

Gallia County Local School District  
Gallia County  
Single Audit  
For the Fiscal Year Ended June 30, 2012



Millhuff-Stang, CPA, Inc.  
1428 Gallia Street, Suite 2  
Portsmouth, Ohio 45662  
Phone: 740.876.8548 ■ Fax: 888.876.8549  
Website: [www.milhuffstangcpa.com](http://www.milhuffstangcpa.com) ■ Email: [natalie@milhuffstangcpa.com](mailto:natalie@milhuffstangcpa.com)





# Dave Yost • Auditor of State

Board of Education  
Gallia County Local School District  
230 Shawnee Lane  
Gallipolis, Ohio 45631

We have reviewed the *Independent Auditor's Report* of the Gallia County Local School District, Gallia County, prepared by Millhuff-Stang, CPA, Inc., for the audit period July 1, 2011 through June 30, 2012. 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 Gallia County Local School District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

March 14, 2013

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**Gallia County Local School District**  
*Table of Contents*  
For the Fiscal Year Ended June 30, 2012

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<u>Title</u>	<u>Page</u>
Independent Auditor’s Report.....	1 – 2
Management’s Discussion and Analysis.....	3 – 9
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets.....	10
Statement of Activities.....	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	12
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	15
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) – General Fund.....	16
Statement of Fund Net Assets – Governmental Activities – Internal Service Fund.....	17
Statement of Revenues, Expenses and Changes in Fund Net Assets – Governmental Activities – Internal Service Fund.....	18
Statement of Cash Flows – Governmental Activities – Internal Service Fund.....	19
Statement of Fiduciary Net Assets – Fiduciary Funds.....	20
Statement of Changes in Fiduciary Net Assets – Fiduciary Fund.....	21
Notes to the Basic Financial Statements.....	22 – 48
Schedule of Federal Awards Expenditures.....	49
Notes to the Schedule of Federal Awards Expenditures.....	50
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> .....	51 – 52

Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	53 – 54
Schedule of Findings and Questioned Costs OMB Circular A-133 Section .505 .....	55 – 57
Schedule of Prior Audit Findings OMB Circular A-133 Section .315(b) .....	58
Independent Accountant’s Report on Applying Agreed-Upon Procedures.....	59

**Independent Auditor's Report**

Board of Education  
Gallia County Local School District  
230 Shawnee Lane  
Gallipolis, Ohio 45631

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Gallia County Local School District, Gallia County, (the School District) as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Gallia County Local School District, Gallia County, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2013 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information 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. The 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 federal awards expenditures is fairly stated in all material respects in relation to the basic financial statements as a whole.



Natalie Millhuff-Stang, CPA  
President/Owner  
Millhuff-Stang, CPA, Inc.

January 28, 2013



**Gallia County Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*  
*(Unaudited)*

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The discussion and analysis of the Gallia County Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the fiscal year 2012 are as follows:

- Net assets of governmental activities increased \$2,219,438.
- General revenues accounted for \$25,201,641 in revenue or 82% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$5,586,080 or 18% of total revenues of \$30,787,721.
- The School District had \$28,568,283 in expenses related to governmental activities; only \$5,586,080 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$25,201,641 were adequate to provide for these programs.
- The School District has two major funds: the General Fund and the Bond Retirement Fund. All governmental funds had total revenue and other financing sources in the amount of \$31,525,692 and expenditures in the amount of \$33,039,500.

**USING THIS ANNUAL 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 Gallia County Local School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

The statement of net assets and statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School 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 as the School District's most significant funds with all other non-major funds presented in total in one column.

**Gallia County Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*  
*(Unaudited)*

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***Reporting the School District as a Whole***

*Statement of Net Assets and Statement of Activities*

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2012?" The statement of net assets and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School 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 School 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 assets and the statement of activities, all of the School District's programs and services are reported as governmental activities including instruction, support services, operation of non-instructional services, and extracurricular activities.

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

*Fund Financial Statements*

The analysis of the School District's major funds begins on page 7. Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and the Bond Retirement Debt Service Fund.

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

**Proprietary Funds.** The School District's only proprietary fund is an internal service fund. Since the internal service fund operates on a break-even, cost-reimbursement basis, the School District reports it as a proprietary fund using the full accrual basis of accounting. Since the internal service fund exclusively benefits governmental functions, it has been included with governmental activities in the government-wide financial statements. The School District's Internal Service Fund is used to account for excess coverage for claims in excess of contract amounts for medical, life and dental benefits.

**Fiduciary Funds.** Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements.

**Gallia County Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*  
*(Unaudited)*

The School District's fiduciary funds are an agency fund, which is used to maintain financial activity of the School District's student managed activities, and a private purpose trust fund, which is used to maintain the financial activity of the School District's scholarship funds.

**THE SCHOOL DISTRICT AS A WHOLE**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2012 compared to 2011.

Table 1  
Net Assets

	Governmental Activities	
	2012	2011
<b>Assets</b>		
Current and Other Assets	\$31,607,412	\$32,590,426
Capital Assets, Net	57,580,508	53,996,230
Total Assets	89,187,920	86,586,656
<b>Liabilities</b>		
Long-Term Liabilities	44,500,602	45,436,076
Current and Other Liabilities	15,885,566	14,568,266
Total Liabilities	60,386,168	60,004,342
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	15,221,652	12,679,081
Restricted	10,849,035	12,093,346
Unrestricted	2,731,065	1,809,887
Total Net Assets	\$28,801,752	\$26,582,314

Total net assets of the School District as a whole increased \$2,219,438. Current and other assets decreased due primarily to a decrease in cash, cash equivalents and investments, as a result of expenses made during the current fiscal year from revenues received in the prior fiscal year for the School District's athletic complex projects. This decrease was partially offset by an increase in property taxes receivable. The increase to Capital Assets, Net is due to the construction in progress of the athletic complex projects, which was partially offset by depreciation expense and deletions. The decrease to long-term liabilities is due to current year principal payments which were partially offset by higher compensated absences balances. Current and other liabilities increased primarily due to an increase in deferred revenues which were partially offset by decreases in contracts payable as the school building construction project was completed.

**Gallia County Local School District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2012  
(Unaudited)

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2012, as compared with 2011.

Table 2  
Changes in Net Assets

	Governmental Activities 2012	Governmental Activities 2011
<b>Revenues</b>		
Program Revenues		
Charges for Services	\$ 1,512,307	\$ 1,487,726
Operating Grants and Contributions	4,073,773	4,348,313
Total Program Revenues	<u>5,586,080</u>	<u>5,836,039</u>
General Revenues		
Property Taxes	12,657,791	11,485,258
Grants and Entitlements, Not Restricted	11,804,152	11,888,793
Investment Earnings	374,629	454,213
Miscellaneous	365,069	298,407
Total General Revenues	<u>25,201,641</u>	<u>24,126,671</u>
Total Revenues	<u>30,787,721</u>	<u>29,962,710</u>
<b>Program Expenses</b>		
Instruction:		
Regular	10,457,950	10,370,681
Special	3,383,995	3,282,623
Vocational	395,118	468,495
Other	2,001,166	1,943,222
Support Services:		
Pupil	612,366	588,581
Instructional Staff	994,581	1,284,866
Board of Education	106,253	121,063
Administration	1,879,101	1,684,572
Fiscal	674,964	765,854
Business	31,317	23,222
Operation and Maintenance of Plant	1,612,431	2,027,075
Pupil Transportation	2,259,419	2,328,849
Central	640,594	654,038
Operation of Non-Instructional Services	1,055,317	1,106,612
Extracurricular Activities	524,302	468,487
Interest and Fiscal Charges	1,939,409	1,929,153
Total Expenses	<u>28,568,283</u>	<u>29,047,393</u>
Increase in Net Assets	2,219,438	915,317
Net Assets Beginning of Year	26,582,314	25,666,997
Net Assets End of Year	<u>\$ 28,801,752</u>	<u>\$ 26,582,314</u>

**Gallia County Local School District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2012  
(Unaudited)

Operating grants and contributions decreased primarily due to decreased State Fiscal Stabilization receipts which were partially offset by an increase in Education Job program receipts. Investment earnings decreased due to a decrease in cash on hand as of year end. Property tax revenue increased due to increased assessed tax valuations for fiscal year 2012. Special instruction increased due to an increase in Title I monies received. Instructional staff and Operation and maintenance of plant support services decreased due to decreased State Fiscal Stabilization receipts.

The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions. Table 3 shows the total cost of services and the net cost of services for 2012 as compared with 2011. That is, it identifies the cost of those services supported by tax revenue and unrestricted state entitlements.

