with pay based on the number of hours worked in a given year. Employees are permitted to carry over vacation leave earned in the current year into the next year.

**B. Sick Leave**

Each full time professional staff member is entitled to 15 days sick leave with pay for each year under contract and accrues sick leave at the rate of 1 ¼ days for each calendar month under contract. Sick leave is cumulative to 265 days.

**C. Service Retirement**

Certified employees are eligible for service retirement pay after the Board of Education accepts the employee's resignation. Service retirement pay is the certified employee's accrued but unused sick leave days at the time of retirement based on 25% of accumulative sick leave to a maximum of 65 days.

Non-certified employees are eligible for service retirement pay after the Board of Education accepts the employee's resignation. Service retirement pay is the non-certified employee's accrued but unused sick leave days at the time of retirement based on 25% of accumulative sick leave to a maximum of 66.25 days.

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 11 - RISK MANAGEMENT**

**A. Property and Liability**

The District maintains comprehensive insurance coverage with a private carrier for liability, real property, building contents, boiler/machinery and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are 90% coinsured. Real property contents are fully registered. The District has entered into contracts with various insurance agencies for the following amounts of coverage and deductions. The following is a description of the District's insurance coverages and deductibles.

<u>Type of Coverage</u>		<u>Coverage</u>	<u>Deductible</u>
General Liability	\$2,000,000	General Aggregate	
	2,000,000	Products/Completed Ops. Aggregate	
	1,000,000	Personal & Advertising Injury	
	1,000,000	Each Occurrence	
	500,000	Fire Damage	
	10,000	Medical Expense	
	10,000	Property Damage to Borrowed Equip.	\$ 250
Business Auto	1,000,000	Property	250
	1,000,000	Personal Injury	
	10,000	Medical Payments	
	1,000,000	Uninsured Motorist	
Commercial Property	53,153,000	Blanket Buildings	2,500
	4,699,000	Blanket Business Personal Property	2,500
Employers Liability	1,000,000	Each Accident	
	1,000,000	Disease - Policy Limit	
	1,000,000	Disease - Each Employee	
Employee Benefits Liability	1,000,000	Each Claim	1,000
	3,000,000	Aggregate	
Sexual Misconduct	1,000,000	General Aggregate	
	1,000,000	Each Occurrence	
	300,000	Innocent party Aggregate Defense Limit	

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 11 - RISK MANAGEMENT - (Continued)**

<u>Type of Coverage</u>		<u>Coverage</u>	<u>Deductible</u>
Errors & Omissions	\$1,000,000	Aggregate	\$ 10,000
Data Processing Equipment	1,520,250	Hardware/Breakdown	500/1,000
Crime	350,000	Employee Dishonesty	500
	5,000	Theft Inside Premises	
	5,000	Theft Outside Premises	
	50,000	ERISA	
	10,000	Bond per Employee	250
Flood	500,000	Building Limits	2,000

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in coverage from the prior year.

**B. Health Insurance**

The District is a member of the North Central Ohio Joint Self-Insurance Association (the "Association"). This organization is a public entity risk pool consisting of the District, North Central Ohio Educational Service Center, and four local school districts: Old Fort, Bettsville, Seneca East and Mohawk. The Association was established pursuant to ORC 9.833 in order to act as a common risk management and insurance program. The Association's Board of Directors is comprised of one member from each of the school districts and the educational service center. The North Central Ohio Educational Service Center acts as fiscal agent for the association.

**C. Workers' Compensation**

For fiscal year 2014, the District participated in the OASBO Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. 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 tiered into groups based upon past workers' compensation experience. Within each tiered group, a common premium rate is applied to all school districts within that group. 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 their tiered group. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 12 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor 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. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "*Employers/Audit Resources*".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2014, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 14 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$354,095, \$352,391 and \$368,563, respectively; 79.13 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**B. State Teachers Retirement System of Ohio**

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

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

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 12 - PENSION PLANS - (Continued)**

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 fiscal year 2014, plan members were required to contribute 11 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 14 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$1,244,616, \$1,272,691 and \$1,361,416, respectively; 83.13 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$52,407 made by the District and \$41,177 made by the plan members.

**C. Social Security System**

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

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. 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 and the SERS' reimbursement to retirees was \$45.50. 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. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)**

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2014, 0.14 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the actuarially determined amount was \$20,250.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013 and 2012 were \$49,047, \$46,981 and \$62,451, respectively; 79.13 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

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 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$20,543, \$19,906 and \$21,766, respectively; 79.13 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**B. State Teachers Retirement System of Ohio**

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "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](http://www.strsoh.org), under "Publications" or by calling (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 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2014, 2013 and 2012 were \$95,740, \$97,899 and \$104,724, respectively; 83.13 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) 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 the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,
- (d) 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 is as follows:

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 2,013,869
Net adjustment for revenue accruals	(782,985)
Net adjustment for expenditure accruals	252,016
Net adjustment for other sources/uses	(227,396)
Funds budgeted elsewhere	22,273
Adjustment for encumbrances	228,146
GAAP basis	\$ 1,505,923

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund and the public school support fund.