Table 3  
Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2012	2012	2011	2011
Program Expenses				
Instruction:				
Regular	\$10,457,950	\$9,630,985	\$10,370,681	\$9,628,201
Special	3,383,995	2,091,559	3,282,623	1,947,413
Vocational	395,118	374,073	468,495	442,152
Other	2,001,166	1,892,309	1,943,222	1,827,991
Support Services:				
Pupil	612,366	579,583	588,581	555,343
Instructional Staff	994,581	615,212	1,284,866	631,865
Board of Education	106,253	100,802	121,063	114,520
Administration	1,879,101	1,669,736	1,684,572	1,457,523
Fiscal	674,964	606,054	765,854	677,495
Business	31,317	29,640	23,222	21,911
Operation and Maintenance of Plant	1,612,431	1,033,978	2,027,075	1,477,315
Pupil Transportation	2,259,419	1,987,920	2,328,849	2,044,034
Central	640,594	310,126	654,038	309,384
Operation of Non-Instructional Services	1,055,317	(86,402)	1,106,612	(88,586)
Extracurricular Activities	524,302	207,219	468,487	235,640
Interest and Fiscal Charges	1,939,409	1,939,409	1,929,153	1,929,153
Total	<u>\$28,568,283</u>	<u>\$22,982,203</u>	<u>\$29,047,393</u>	<u>\$23,211,354</u>

**THE SCHOOL DISTRICT'S FUNDS**

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The most significant change in fund balance was in the General Fund with an increase of \$1,600,396, as a result of increased property tax revenue received. The General Fund had \$21,963,106 in revenues and other financing sources and \$20,362,710 in expenditures. The Bond Retirement Fund had a fund balance increase in the amount of \$927,870. The Bond Retirement Fund had \$3,668,509 in revenues and \$2,740,639 in expenditures due to property tax monies received and the retirement of bonds and interest and fiscal charges.

**Gallia County Local School District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2012  
(Unaudited)

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**General Fund Budgeting Highlights**

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2012, the School District amended its General Fund budget.

For the General Fund, final budgeted revenue was \$22,084,806, below original estimates of \$22,278,930. This decrease was primarily a result of a decrease in transfers in and advances in. For the General Fund, final appropriations were \$26,039,454, below original estimates of \$26,233,555. This decrease was due primarily to decreases in regular instruction and operation and maintenance of plant. The difference between final budgeted appropriations and actual expenditures was due to conservative budgeting by the School District for regular instruction, operation and maintenance of plant, and transfers-out.

The School District's ending unobligated General Fund balance was \$5,429,333.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2012, the School District had \$57,580,508 invested in land and land improvements, construction in progress, buildings and improvements, furniture and equipment, infrastructure, vehicles, and library and textbooks. Table 4 shows fiscal year 2012 balances compared to 2011.

Table 4  
Capital Assets  
(Net of Depreciation)

	Governmental Activities	
	2012	2011
Land and Land Improvements	\$1,407,781	\$1,658,225
Construction in Progress	6,247,462	1,443,833
Buildings and Improvements	48,458,624	49,434,793
Furniture and Equipment	771,740	721,432
Infrastructure	67,020	74,648
Vehicles	627,881	663,299
Totals	\$57,580,508	\$53,996,230

Changes in capital assets from the prior year resulted from additions, deletions, and current year depreciation. For additional information on capital assets, see Note 8 to the basic financial statements.

**Debt**

At June 30, 2012, the School District had general obligation bonds outstanding of \$39,650,000, excluding the premium of \$971,974. The School District also had a capital lease obligation outstanding at year-end totaling \$2,346,941. For additional information on debt, see Note 13 to the basic financial statements.

**Gallia County Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*  
*(Unaudited)*

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**ECONOMIC FACTORS**

Gallia County Local School District is financially stable. As the preceding information shows, the School District depends upon the State School Foundation Program and property taxes for the majority of the School District's revenues. Gallia County Local School District must maintain its current spending habits to maintain its healthy financial situation. The School District is in a low economic growth area, so dependence on local tax revenue must be minimized.

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Julia Slone, Treasurer at Gallia County Local School District, 230 Shawnee Lane, Gallipolis, Ohio 45631.

**Gallia County Local School District**  
*Statement of Net Assets*  
*As of June 30, 2012*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash, Cash Equivalents and Investments	\$ 16,271,375
Accrued Interest Receivable	39,317
Intergovernmental Receivable	1,110,779
Property Taxes Receivable	13,640,516
Restricted Assets:	
Equity in Pooled Cash, Cash Equivalents and Investments	55,851
Cash and Cash Equivalents with Escrow Agents	95,465
Unamortized Financing Costs	394,109
Nondepreciable Capital Assets	6,990,804
Depreciable Capital Assets, Net	50,589,704
<i>Total Assets</i>	89,187,920
<b>Liabilities</b>	
Accounts Payable	194,380
Accrued Wages and Benefits Payable	1,692,652
Contracts Payable	210,599
Intergovernmental Payable	522,825
Accrued Interest Payable	151,315
Matured Compensated Absences Payable	11,723
Retainage Payable	151,316
Deferred Revenue	12,942,866
Claims Payable	7,890
Long-Term Liabilities:	
Due Within One Year	1,245,811
Due In More Than One Year	43,254,791
<i>Total Liabilities</i>	60,386,168
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	15,221,652
Restricted for:	
Debt Service	5,868,339
Capital Projects	3,834,119
Other Purposes	174,256
Title I	222,320
Race to the Top	206,048
Title VI-B	169,940
Poverty Based Aid	275,949
Contributions:	
Expendable	6,064
Non-Expendable	92,000
Unrestricted	2,731,065
<i>Total Net Assets</i>	\$ 28,801,752

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



**Gallia County Local School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Instruction:				
Regular	\$ 10,457,950	\$ 458,048	\$ 368,917	\$ (9,630,985)
Special	3,383,995	101,912	1,190,524	(2,091,559)
Vocational	395,118	21,045	-	(374,073)
Other	2,001,166	106,734	2,123	(1,892,309)
Support Services:				
Pupil	612,366	32,783	-	(579,583)
Instructional Staff	994,581	29,755	349,614	(615,212)
Board of Education	106,253	5,451	-	(100,802)
Administration	1,879,101	92,304	117,061	(1,669,736)
Fiscal	674,964	29,079	39,831	(606,054)
Business	31,317	1,677	-	(29,640)
Operation and Maintenance of Plant	1,612,431	47,266	531,187	(1,033,978)
Pupil Transportation	2,259,419	99,137	172,362	(1,987,920)
Central	640,594	12,922	317,546	(310,126)
Operation of Non-Instructional Services	1,055,317	264,585	877,134	86,402
Extracurricular Activities	524,302	209,609	107,474	(207,219)
Interest and Fiscal Charges	1,939,409	-	-	(1,939,409)
<b>Totals</b>	<b>\$ 28,568,283</b>	<b>\$ 1,512,307</b>	<b>\$ 4,073,773</b>	<b>(22,982,203)</b>
<b>General Revenues</b>				
Property Taxes Levied for:				
General Purposes				8,879,232
Debt Service				3,360,221
Permanent Improvements				418,338
Grants and Entitlements not Restricted to Specific Programs				11,804,152
Investment Earnings				374,629
Miscellaneous				365,069
<i>Total General Revenues</i>				<u>25,201,641</u>
<i>Change in Net Assets</i>				2,219,438
<i>Net Assets Beginning of Year</i>				<u>26,582,314</u>
<i>Net Assets End of Year</i>				<u>\$ 28,801,752</u>

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

**Gallia County Local School District**

*Balance Sheet*

*Governmental Funds*

*As of June 30, 2012*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash, Cash Equivalents and Investments	\$ 5,818,541	\$ 5,682,299	\$ 4,529,978	\$ 16,030,818
Receivables:				
Property Taxes	9,491,547	3,670,629	478,340	13,640,516
Accrued Interest	34,821	-	4,496	39,317
Interfund	378,314	-	-	378,314
Intergovernmental	-	-	1,110,779	1,110,779
Restricted Assets:				
Equity in Pooled Cash, Cash Equivalents and Investments	-	-	55,851	55,851
Cash and Cash Equivalents with Escrow Agents	-	-	95,465	95,465
<i>Total Assets</i>	<u>\$ 15,723,223</u>	<u>\$ 9,352,928</u>	<u>\$ 6,274,909</u>	<u>\$ 31,351,060</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 1,163	\$ -	\$ 193,217	\$ 194,380
Accrued Wages and Benefits Payable	1,535,766	-	156,886	1,692,652
Contracts Payable	-	-	210,599	210,599
Interfund Payable	-	-	378,314	378,314
Matured Compensated Absences Payable	11,723	-	-	11,723
Intergovernmental Payable	456,648	-	66,177	522,825
Retainage Payable	-	-	151,316	151,316
Deferred Revenue	9,408,354	3,639,848	1,129,721	14,177,923
<i>Total Liabilities</i>	<u>11,413,654</u>	<u>3,639,848</u>	<u>2,286,230</u>	<u>17,339,732</u>
<b>Fund Balances</b>				
Nonspendable	-	-	92,000	92,000
Restricted	-	5,713,080	3,961,353	9,674,433
Assigned	2,145,503	-	-	2,145,503
Unassigned (Deficit)	2,164,066	-	(64,674)	2,099,392
<i>Total Fund Balances</i>	<u>4,309,569</u>	<u>5,713,080</u>	<u>3,988,679</u>	<u>14,011,328</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 15,723,223</u>	<u>\$ 9,352,928</u>	<u>\$ 6,274,909</u>	<u>\$ 31,351,060</u>

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

**Gallia County Local School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 As of June 30, 2012*

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**Total Governmental Fund Balances** \$ 14,011,328

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 57,580,508

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Taxes	582,220
Intergovernmental	652,837
Unamortized Financing Costs	394,109

Total 1,629,166

An internal service fund is used by management to charge the cost of insurance to individuals. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. 232,667

Long-term liabilities, including bonds, capital lease obligations, and the long-term portion of compensated absences, are not due and payable in the current period and therefore are not reported in the funds.

Accrued Interest Payable	(151,315)
Compensated Absences	(1,531,687)
Capital Lease Obligations	(2,346,941)
General Obligation Bonds	(39,650,000)
Premium on Bonds	(971,974)

Total (44,651,917)

**Net Assets of Governmental Activities** \$ 28,801,752

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

**Gallia County Local School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2012*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 8,866,502	\$ 3,362,631	\$ 431,340	\$ 12,660,473
Intergovernmental	11,468,780	305,878	4,835,056	16,609,714
Investment Earnings	311,482	-	63,147	374,629
Charges for Services	-	-	264,365	264,365
Tuition and Fees	1,056,861	-	-	1,056,861
Rent	510	-	-	510
Extracurricular Activities	53,511	-	137,060	190,571
Miscellaneous	201,960	-	163,109	365,069
<i>Total Revenues</i>	<u>21,959,606</u>	<u>3,668,509</u>	<u>5,894,077</u>	<u>31,522,192</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	8,543,719	-	509,378	9,053,097
Special	1,907,601	-	1,495,396	3,402,997
Vocational	391,967	-	-	391,967
Other	1,993,715	-	2,664	1,996,379
Support Services:				
Pupil	614,918	-	-	614,918
Instructional Staff	554,812	-	442,835	997,647
Board of Education	101,825	-	-	101,825
Administration	1,586,754	-	155,782	1,742,536
Fiscal	540,700	72,631	59,164	672,495
Business	32,186	-	-	32,186
Operation and Maintenance of Plant	927,842	-	673,788	1,601,630
Pupil Transportation	1,854,682	35,750	318,977	2,209,409
Central	239,180	-	398,532	637,712
Operation of Non-Instructional Services	4,105	-	1,104,255	1,108,360
Extracurricular Activities	355,623	-	175,015	530,638
Capital Outlay	713,081	-	4,283,352	4,996,433
Debt Service:				
Principal	-	740,000	237,213	977,213
Interest and Fiscal Charges	-	1,892,258	79,800	1,972,058
<i>Total Expenditures</i>	<u>20,362,710</u>	<u>2,740,639</u>	<u>9,936,151</u>	<u>33,039,500</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,596,896</u>	<u>927,870</u>	<u>(4,042,074)</u>	<u>(1,517,308)</u>
<b>Other Financing Sources</b>				
Proceeds from Sale of Assets	3,500	-	-	3,500
<i>Total Other Financing Sources</i>	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>3,500</u>
<i>Net Change in Fund Balances</i>	1,600,396	927,870	(4,042,074)	(1,513,808)
<i>Fund Balances Beginning of Year</i>	<u>2,709,173</u>	<u>4,785,210</u>	<u>8,030,753</u>	<u>15,525,136</u>
<i>Fund Balances End of Year</i>	<u>\$ 4,309,569</u>	<u>\$ 5,713,080</u>	<u>\$ 3,988,679</u>	<u>\$ 14,011,328</u>

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

**Gallia County Local School District**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2012*

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**Net Change in Fund Balances - Total Governmental Funds** \$ (1,513,808)

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

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

Capital Asset Additions	5,216,502	
Current Year Depreciation	(1,626,141)	
<b>Total</b>	<b>3,590,361</b>	<b>3,590,361</b>

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities a gain or loss is reported for each disposal. These are the amounts of the loss on the disposal of capital assets and the proceeds from the sale of capital assets.

Proceeds from Sale of Capital Assets	(3,500)	
Loss on Disposal of Capital Assets	(2,583)	
<b>Total</b>	<b>(6,083)</b>	<b>(6,083)</b>

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

Taxes	(2,682)	
Intergovernmental	(731,789)	
<b>Total</b>	<b>(734,471)</b>	<b>(734,471)</b>

The amortization of debt issuance costs and premiums are reported as interest expense in the statement of activities but are not reported in the governmental funds.

Debt Issuance Costs	(20,743)	
Premiums	51,157	
<b>Total</b>	<b>30,414</b>	<b>30,414</b>

Repayments of debt and capital lease principal are expenditures in the governmental funds, but the repayments reduce liabilities in the statement of net assets and do not result in expenses in the statement of activities.

977,213

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

(33,527)

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

Increase in Compensated Absences	(92,896)	
Decrease in Interest Payable	2,235	
<b>Total</b>	<b>(90,661)</b>	<b>(90,661)</b>

**Net Change in Net Assets of Governmental Activities** **\$ 2,219,438**

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

**Gallia County Local School District**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget and Actual*  
*(Budget Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2012*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Total Revenues and Other Sources	\$ 22,278,930	\$ 22,084,806	\$ 22,084,806	\$ -
Total Expenditures and Other Uses	<u>26,233,555</u>	<u>26,039,454</u>	<u>21,245,751</u>	<u>4,793,703</u>
Net Change in Fund Balance	(3,954,625)	(3,954,648)	839,055	4,793,703
Fund Balance, July 1	3,948,904	3,948,904	3,948,904	-
Prior Year Encumbrances Appropriated	<u>641,374</u>	<u>641,374</u>	<u>641,374</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 635,653</u>	<u>\$ 635,630</u>	<u>\$ 5,429,333</u>	<u>\$ 4,793,703</u>

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

**Gallia County Local School District**  
*Statement of Fund Net Assets*  
*Governmental Activities*  
*Internal Service Fund*  
*As of June 30, 2012*

	Internal Service Fund
<b>Assets</b>	
Current Assets:	
Equity in Pooled Cash, Cash Equivalents and Investments	\$ 240,557
<i>Total Assets</i>	240,557
<b>Liabilities</b>	
Current Liabilities:	
Claims Payable	7,890
<i>Total Liabilities</i>	7,890
<b>Net Assets</b>	
Unrestricted	232,667
<i>Total Net Assets</i>	\$ 232,667

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

**Gallia County Local School District**  
*Statement of Revenues, Expenses and Changes in Fund Net Assets*  
*Governmental Activities*  
*Internal Service Fund*  
For the Fiscal Year Ended June 30, 2012

	Internal Service Fund
<b>Operating Expense</b>	
Claims	\$ 33,527
<i>Total Operating Expense</i>	33,527
<i>Changes in Net Assets</i>	(33,527)
<i>Net Assets at Beginning of Year</i>	266,194
<i>Net Assets at End of Year</i>	\$ 232,667

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



**Gallia County Local School District**  
*Statement of Cash Flows*  
*Governmental Activities*  
*Internal Service Fund*  
For the Fiscal Year Ended June 30, 2012

	Internal Service Fund
<b><i>Decrease in Cash, Cash Equivalents and Investments</i></b>	
<i>Cash Flows from Operating Activities:</i>	
Cash Payments for Claims	\$ (30,571)
<i>Net Cash Used for Operating Activities</i>	(30,571)
Decrease in Cash, Cash Equivalents and Investments	(30,571)
Cash, Cash Equivalents and Investments at Beginning of Year	271,128
Cash, Cash Equivalents and Investments at End of Year	\$ 240,557
<b><i>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</i></b>	
Operating Loss	\$ (33,527)
<i>Changes in Liabilities:</i>	
Increase in Claims Payable	2,956
<i>Net Cash Used for Operating Activities</i>	\$ (30,571)