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 15 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, State and local 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

The District is involved in no material litigation as either plaintiff or defendant.

**NOTE 16 - SET-ASIDES**

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2013	\$ -
Current year set-aside requirement	471,067
Current year qualifying expenditures	(475,909)
Current year offsets	<u>(213,578)</u>
Total	<u>\$ (218,420)</u>
Balance carried forward to fiscal year 2015	<u>\$ -</u>
Set-aside balance June 30, 2014	<u>\$ -</u>

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**NOTE 17 - OTHER COMMITMENTS**

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:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 163,208
Other nonmajor governmental	<u>1,349,944</u>
 Total	 <u>\$ 1,513,152</u>

**NOTE 18 - CONTRACTUAL COMMITMENTS**

As a result of the projects related to energy conservation, certificates of participation and the stadium improvements in progress at June 30, 2014, the District had the following outstanding contractual commitments at fiscal year end:

<u>Vendor</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Amount Outstanding</u>
MKC Associates, Inc.	\$ 58,050	\$ 51,340	\$ 6,710
All American Tracks	38,240	27,640	10,600
The Brewer Garrett Company	798,184	291,461	506,723
The Motz Group	398,451	-	398,451
Environmental Glass	<u>702,775</u>	<u>152,184</u>	<u>550,591</u>
Total	<u>\$ 1,995,700</u>	<u>\$ 522,625</u>	<u>\$ 1,473,075</u>

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<b>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Expenditures</b>	<b>Non-Cash Expenditures</b>
<b><u>U.S. Department of Agriculture</u></b>					
<i>Passed through the Ohio Department of Education</i>					
<i>Child Nutrition Cluster:</i>					
National School Breakfast Program	10.553	\$ 67,518	\$ 0	\$ 67,518	\$ 0
National School Lunch Program	10.555	<u>421,508</u>	<u>40,411</u>	<u>421,508</u>	<u>40,411</u>
<i>Total Child Nutrition Cluster</i>		<u>489,026</u>	<u>40,411</u>	<u>489,026</u>	<u>40,411</u>
<b>Total U.S. Department of Agriculture</b>		<u>489,026</u>	<u>40,411</u>	<u>489,026</u>	<u>40,411</u>
<b><u>U.S. Department of Education</u></b>					
<i>Passed through the Ohio Department of Education</i>					
Title I, Grants to Local Educational Agencies	84.010	<u>562,033</u>	<u>0</u>	<u>572,339</u>	<u>0</u>
Special Education Grants to States	84.027	<u>642,576</u>	<u>0</u>	<u>643,570</u>	<u>0</u>
Improving Teacher Quality State Grants	84.367	<u>152,329</u>	<u>0</u>	<u>155,500</u>	<u>0</u>
ARRA - Race to the Top Grant	84.395	<u>1,750</u>	<u>0</u>	<u>1,750</u>	<u>0</u>
<b>Total U.S. Department of Education</b>		<u>1,358,688</u>	<u>0</u>	<u>1,373,159</u>	<u>0</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<u>\$1,847,714</u>	<u>\$ 40,411</u>	<u>\$1,862,185</u>	<u>\$ 40,411</u>

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

**TIFFIN CITY SCHOOL DISTRICT**  
**SENECA COUNTY, OHIO**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2014**

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NOTE 1: **BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Tiffin City School District and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE 2: **NONCASH SUPPORT**

The District receives noncash support in the form of food subsidies from the National School Lunch Program (NSLP), CFDA 10.555. The value of the food subsidies is determined by using the fair market value of the food items as quoted by local food suppliers.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Education  
Tiffin City School District  
Tiffin, Ohio

The Honorable Dave Yost  
Auditor of State  
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Tiffin City School District, Seneca County, Ohio, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Tiffin City School District, Ohio's basic financial statements and have issued our report thereon dated January 8, 2015, wherein we noted the District restated its June 30, 2013 governmental activities' net position for property taxes.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Tiffin City School District, Ohio's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tiffin City School District, Ohio's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tiffin City School District, Ohio's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control which is described in the accompanying Schedule of Findings and Questioned Costs as **Item 2014-001** that we consider to be a significant deficiency.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tiffin City School District, Ohio's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying Schedule of Findings and Questioned Costs as **Item 2014-002**.