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

**Gallia County Local School District**  
*Statement of Fiduciary Net Assets*  
*Fiduciary Funds*  
*As of June 30, 2012*

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	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
<b>Assets</b>		
Equity in Pooled Cash, Cash Equivalents and Investments	<u>\$ 3,050</u>	<u>\$ 93,612</u>
<b>Liabilities</b>		
Undistributed Monies	<u>-</u>	<u>\$ 93,612</u>
<b>Net Assets</b>		
Held in Trust for Scholarships	<u>\$ 3,050</u>	

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

**Gallia County Local School District**  
*Statement of Changes in Fiduciary Net Assets*  
*Fiduciary Fund*  
*For the Fiscal Year Ended June 30, 2012*

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	<u>Private Purpose Trust Fund</u>
<b>Additions</b>	
Gifts and Contributions	<u>\$ 1,750</u>
<b>Deductions</b>	
Payments in Accordance with Trust Agreements	<u>1,500</u>
<i>Change in Net Assets</i>	250
<i>Net Assets Beginning of Year</i>	<u>2,800</u>
<i>Net Assets End of Year</i>	<u><u>\$ 3,050</u></u>

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

**Gallia County Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

**Description of the School District**

Gallia County Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District provides educational services as authorized by State statute and/or federal guidelines. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The Board controls the School District's seven (7) instructional support facilities staffed by 87 non-certificated and 167 certified personnel providing education to approximately 2,350 students.

**Reporting Entity**

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Gallia County Local School District, this includes general operations, food service and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. The School District has no component units.

The following entities which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

- Parent Teacher Organization
- Booster Club

The School District is associated with six organizations, four of which are defined as jointly governed organizations, one is a risk sharing pool, and one is an insurance purchasing pool. These organizations are the Southeast Ohio Voluntary Educational Consortium, the Gallia-Jackson-Vinton Joint Vocational School District, the Gallia-Vinton Educational Service Center, the Educational Regional Service System, the Schools of Ohio Risk Sharing Authority, Inc., and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 14, 15 and 19 to the basic financial statements.

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

The financial statements of the School 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 more significant of the School District's accounting policies are described below.

**Gallia County Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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

***A. Basis of Presentation***

The School District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

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

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

***Fund Financial Statements*** During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Proprietary and fiduciary funds are reported by type.

***B. Fund Accounting***

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The funds used by the School District can be classified using three categories: governmental, proprietary, and fiduciary.

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

***General Fund*** The General Fund is the operating fund of the School District and is used to account for all financial resources not accounted for and reported in another fund. The General Fund is available to the School District for any purpose provided it is expended or transferred according to the school laws of Ohio.

***Bond Retirement Fund*** The Bond Retirement Fund is a fund provided for the retirement of serial bonds and short term loans. All revenue derived from general or special levies, either within or exceeding the ten-mill limitation, which is levied for debt charges on bonds or loans, shall be paid into this fund. The primary source of revenue for this fund is property tax revenue.

**Gallia County Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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

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

***Proprietary Funds*** Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds.

***Internal Service Fund*** The Internal Service Fund is used to provide excess coverage for claims in excess of contract amounts for medical, life, and dental benefits provided to employees.

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

***C. Measurement Focus***

***Government-Wide Financial Statements*** The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities accounts for increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

***Fund Financial Statements*** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities 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.

Like the government-wide statements, the proprietary fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of revenues, expenses and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

The private purpose trust fund is reported using the economic resources measurement focus.

**Gallia County Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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**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. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

***Revenues - Exchange and Non-Exchange 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. "Measurable" means the amount of the transaction can be determined, and "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 School District, available means expected to be received within 60 days of year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange 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, investment earnings, tuition, grants, fees, and rentals.

***Deferred Revenue*** Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

***Expenses/Expenditures*** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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.

**Gallia County Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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

***E. Budgetary Process***

All funds, other than the agency fund, 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 plus encumbrances 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. The Treasurer maintains budgetary information at the fund and object level and has the authority to allocate appropriations at the function and object level without resolution by the Board.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement reflect amounts in the certificate of estimated resources at the time the permanent appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the amended certificate in effect when final appropriations for the fiscal year were passed.

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 are to reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

***F. Cash, Cash Equivalents and Investments***

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool or temporarily used to purchase short term investments. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash, Cash Equivalents and Investments" on the financial statements.

During fiscal year 2012, investments were limited to certificates of deposit.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund amounted to \$311,482 and \$63,147 to the Other Governmental Funds.

For purposes of the presentation on the financial statements, investments of a cash management pool or investments with an original maturity of three months or less at the time they are purchased by the School District would be considered to be cash equivalents.



**Gallia County Local School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2012

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

The School District also maintains an outside bank account for the purpose of segregating retainage for several contractors used for the school facilities construction project. This cash has been presented on the financial statements as "restricted assets: cash and cash equivalents with escrow agents."

***G. Capital Assets***

The School District's only capital assets are general capital assets. General capital assets are those assets specifically related to governmental 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 assets 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 fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School 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.

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:

Description	Estimated Lives
Land Improvements	5 years
Buildings and Improvements	20-50 years
Furniture and Equipment	8-20 years
Vehicles	10 years
Infrastructure	50 years
Library and Textbooks	5-15 years

***H. 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. Interfund transfers within governmental activities are eliminated on the statement of activities. The School District had no interfund transfers in fiscal year 2012.

***I. Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after 10 years of current service with the School District.

**Gallia County Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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

The entire compensated absences liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due to each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “matured compensated absences payable” in the fund from which the employee will be paid.

***J. 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, claims and judgments 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 fiscal year. Bonds are recognized as a liability on the governmental fund financial statements when due.

***K. Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the School 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 the spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School 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 School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the School District Board of Education.

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

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

**Gallia County Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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

***L. Estimates***

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

***M. Net Assets***

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

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

The government-wide statement of net assets reports \$10,849,035 in restricted net assets, none of which is restricted by enabling legislation.

***N. Restricted Assets***

Restricted assets in the non-major Construction capital projects fund represent cash held as retainage for contractors.

***O. Interfund Assets/Liabilities***

Short-term interfund loans are classified as “interfund receivables” and “interfund payables”. These amounts are eliminated in the governmental activities column of the statement of net assets.

***P. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund. Revenues not meeting this definition are presented as nonoperating revenues.

**Gallia County Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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

***Q. Unamortized Bond Issuance Costs/Bond Premium and Discount***

On the government-wide financial statements, bond issuance costs are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Unamortized bond issuance costs are recorded as an asset on the statement of net assets. Bond premiums are deferred and amortized over the term of the bonds. Bond premiums are presented as an addition to the face amount of the bonds.

On the governmental fund financial statements, bond issuance costs and bond premiums are recognized in the current period.

**NOTE 3 – ACCOUNTABILITY**

***Accountability***

At June 30, 2012, the Lunchroom, Restructuring Team Grant, Early Childhood, and Teacher Quality Improvement had deficit fund balances of \$59,740, \$3,526, \$43 and \$1,365, respectively, which was created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

While the School District is 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, disbursements, and encumbrances. The statement of revenues, expenditures, and changes in fund balance - budget and actual (budget 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 GAAP (modified accrual) basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a restriction, commitment or assignment of fund balance (GAAP basis).
4. Funds treated as General Fund equivalents on the GAAP basis are not included on the budget basis.

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

**Gallia County Local School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2012

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**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)**

Net Change in Fund Balance	
General Fund	
GAAP Basis	\$1,600,396
Revenue Accruals	175,211
Expenditure Accrual	(527,096)
Perspective Difference:	
Activity of Fund Reclassified for	
GAAP Reporting Purposes	(19,469)
Encumbrances	<u>(389,987)</u>
Budget Basis	<u><u>\$839,055</u></u>

**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

Active deposits are public deposits necessary to meet current demand on the treasury. Such monies must be maintained either as cash in the School 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 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.

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

1. United States treasury notes, bills, bonds, or other obligations of or securities issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations of 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. Interim deposits in the eligible institutions applying for interim money as provided in section 135.08 of the Revised Code;

**Gallia County Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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**NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)**

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time;
9. Linked deposits as authorized by ordinance adopted pursuant to section 135.80 of the Revised Code;
10. Commercial paper notes issued by any entity that is defined in division (D) of section 1705.01 of the Revised Code and has assets exceeding five hundred million dollars, and to which notes are rated at the time of purchase in the highest classification established by at least two standard rating services; the aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation; the notes mature no later than one hundred eighty days after purchase; and
11. Bankers' acceptances of banks that are members of the federal deposit insurance corporation to which both the obligations are eligible for purchase by the federal reserve system and the obligations mature no later than one hundred eighty days after purchase.

Protection of the School 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 School 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Deposits:** Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The School District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

The School District's bank balance of \$17,055,745 is either covered by FDIC or collateralized by the financial institutions' public entity deposit pools in the manner as described above.

**Gallia County Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

**NOTE 6 - PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2012 represents collections of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed value listed as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2012 represents collections of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien on December 31, 2010, were levied after April 1, 2011, and are collected in 2012 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The assessed values upon which the fiscal year 2012 taxes were collected for the School District are:

	2011 Second-Half Collections		2012 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$234,930,960	57.77%	\$237,896,690	52.33%
Public Utility	171,737,960	42.23%	216,696,080	47.67%
Total Assessed Value	\$406,668,920	100.00%	\$454,592,770	100.00%
Tax rate per \$1,000 of assessed valuation	\$28.75		\$28.75	

The School District receives property taxes from Gallia and Jackson Counties. The Gallia County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2012, are available to finance fiscal year 2012 operations.

The amount available to be advanced can vary based on the date the tax bills are sent.

**Gallia County Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2012. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2012 was \$83,193 in the General Fund, \$30,781 in the Bond Retirement Fund, and \$1,456 in the Permanent Improvement Fund and was recognized as revenue for the fiscal year.

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2012 consisted of property taxes, accrued interest, interfund and intergovernmental grants. 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 fiscal year guarantee of federal funds. A summary of the items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amounts</u>
<i>Non-Major Special Revenue Funds:</i>	
Special Education, Part B-IDEA	\$ 174,195
Technology II-D	8,805
Title I	532,836
Race to the Top	227,159
Early Childhood Special Education, IDEA	6,590
Title II-A	104,368
Miscellaneous Federal Grants	<u>56,826</u>
Total Non-Major Special Revenue Funds	<u>1,110,779</u>
Total Intergovernmental Receivables	<u><u>\$1,110,779</u></u>



**Gallia County Local School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2012

**NOTE 8 - CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2012, was as follows:

	Balance 6/30/2011	Additions	Deductions	Balance 6/30/2012
Capital Assets:				
Capital Assets not being depreciated:				
Land	\$ 743,342	\$ -	\$ -	\$ 743,342
Construction in Progress	1,443,833	4,803,629	-	6,247,462
Total Capital Assets not being Depreciated	<u>2,187,175</u>	<u>4,803,629</u>	<u>-</u>	<u>6,990,804</u>
Depreciable Capital Assets:				
Land Improvements	2,384,097	-	-	2,384,097
Buildings and Improvements	59,863,833	198,467	-	60,062,300
Furniture and Equipment	1,288,543	118,251	(25,167)	1,381,627
Infrastructure	197,170	-	(24,561)	172,609
Library and Textbooks	1,138,235	-	-	1,138,235
Vehicles	3,571,663	96,155	(332,829)	3,334,989
Total Capital Assets being Depreciated	<u>68,443,541</u>	<u>412,873</u>	<u>(382,557)</u>	<u>68,473,857</u>
Less Accumulated Depreciation				
Land Improvements	(1,469,214)	(250,444)	-	(1,719,658)
Buildings and Improvements	(10,429,040)	(1,174,636)	-	(11,603,676)
Furniture and Equipment	(567,111)	(65,790)	23,014	(609,887)
Infrastructure	(122,522)	(3,698)	20,631	(105,589)
Library and Textbooks	(1,138,235)	-	-	(1,138,235)
Vehicles	(2,908,364)	(131,573)	332,829	(2,707,108)
Total Accumulated Depreciation	<u>(16,634,486)</u>	<u>(1,626,141)</u>	<u>376,474</u>	<u>(17,884,153)</u>
Total Capital Assets being Depreciated, Net	<u>51,809,055</u>	<u>(1,213,268)</u>	<u>(6,083)</u>	<u>50,589,704</u>
Capital Assets, Net	<u>\$ 53,996,230</u>	<u>\$ 3,590,361</u>	<u>\$ (6,083)</u>	<u>\$ 57,580,508</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 1,429,300
Special	16,141
Vocational	2,010
Support Services:	
Board of Education	4,428
Administration	14,904
Operation and Maintenance of Plant	5,758
Pupil Transportation	135,718
Central	694
Operation of Non-Instructional Services	10,624
Extracurricular Activities	6,564
Total Depreciation Expense	<u>\$ 1,626,141</u>

**Gallia County Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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**NOTE 9 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2012, the School District joined together with other school districts in Ohio to participate in the Schools of Ohio Risk Sharing Authority (SORSA), a non-profit, public entity risk sharing pool. SORSA was created to provide affordable liability, property, casualty and crime insurance coverage for its members. Each individual school district enters into an agreement with the SORSA and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the SORSA (see Note 19). The types and amounts of coverage provided by the Schools of Ohio Risk Sharing Authority during fiscal year 2012 are as follows:

Buildings and Contents	\$78,644,721
Earth Movement Limit	2,000,000
Flood Limit	2,000,000
Crime Coverage	100,000
EDP Equipment – Per Occurrence	1,250,000
Errors and Omissions Cover	1,000,000
General Liability	12,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. The School District evaluated insurance coverages and therefore slightly decreased their coverage for the current year.

For fiscal year 2012, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts and educational service centers is calculated as one experience and a common premium rate is applied to all school districts and educational service centers in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the Equity Pooling Fund. This equity pooling arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts and educational service centers that can meet the GRP's selection criteria. The firm of CompManagement provides administrative, cost control, and actuarial services to the GRP.

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Anthem Life Insurance Company in the amount of \$25,000 for classified employees, \$20,000 for certified employees, and twice the salary amount for each administrator.

The School District provides health and major medical, dental and prescription drug insurance for all eligible employees through United Healthcare. The School District pays monthly premiums of up to \$1,559.80 for family coverage and up to \$618.96 for individual coverage. The School District provides dental insurance for all eligible employees through Oasis Dental Trust. The School District pays monthly premiums of up to \$64.38 for family coverage and up to \$25.25 for individual coverage. Premiums are paid from the same funds that pay the employees' salaries. The School District provides excess coverage for claims in excess of contract amounts through their self insurance Internal Service Fund. Additional information regarding the handling of these excess claims follows.

**Gallia County Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

**NOTE 9 - RISK MANAGEMENT (Continued)**

An administrative charge is paid monthly to Saunders/Wiseman Insurance. The claims liability of \$7,890 reported in the Internal Service Fund at June 30, 2012 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the fiscal year follows:

	<u>Balance at</u> <u>Beginning of Year</u>	<u>Current</u> <u>Year Claims</u>	<u>Claim Payments</u>	<u>Balance at</u> <u>End of Year</u>
2011	\$6,243	\$27,562	\$28,871	\$4,934
2012	4,934	33,527	30,571	7,890

**NOTE 10- PENSION PLANS**

**A. School Employees Retirement System**

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

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year 2012, the allocation to pension and death benefits is 12.70 percent. The remaining 1.30 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The School District's contributions to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$405,795, \$335,403, and \$450,305, respectively; 65% has been contributed for fiscal year 2012 and 100% for the fiscal years 2011 and 2010. \$141,533 represents the unpaid contribution for fiscal year 2012.

**NOTE 10 - PENSION PLANS (Continued)**

**B. State Teachers Retirement System**

State Teachers Retirement System of Ohio (STRS Ohio) is a cost-sharing, multiple-employer public employee retirement system.

STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

**Plan Options** – New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

**DB Plan Benefits** – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation of every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

**DC Plan Benefits** – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

**Combined Plan Benefits** – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying 1% of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

**Gallia County Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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**NOTE 10 - PENSION PLANS (Continued)**

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

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 members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

For the fiscal years ended June 30, 2012, 2011 and 2010, plan members were required to contribute 10 percent of their annual covered salaries. For these fiscal years, the School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011 and 2010 were \$1,248,427, \$1,261,201, and \$1,301,300, respectively; 83% has been contributed for the fiscal year 2012 and 100% for the fiscal year 2011 and 2010. \$210,399 represents the unpaid contribution for fiscal year 2012 and is recorded as a liability within the respective funds.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio's Comprehensive Annual Financial Report can be requested 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).

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2012, four members of the Board of Education had elected Social Security. The Board's liability is 6.2 percent of wages paid.

**Gallia County Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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**NOTE 11 - POSTEMPLOYMENT BENEFITS**

**A. State Teachers Retirement System**

STRS Ohio administers a pension plan that is comprised of: a defined benefit plan; a self-directed defined contribution plan and a combined plan which is a hybrid of the defined benefit and defined contribution plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the defined benefit or combined plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting [www.strsoh.org](http://www.strsoh.org) or by requesting a copy by calling toll-free 1-888-227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2012, 2011 and 2010. The 14 percent employer contribution rate is the maximum rate established under Ohio law. For the School District, these amounts equaled \$95,496, \$98,580, and \$98,513 for fiscal years 2012, 2011 and 2010, respectively; 83% has been contributed for fiscal year 2012 and 100% for the fiscal years 2011 and 2010.