## Tiffin City School District, Ohio's Responses to Findings

The Tiffin City School District, Ohio's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The Tiffin City School District, Ohio's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## Purpose of This Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Tiffin City School District, Ohio's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**James G. Zupka,**  
**CPA, President**

Digitally signed by James G. Zupka, CPA,  
President  
DN: cn=James G. Zupka, CPA, President,  
o=James G. Zupka, CPA, Inc., ou=Accounting,  
email=jgzcpa@sbcglobal.net, c=US  
Date: 2015.01.26 14:06:04 -05'00'

James G. Zupka, CPA, Inc.  
Certified Public Accountants

January 8, 2015

**JAMES G. ZUPKA, C.P.A., INC.**

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

Board of Education  
Tiffin City School District  
Tiffin, Ohio

The Honorable Dave Yost  
Auditor of State  
State of Ohio

**Report on Compliance for Each Major Federal Program**

We have audited the Tiffin City School District, Seneca County, Ohio's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Tiffin City School District, Ohio's major federal program for the year ended June 30, 2014. The Tiffin City School District, Ohio's major federal program is identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Tiffin City School District, Ohio's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Tiffin City School District, Ohio'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 on compliance for its major federal program. However, our audit does not provide a legal determination of the Tiffin City School District, Ohio's compliance.

## ***Opinion on Each Major Federal Program***

In our opinion, the Tiffin City School District, Ohio, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2014.

## **Report on Internal Control Over Compliance**

Management of the Tiffin City School District, Ohio, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Tiffin City School District, Ohio's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for a major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Tiffin City School District, Ohio'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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 was not designed to 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 purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

James G. Zupka, CPA,  
President  
James G. Zupka, CPA, Inc.  
Certified Public Accountants

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January 8, 2015

**TIFFIN CITY SCHOOL DISTRICT  
 SENECA COUNTY, OHIO  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 OMB CIRCULAR A-133 & §.505  
 JUNE 30, 2014**

**1. SUMMARY OF AUDITOR'S RESULTS**

2014(i)	Type of Financial Statement Opinion	Unmodified
2014(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2014(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
2014(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
2014(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2014(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2014(v)	Type of Major Program's Compliance Opinion	Unmodified
2014(vi)	Are there any reportable findings under .510(a)?	No
2014(vii)	Major Programs (list):  Child Nutrition Cluster - CFDA #10.553 and CFDA #10.555	
2014(viii)	Dollar Threshold: Type A\B Program	Type A: \$300,000 or more Type B: All others less than \$300,000
2014(ix)	Low Risk Auditee?	Yes

**TIFFIN CITY SCHOOL DISTRICT**  
**SENECA COUNTY, OHIO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**OMB CIRCULAR A-133 & §.505**  
**JUNE 30, 2014**  
**(CONTINUED)**

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

**Item 2014-001 - Significant Deficiency - GAAP Reporting**

Condition/Criteria

1. Delinquent taxes provided by the County for the prior year were overstated by \$2,417,310, causing a restatement of the ending June 30, 2013 net position.
2. Delinquent taxes provided by the County for the current year were understated by \$727,382.
3. Understatement of capital assets, net of \$62,772.
4. Overstatement of long-term liability, due in more than one year of \$43,088, due to the calculation of sick leave liability.
5. Understatement of payables of \$27,188, \$22,475 for retainage payable, and \$4,713 for pension obligation payable.
6. Overstatement of cash of \$3,000, due to the return of petty cash.
7. Understatement of cash in the General Fund and the overstatement of cash in Other Governmental Funds of \$59,000, due to bond issuance costs recorded in the incorrect fund.
8. Several reclass entries within expenses of \$53,874 related to the recording of debt activity.

Cause/Effect

There were various factors that resulted in material audit adjustments to the financial statements that are identified below:

1. Property taxes receivable relating to property tax delinquencies provided by the County was inaccurate.
2. Capital assets, construction-in-progress, accounts payable, debt, and sick leave errors occurred due to inaccurate GAAP accounting posting to the financial statements.
3. Correction of capital assets is attributed to errors in the detail depreciation report prepared by the District.
4. Errors in cash attributable to posting to the incorrect fund.

The audit adjustments have been corrected on the financial statements.

Recommendation

We recommend that the District implement policies and procedures for controls over the recording of year-end financial transactions and over financial reporting to help ensure the information accurately reflects the activity of the District and thereby increasing the reliability of the financial data at year-end. Although the District contracted with a third party to perform its GAAP conversion, we recommend that the District's management review the financial statements to ensure all items are properly recorded.