**B. School Employees Retirement System**

In addition to a cost-sharing multiple-employer defined benefit pension plan, the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

**Medicare Part B Plan**

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2012 was \$99.90 for most participants, but could be as high as \$319.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2012, 2011 and 2010 the actuarially required allocations were 0.75 percent, 0.76 percent, and 0.76 percent, respectively. The School District's contributions for the fiscal years ended June 30, 2012, 2011 and 2010 were \$23,787, \$18,481, and \$21,351; 65% has been contributed for fiscal year 2012 and 100% for the fiscal years 2011 and 2010.

**Health Care Plan**

Ohio Revised Code 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, 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.

**Gallia County Local School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2012

**NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)**

The Ohio Revised Code provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. At June 30, 2012, 2011 and 2010, the health care allocations were 0.55 percent, 1.43 percent, and 0.46 percent, respectively. 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 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. For the School District, the amounts contributed to fund health care benefits, including the surcharge, during the 2012, 2011 and 2010 fiscal years equaled \$60,435, \$92,656, and \$68,888, respectively; 65% has been contributed for fiscal year 2012 and 100% for the fiscal years 2011 and 2010.

The SERS 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 upon the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained on SERS website at [www.ohsers.org](http://www.ohsers.org) under *Employers/Audit Resources*.

**NOTE 12 – CAPITAL LEASES – LESSEE DISCLOSURE**

During fiscal year 2011, the School District entered into a agreement with Ohio Valley Bank to lease the Athletic fields and construct facilities thereon. This lease meets the criteria of a capital lease as defined by the Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the fund financial statements. The capital leases payable have been recorded on the government-wide statements.

Future minimum lease payments as of June 30, 2012 are as follows:

<u>Year</u>	<u>Amount</u>
2013	\$ 317,013
2014	317,013
2015	317,013
2016	317,013
2017	317,013
2018-2021	<u>1,109,545</u>
Total	2,694,610
Less: Amount Representing Interest	<u>(347,669)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$ 2,346,941</u></u>

**Gallia County Local School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2012

**NOTE 12 – CAPITAL LEASES – LESSEE DISCLOSURE (Continued)**

The construction was capitalized in the amount of \$2,700,000 which represents the present value of the minimum lease payments at the time of acquisition. Principal payments in fiscal year 2012 were \$237,213 in the governmental funds.

**NOTE 13 - LONG-TERM OBLIGATIONS**

The changes in the School District’s long-term liabilities during fiscal year 2012 were as follows:

	Principal Outstanding 6/30/11	Additions	Reductions	Principal Outstanding 6/30/12	Due Within One Year
General Obligation Bonds 3.75%	\$40,390,000	\$0	\$740,000	\$39,650,000	\$845,000
Premium	1,023,131	0	51,157	971,974	0
Total Long-Term Bonds	41,413,131	0	791,157	40,621,974	845,000
Capital Lease	2,584,154	0	237,213	2,346,941	244,768
Compensated Absences	1,438,791	893,750	800,854	1,531,687	156,043
Total Long-Term Obligations	<u>\$45,436,076</u>	<u>\$893,750</u>	<u>\$1,829,224</u>	<u>\$44,500,602</u>	<u>\$1,245,811</u>

The General Obligation Bonds were issued in 2006 in the amount of \$43,000,000. These bonds were issued for the purpose of constructing and renovating school buildings. The debt will mature in 2034. The debt will be retired from the Bond Retirement Fund.

Compensated absences will be paid from the fund which the employee's salaries are paid, with the General Fund being the most significant. Capital leases will be paid from the Permanent Improvement Fund.

The School District’s voted legal debt margin was \$1,263,349. The School District has an unvoted debt margin of \$454,593 at June 30, 2012.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2012, are as follows:

	Principal	Interest	Total
2013	\$ 845,000	\$ 1,862,539	\$ 2,707,539
2014	905,000	1,828,595	2,733,595
2015	970,000	1,786,245	2,756,245
2016	1,105,000	1,739,895	2,844,895
2017	1,185,000	1,694,095	2,879,095
2018-2022	7,415,000	7,583,774	14,998,774
2023-2027	9,490,000	5,627,018	15,117,018
2028-2032	12,035,000	2,988,125	15,023,125
2033-2034	<u>5,700,000</u>	<u>288,500</u>	<u>5,988,500</u>
Total	<u>\$39,650,000</u>	<u>\$25,398,786</u>	<u>\$65,048,786</u>



**Gallia County Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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**NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS**

A. **SOUTHEAST OHIO VOLUNTARY EDUCATIONAL CONSORTIUM**

The Southeast Ohio Voluntary Educational Consortium (SEOVEC) is a jointly governed organization created as a regional council of governments pursuant to State statutes. SEOVEC provides financial accounting services, educational management information, and cooperative purchasing services to its members. Each member pays a fee annually for services provided by SEOVEC.

SEOVEC is governed by a governing board which is selected by the members. Each member has one vote in all matters, and each member's control over budgeting and financing of SEOVEC is limited to its voting authority and any representation it may have on the governing board. SEOVEC operates with its own Treasurer. The continued existence of SEOVEC is not dependent on the School District's continued participation and no equity interest exists. SEOVEC has no outstanding debt. During fiscal year 2012, the Gallia County Local School District paid \$64,267 to SEOVEC.

B. **GALLIA-JACKSON-VINTON JOINT VOCATIONAL SCHOOL DISTRICT**

Gallia-Jackson-Vinton Joint Vocational School District is a distinct political subdivision of the State of Ohio, operated under the direction of a Board comprised of eleven members appointed by the participating schools, which possesses its own budgeting and taxing authority. To obtain financial information write to the Gallia-Jackson-Vinton Joint Vocational School District, Donalyn Smith, who serves as Treasurer, at 351 Buckeye Hills Road, Rio Grande, Ohio 45674.

C. **GALLIA-VINTON EDUCATIONAL SERVICE CENTER**

Gallia-Vinton Educational Service Center is a jointly governed organization providing educational services to its two participating school districts. The Educational Service Center is governed by a board of education comprised of eight members appointed by the participating schools. The board controls the financial activity of the Educational Service Center and reports to the Ohio Department of Education and the Auditor of State of Ohio. The continued existence of the Educational Service Center is not dependent on the School District's continued participation and no equity interest exists. During fiscal year 2012, the School District made \$56,050 in contributions to the Educational Service Center. To obtain financial information write to the Gallia-Vinton Educational Service Center, Lily Blevins, who serves as Treasurer, at P.O. Box 178, Rio Grande, Ohio 45674.

D. **EDUCATIONAL REGIONAL SERVICE SYSTEM (ERSS)**

The Educational Regional Service System consists of 16 designated regions to provide services to school districts, community schools, and chartered nonpublic schools in order to support state and regional education initiatives and efforts to improve school effectiveness and student achievement. Financial information can be obtained by contacting Bryan Swann, Treasurer, at the Athens-Meigs Educational Service Center, 39105 Bradbury Road, Middleport, Ohio 45760.

**NOTE 15 - INSURANCE PURCHASING POOL**

Ohio School Boards Association Workers' Compensation Group Rating Plan - The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts and educational service centers pay an enrollment fee to the GRP to cover the costs of administering the program.

**Gallia County Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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**NOTE 16 - CONTINGENCIES**

A. Grants

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2012, if applicable, cannot be determined at this time.

B. Litigation

The School District is not currently party to legal proceedings.

**NOTE 17- DEFERRED COMPENSATION**

School District employees may participate in the Ohio Public Employees Deferred Compensation program, created in accordance with Internal Revenue Service Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available to employees until termination, retirement, death or in the case of an unforeseeable emergency.

**NOTE 18- STATUTORY SET-ASIDES**

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the acquisition or construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

The following information describes the change in the year-end set-aside amounts for capital acquisition. Disclosure of this information is required by State statute.

	<u>Capital Acquisition</u>
Set-aside Balance as of June 30, 2011	\$0
Current year set-aside requirement	417,313
Current Year Qualifying disbursements	(105,260)
Prior Year Offset from Bond Proceeds	<u>(312,053)</u>
Set-aside Balance as of June 30, 2012	<u><u>\$0</u></u>

**Gallia County Local School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2012

**NOTE 18- STATUTORY RESERVES (Continued)**

The carryover amount in the Capital Acquisition Set-Aside is limited to the balance of the offsets attributed to bond or tax levy proceeds. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$41,502,652 at June 30, 2012.

Effective July 1, 2011, the textbook set-aside requirement was eliminated; therefore, no balance or other information is presented.

**NOTE 19 - RISK SHARING POOL**

*Schools of Ohio Risk Sharing Authority, Inc.* – The Schools of Ohio Risk Sharing Authority, Inc. (SORSA) is a risk sharing pool serving school districts in Ohio. SORSA was formed as an Ohio non-profit corporation for the purpose of administering a joint self-insurance pool and assisting members to prevent and reduce losses and injuries to School District property and persons which might result in claims being made against members of SORSA. Member school districts agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by SORSA. These coverages include comprehensive general liability, automotive liability, certain property insurance and educators’ errors and omissions liability insurance.

Each member school district has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine directors. Only superintendents, treasurers, or business managers of member school districts are eligible to serve on the board. No school district may have more than one representative on the board at any time. Each member school district’s control over the budgetary and financing of SORSA is limited to its voting authority and any representative it may have on the board of directors. Financial information can be obtained from SORSA at 8050 North High Street, Suite 160, Columbus, Ohio 43235.

**NOTE 20- INTERFUND ACTIVITY**

Interfund balances at June 30, 2012, consist of the following individual fund receivables and payables, which are expected to be repaid during the 2013 fiscal year:

<u>Interfund Loans</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$378,314	\$0
Non-Major Special Revenue Funds		
Teacher Quality Improvement	0	30,640
Technology II-D	0	8,805
Early Childhood	0	4,868
Title I	0	311,292
Race to the Top	0	22,599
Misc Federal Grant	0	110
	<u>0</u>	<u>378,314</u>
Total Interfund Receivables/Payables	<u>\$378,314</u>	<u>\$378,314</u>

The amounts due to the General Fund are the result of the School District moving unrestricted monies to support grant funds whose grants operate on a reimbursement basis. The General Fund will be reimbursed when funds become available in the Non-Major special revenue funds.

**Gallia County Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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**NOTE 21 – OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators who are contracted to work 260 days per year earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who work less than 260 days per year do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, certificated employees receive payment for one-fourth of accumulated sick days with maximum payments as follows: 39 days maximum for one to nine years of service; 44 days maximum for 10 to 19 years of service; and 58 days maximum for 20 or more years of service. Classified employees, upon retirement, receive payment for one-fourth of accumulated sick days with maximum payments as follows: 43 days maximum for one to nine years of service; 48 days maximum for 10 to 19 years of service; and 53 days maximum for 20 or more years of service.

**B. Insurance**

The School District provides health and major medical and prescription drug insurance for all eligible employees through United Healthcare. The School District pays monthly premiums of up to \$1,559.80 for family coverage and up to \$618.96 for individual coverage. Premiums are paid from the same funds that pay the employees' salaries.

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Anthem Life Insurance Company in the amount of \$25,000 for classified employees, \$20,000 for certified employees, and twice the salary amount for each administrator.

Dental coverage was provided through Oasis Dental Trust. Premiums for the dental coverage were \$64.38 monthly for family coverage and \$25.25 for single coverage.

**Gallia County Local School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2012

**NOTE 22 – FUND BALANCES**

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

Fund Balances	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>				
Scholarship	\$0	\$0	\$92,000	\$92,000
<b>Restricted for</b>				
Contributions	0	0	6,064	6,064
Poverty Aid	0	0	293,542	293,542
Other Purposes	0	0	196,886	196,886
Capital Improvements	0	0	3,464,861	3,464,861
Debt Services Payments	0	5,713,080	0	5,713,080
Total Restricted	0	5,713,080	3,961,353	9,674,433
<b>Assigned to</b>				
Other Purposes	2,145,503	0	0	2,145,503
<b>Unassigned (Deficit)</b>	2,164,066	0	(64,674)	2,099,392
Total Fund Balances	\$4,309,569	\$5,713,080	\$3,988,679	\$14,011,328

**NOTE 23 – CONTRACT COMMITMENTS**

The School District has entered into the following contracts for the purpose of constructing two athletic facilities:

Contractor	Contract Amount	Amount Paid as of 6/30/12	Remaining Balance
Crown Excavating	\$ 1,102,220	\$ 967,840	\$ 134,380
Trimat	2,249,535	1,967,361	282,174
AllStar Bleachers	329,721	311,675	18,046
Mechanical Construction	810,227	775,074	35,153
Claypool Electric	711,634	672,206	39,428

**NOTE 24 – COMPLIANCE**

The School District did not timely certify to the County Auditor the total amount from all sources available for expenditures for each fund as required by Ohio Revised Code (ORC) Section 5705.36

The School District did not timely pass its permanent appropriations measure nor was that measure filed with the County Auditor as required by ORC Sections 5705.38(B) and 5705.39.

The School District had appropriations in excess of estimated resources throughout the year which is contrary to ORC Section 5705.39.

The School District had expenditures in excess of appropriations which is contrary to ORC Section 5705.41(B).

**Gallia County Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2012*

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**NOTE 25 – ENCUMBRANCES**

At June 30, 2012, the School District had encumbrance commitments in governmental funds as follows:

Major Fund:	
General	\$392,665
Non-Major Funds:	
Permanent Improvement	345,623
Construction	863,662
Food Service	1,500
Scholarship	135
Athletics	15,527
RTTT	21,800
IDEA-B	25,629
Title II-D	3,513
Title I	278,084
Title II-A	7,651
Miscellaneous Federal Grants	<u>22,287</u>
Total Non-Major Funds	<u>1,585,411</u>
Total Funds	<u>\$1,978,076</u>

**Gallia County Local School District**  
*Schedule of Federal Awards Expenditures*  
*For the Fiscal Year Ended June 30, 2012*

Federal Grantor/Pass Through Grantor/Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>United States Department of Agriculture</b>						
<i>Passed through the Ohio Department of Education</i>						
Child Nutrition Cluster:						
School Breakfast Program	3L70	10.553	\$279,958	\$0	\$279,958	\$0
National School Lunch Program	3L60	10.555	660,091	62,942	660,091	62,942
Total Child Nutrition Cluster			940,049	62,942	940,049	62,942
<b>Total United States Department of Agriculture</b>			<b>940,049</b>	<b>62,942</b>	<b>940,049</b>	<b>62,942</b>
<b>United States Department of Education</b>						
<i>Passed through the Ohio Department of Education</i>						
Special Education Cluster:						
Special Education-Grants to States	3M20	84.027	596,012	0	564,614	0
Special Education-Grants to States, Recovery Act	3DJ0	84.391	103,857	0	125,508	0
Special Education-Preschool Grants	3C50	84.173	22,114	0	23,142	0
Special Education-Preschool Grants, Recovery Act	3DL0	84.392	11,707	0	13,231	0
Total Special Education Cluster			733,690	0	726,495	0
Title I Cluster:						
Title I Grants to Local Educational Agencies	3M00	84.010	1,197,250	0	1,297,321	0
Title I Grants to Local Educational Agencies, Recovery Act	3DK0	84.389	140,994	0	175,379	0
Total Title I Cluster			1,338,244	0	1,472,700	0
Education Jobs Fund	3ET0	84.410	584,046	0	584,046	0
Twenty-First Century Community Learning Centers	3Y20	84.287	400,000	0	400,000	0
Educational Technology State Grants	3S20	84.318	0	0	5,292	0
Rural Education	3Y80	84.358	18,874	0	13,693	0
Improving Teacher Quality State Grants	3Y60	84.367	241,898	0	265,186	0
State Fiscal Stabilization Fund (SFSF)-Race-to-the-Top Incentive Grants, Recovery Act	3FD0	84.395	134,806	0	109,366	0
<b>Total United States Department of Education</b>			<b>3,451,558</b>	<b>0</b>	<b>3,576,778</b>	<b>0</b>
<b>Total Federal Financial Assistance</b>			<b>\$4,391,607</b>	<b>\$62,942</b>	<b>\$4,516,827</b>	<b>\$62,942</b>

The notes to the schedule of federal awards expenditures are an integral part of this schedule.

**Gallia County Local School District**  
*Notes to the Schedule of Federal Awards Expenditures*  
*For the Fiscal Year Ended June 30, 2012*

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**Note 1 – Significant Accounting Policies**

The accompanying schedule of federal awards expenditures includes the federal grant activity of the School District and has been prepared 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 – Child Nutrition Cluster**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed that federal monies are expended first. Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the schedule using the entitlement value of the commodities received. The School District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



**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  
Gallia County Local School District  
230 Shawnee Lane  
Gallipolis, Ohio 45631

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gallia County Local School District, Gallia County, (the School District) as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 28, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of the School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness and which is described in the accompanying schedule of findings and questioned costs as item 2012-4.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2012-1 through 2012-3.