Client Response

The District's third-party contractor for GAAP conversion sought and the County provided verification for delinquent tax amounts in both the prior and current years. The Condition/Criteria in numbers 3 through 8 are completely unrelated to the delinquent tax deficiencies in numbers 1 and 2 and individually would be considered immaterial adjustments. Nonetheless, all items have been corrected by the District and its third-party GAAP contractor. In regards to the Cause/Effect in number 3, the District utilizes the Ohio Education Computer Network Equipment Inventory System to compute its annual depreciation. An error that occurred prior to 2011 during implementation by the District and its former state software provider has been corrected by the District's current provider. In regards to the Cause/Effect in number 4, the errors in cash did not lead to the loss or misuse of cash but simply the recording of expenses in one District fund rather than another District fund.

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 & §.505  
JUNE 30, 2014  
(CONTINUED)**

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

**Item 2014-002 - Material Non-Compliance - Contracts**

Condition/Criteria

During our testing of contracts, we noted the following documentation was not obtained for the contract between the District and Environmental Glass: advertisements for bids in a newspaper of general circulation within the District, written documentation indicating why the lowest bidder was not accepted, an unresolved Finding for Recovery search, and a signed contract, although we noted this contract was approved during our review of the minutes of the Board.

Per Ohio Revised Code § 3313.46, the Board of Education is required to advertise for bids once a week for at least two consecutive weeks in a newspaper of general circulation in the District prior to the date specified by the Board for receiving bids, the award of a contract is to the lowest responsible bidder, the contract is between the Board and the bidders. Additionally, per Ohio Revised Code § 9.24, no state agency shall award a contract for goods, services, or construction to a person against whom a Finding for Recovery has been issued by the Auditor of State, if the Finding for Recovery is unresolved.

We also noted that a change order to the contract with Environmental Glass in the amount of \$13,000 was given to the District and included in the weekly report to the Board; however, it was not approved by the Board. We also noted that the District does not have a written policy on the procedure for approving change orders.

Cause/Effect

The District was not in compliance with Ohio Revised Code § 3313.46 or § 9.24.

Recommendation

In order to strengthen controls over the contract process, we recommend that the District comply with the requirements of Ohio Revised Code § 3313.46 and § 9.24. We also recommend the District implement a formal policy regarding the process of change orders. The District provided documentation of their recent search for Finding for Recovery on this contractor, which identified that there are currently no unresolved findings for recovery.

Client Response

The District has an agreement for professional design services with The Brewer-Garrett Company for the Columbian High School Windows Project. The Brewer-Garrett Company was hired by the District to be responsible for the competitive bidding process, including advertisements for bids in a newspaper of general circulation within the District. The District issued a proper purchase order to Environmental Glass after the Board of Education approved the glass company's bid in place of signing a contract that was not offered by the company. Environmental Glass was recommended to the Board of Education as the lowest responsible bidder after Brewer-Garrett and District officials reviewed samples from all bidders and determined Environmental Glass's product to be superior. District officials believe authorization for change orders was provided by the agreement with The Brewer-Garrett Company that was approved by the Board of Education's Resolution No. 13-240 dated November 19, 2013. In regards to an unresolved Finding for Recovery search, the District has since provided documentation from a recent search that identified no unresolved findings at the time of procurement.

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 & §.505  
JUNE 30, 2014  
(CONTINUED)**

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**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**TIFFIN CITY SCHOOL DISTRICT  
SENECA COUNTY, OHIO  
SCHEDULE OF PRIOR CITATIONS AND RECOMMENDATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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The prior audit report, as of June 30, 2013, included no citations or instances of noncompliance. No management letter recommendations were issued for the audit period ending June 30, 2013.

**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants  
5240 East 98<sup>th</sup> Street  
Garfield Hts., Ohio 44125*

Member American Institute of Certified Public Accountants

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Ohio Society of Certified Public Accountants

**INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

Tiffin City School District  
244 Monroe Street  
Tiffin, Ohio

To the Board of Education:

Ohio Revised Code Section 117.53 states, "the Auditor of State shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The Auditor of State shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether the Tiffin City School District (the District), Seneca County, Ohio, has updated its anti-harassment policy in accordance with Ohio Revised Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted that the Board amended its anti-harassment policy at its meeting on June 26, 2012, to include violence via electronic means and on school buses within its definition of harassment, intimidation, or bullying.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

**James G. Zupka,**  
**CPA, President**

Digitally signed by James G. Zupka, CPA,  
President  
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James G. Zupka, CPA, Inc.  
Certified Public Accountants

January 8, 2015

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# Dave Yost • Auditor of State

**TIFFIN CITY SCHOOL DISTRICT**

**SENECA 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  
MAY 7, 2015**