We noted certain matters that we reported to management of the School District in a separate letter dated January 28, 2013.

The School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the School District's responses and, accordingly, we express no opinion on them.

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



Natalie Millhuff-Stang, CPA  
President/Owner  
Millhuff-Stang, CPA, Inc.

January 28, 2013

**Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133**

Board of Education  
Gallia County Local School District  
230 Shawnee Lane  
Gallipolis, Ohio 45631

**Compliance**

We have audited Gallia County Local School District's, Gallia County, (the School District) 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 each of the School District's major federal programs for the year ended June 30, 2012. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2012-5.

**Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2012-5 to be a material weakness.

We noted certain matters that we reported to management of the School District in a separate letter dated January 28, 2013.

The School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the School District's response and, accordingly, we express no opinion on it.

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



Natalie Millhuff-Stang, CPA  
President/Owner  
Millhuff-Stang, CPA, Inc.

January 28, 2013

**Gallia County Local School District**  
*Schedule of Findings and Questioned Costs*  
*OMB Circular A-133 Section .505*  
*For the Fiscal Year Ended June 30, 2012*

**Section I – Summary of Auditor’s Results**

<i>Financial Statements</i>	
Type of financial statement opinion:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	Yes
<i>Federal Awards</i>	
Internal control over major program(s):	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor’s report issued on compliance for major programs:	Unqualified
Any auditing findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	Yes
Identification of major program(s):	Education Jobs Fund (CFDA #84.410)  Title I Cluster (CFDA #84.010 and #84.389)  Twenty-First Century Community Learning Centers (CFDA #84.287)  State Fiscal Stabilization Fund (SFSF)-Race-to-the-Top Incentive Grants, Recovery Act (CFDA #84.395)
Dollar threshold used to distinguish between type A and type B programs:	Type A: > \$300,000 Type B: All Others
Auditee qualified as low-risk auditee?	No

**Section II – Financial Statement Findings**

**Finding 2012-1**

**Noncompliance – Certification of Available Revenue**

Ohio Revised Code Section 5705.36 states that on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units are to certify to the county auditor the total amount from all sources available for expenditures from each fund in the tax budget along with any unencumbered balances existing at the end of the preceding year. The School District failed to file its certificate of total amount from all sources available with the county auditor until a significantly later date. The School District should implement the appropriate procedures to ensure that the certificate of total amount from all sources available is filed timely with the county.

**Gallia County Local School District**  
*Schedule of Findings and Questioned Costs*  
*OMB Circular A-133 Section .505*  
*For the Fiscal Year Ended June 30, 2012*

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**Client Response:**

The Treasurer has learned how to create this within the USAS software, and has filed the fiscal year 2013 certificate of available sources in a timely manner.

**Finding 2012-2**

**Noncompliance – Annual Appropriations Measure/Appropriations in Excess of Estimated Resources**

Ohio Revised Code Section 5705.38(B) provides that a board of education shall pass its annual appropriation measure by the first day of October. If a school district's annual appropriation measure is delayed as permitted by law, the board may pass a temporary measure for meeting the ordinary expense of the school district until it passes an annual appropriation measure. The School District passed a temporary appropriations measure prior to the beginning of the fiscal year but did not pass a permanent appropriations measure until near the fiscal year-end.

Ohio Revised Code Section 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. A certificate of estimated resources was not filed with the county auditor until near fiscal year-end. Because temporary appropriations were passed prior to the beginning of the fiscal year but no related certificate of estimated resources was prepared or filed until near fiscal year-end, appropriations were in excess of estimated resources throughout the year.

The School District should implement the appropriate procedures to ensure that annual appropriation measures are timely authorized and filed with the county auditor. Furthermore, periodic budgetary monitoring procedures should be placed in operation to ensure that appropriations are limited to estimated resources.

**Client Response:**

This is a reissuance. The previous year's notification was after the deadline for fiscal year 2012 had already been missed. The Treasurer now keeps the ODE Calendar of Deadlines and Significant Events, and understands the requirements regarding appropriations and the importance of timely filing.

**Finding 2012-3**

**Noncompliance – Expenditures in Excess of Appropriations**

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. The School District had expenditures in excess of appropriations throughout the year as the appropriations were not adopted timely. Expenditures also exceeded appropriations at fiscal year-end in the Permanent Improvement and Title I Funds. The School District should implement the appropriate procedures, such as use of tickler files and periodic monitoring procedures, to ensure that appropriations are adopted timely and that expenditures are made within the appropriations limited.

**Client Response:**

This is a reissuance. The Treasurer now keeps the ODE Calendar of Deadlines and Significant Events, and understands the requirements regarding appropriations and the importance of timely filing.

**Gallia County Local School District**  
*Schedule of Findings and Questioned Costs*  
*OMB Circular A-133 Section .505*  
*For the Fiscal Year Ended June 30, 2012*

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**Finding 2012-4**

**Material Weakness – Financial Reporting**

A monitoring system by the School District should be in place to prevent or detect misstatements for the accurate presentation of the School District's financial statements. Misstatements and misclassifications were identified during the course of the audit. Some were the result of errors in calculations performed during the compilation of the School District's financial report. Others were errors identified by the School District's valuation consultant or were errors in posting of financial information to the accounting system. Several of these errors were corrected within the School District's financial report. Others were not considered significant and correction was waived. The School District should implement additional procedures over work performed by its consultants and by its own staff to ensure financial reports are accurately presented.

**Client Response:**

The Treasurer understands the importance of financial reporting. The Treasurer, the compiler, and the asset inventory consultants have discussed ways to improve the accuracy of the process to avoid future occurrences.

**Section III – Federal Award Findings and Questioned Costs**

**Finding 2012-5**

**Noncompliance/Material Weakness – Schedule of Federal Awards Expenditures**

Office of Management and Budget (OMB) Circular A-133 Section .310(b) states, in part, that the auditee shall prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements.

Office of Management and Budget (OMB) Circular A-133 Section .300 states, in part, that the auditee shall identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity. The auditee should also prepare appropriate financial statements, including the schedule of federal awards expenditures in accordance with Section .310.

Federal disbursements for the School District's audit period are to be reported on its schedule of federal awards expenditures. The School District omitted the Nutrition Cluster from its federal schedule presented for audit. The School District should implement the appropriate procedures to ensure all federal expenditures are properly included.

**Corrective Action:**

Not including the lunchroom cluster was an oversight in data entry when preparing that document at the end of the fiscal year. The Treasurer will verify that it is included on all future schedules of expenditures of federal awards.

**Gallia County Local School DistrictGallia County**

*Schedule of Prior Audit Findings*

*OMB Circular A-133 Section .315(b)*

*For the Fiscal Year Ended June 30, 2012*

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
Finding 2011-1	Noncompliance Citation – Ohio Revised Code (ORC) Section 117.38 – Filing of Annual Report and Notice of Availability of Annual Financial Report	No	Partially Corrected – Reissued in Management Letter
Finding 2011-2	Noncompliance Citation – ORC Section 5705.36(A)(2) and (4) – Appropriations in Excess of Available Resources	Yes	
Finding 2011-3	Noncompliance Citation – ORC Sections 5705.38(A) and 5705.39 – Annual Appropriation Measure	No	Reissued as Finding 2012-2
Finding 2011-4	Significant Deficiency – Financial Reporting	No	Reissued as Finding 2012-4
Finding 2011-5	Noncompliance – ORC Section 5705.41(B) – Expenditures in Excess of Appropriations	No	Reissued as Finding 2012-3
Finding 2011-6	Noncompliance – Office of Management and Budget Circular A-133 Section .320(a) – Nine Month Deadline for Single Audits	Yes	
Finding 2011-7	Noncompliance – 34 CFR 80.20(b)(7) – Cash Management	N/A	Finding No Longer Valid



**Independent Accountant's Report on Applying Agreed-Upon Procedure**

Board of Education  
Gallia County Local School District  
230 Shawnee Lane  
Gallipolis, Ohio 45631

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 procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Gallia County Local School District (the School District) 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 procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board did not amend its anti-harassment policy to include violence within a dating relationship 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 solely for the information and use of the Board and is not intended to be and should not be used by anyone other than this specified party.



Natalie Millhuff-Stang, CPA  
President/Owner  
Millhuff-Stang, CPA, Inc.

January 28, 2013

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# Dave Yost • Auditor of State

GALLIA COUNTY LOCAL SCHOOL DISTRICT

GALLIA 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  
MARCH 26, 2013